Docket #0020 Date Filed: 6/9/2010

The Newark Group, Inc., Jackson Drive Corp., and NP Cogen, Inc. (collectively, the "Debtors" or the "Company") are sending you this document (the "Disclosure Statement") and the accompanying materials (collectively, the "Solicitation Package") because you may be a creditor entitled to vote to approve the *Joint Prepackaged Plan of Reorganization of The Newark Group, Inc., et al.*, dated May 7, 2010, as the same may be amended from time to time as set forth therein (the "Plan"). The Company is commencing the solicitation of your vote to approve the Plan (the "Solicitation") before the Company files voluntary cases under chapter 11 of Title 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532, as amended (the "Bankruptcy Code").

THIS SOLICITATION IS BEING CONDUCTED TO OBTAIN SUFFICIENT ACCEPTANCES OF A JOINT PREPACKAGED PLAN OF REORGANIZATION PRIOR TO THE FILING OF VOLUNTARY REORGANIZATION CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. BECAUSE NO CHAPTER 11 CASES HAVE YET BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE COMMENCEMENT OF THE CHAPTER 11 CASES, THE COMPANY EXPECTS TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT (I) APPROVING (a) THIS DISCLOSURE STATEMENT AS HAVING CONTAINED ADEQUATE INFORMATION AND (b) THE SOLICITATION OF VOTES AS HAVING BEEN IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE AND (II) CONFIRMING THE JOINT PREPACKAGED PLAN OF REORGANIZATION DESCRIBED HEREIN.

DISCLOSURE STATEMENT FOR THE JOINT PREPACKAGED PLAN OF REORGANIZATION OF THE NEWARK GROUP, INC., *ET AL.*, DATED MAY 7, 2010

Dated: May 7, 2010

A COPY OF THE JOINT PREPACKAGED PLAN OF REORGANIZATION TO WHICH THIS DISCLOSURE STATEMENT RELATES IS ATTACHED AS EXHIBIT A TO THIS DISCLOSURE STATEMENT.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE JOINT PREPACKAGED PLAN OF REORGANIZATION IS 5:00 P.M., PREVAILING EASTERN TIME, ON JUNE 7, 2010, UNLESS EXTENDED BY THE DEBTORS. TO BE COUNTED, THE BALLOT (OR MASTER BALLOT IN THE CASE OF BENEFICIAL HOLDERS OF CLAIMS VOTING THROUGH A NOMINEE) INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY KURTZMAN CARSON CONSULTANTS, LLC, THE DEBTORS' VOTING AGENT, NO LATER THAN THE VOTING DEADLINE.

TABLE OF CONTENTS

PAGE

ARTICLE I. INTRODUCTION 1

A. PARTIES ENTITLED TO VOTE ON THE PLAN 4

B. SOLICITATION PACKAGE 5

C. VOTING PROCEDURES, BALLOTS, AND VOTING DEADLINE 5

D. CONFIRMATION HEARING AND OBJECTIONS TO DISCLOSURE STATEMENT AND CONFIRMATION 6

ARTICLE II. OVERVIEW OF THE PLAN 7

A. GENERAL OVERVIEW 7

1. The Allowed Prepetition Notes Claims 7
2. The Allowed Prepetition ABL Claims 7
3. The Allowed ABL DIP Claims 8
4. The Allowed Prepetition CL Claims 8
5. The Allowed Von Zuben Subordinated Unsecured Note Claim 8
6. The Allowed Equity Interests 8
7. The Allowed ESOP Interests 8
8. All Other Claims 9

B. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN 10

ARTICLE III. GENERAL INFORMATION 11

A. OVERVIEW OF CHAPTER 11 11

B. THE DEBTORS' BUSINESSES AND OPERATIONS 12

1. Products and Materials 13
2. Paperboard Segment 14
3. Converted Products Segment 15
4. International Segment 15
5. Raw Materials/Operating Costs 15
6. Employees 16
7. Customers 17

C. MANAGEMENT OF THE NEWARK GROUP 17

1. Board of Directors 17
2. Executive Officers 17

D. COMPENSATION AND BENEFITS PROGRAMS 18

E. DEBT AND CAPITAL STRUCTURE OF THE COMPANY 18

1. Description of The Newark Group's Prepetition Debt Structure 18

Table of Contents
(continued)

Page

2. Description of The Newark Group's Prepetition Interests 24

F. EVENTS LEADING UP TO CHAPTER 11 24

1. Reduced Sales Volume and Increased Costs 24
2. Attempts to Improve the Financial Outlook 25
3. Defaults and Forbearances under the Prepetition Credit Facilities....25
4. Default and Forbearance under the Prepetition Indenture 26
5. Consideration of Restructuring and Recapitalization Alternatives....27
6. The Plan Support Agreement....27
7. ESOP Settlement Agreement....35
8. The Von Zuben Settlement Agreement 39

ARTICLE IV. EVENTS DURING THE ANTICIPATED CHAPTER 11 CASES.....41

A. FIRST DAY RELIEF 41

1. Joint Administration of Debtors' Chapter 11 Cases 41

B. ADDITIONAL FIRST-DAY RELIEF 41

1. Approval of Disclosure Statement and Scheduling a Confirmation Hearing 42
2. Post-Petition Financing....42
3. Assumption of the Plan Support Agreement 43
4. Employee Compensation. 43
5. Payment of Creditors in Ordinary Course of Business....44
6. Cash Management....44
7. Taxes 44
8. Utilities....44
9. Schedules and Statements....45
10. Retention of Professionals 45
11. Notice, Case Management, and Administrative Procedures....46

ARTICLE V. THE PLAN OF REORGANIZATION 46

A. GENERAL 46

B. CLASSIFICATION AND ALLOWANCE OF CLAIMS & INTERESTS GENERALLY 46

1. Classification and Allowance 46

C. PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, DIP FACILITY CLAIMS AND PRIORITY TAX CLAIMS....47

1. Administrative Expense Claims....47
2. DIP Facility Claims....48
3. Priority Tax Claims....49

D. NON-SUBSTANTIVE CONSOLIDATION AND INTERCOMPANY CLAIMS 49

Table of Contents
(continued)

Page

E. CLASSIFICATION OF CLAIMS 50

F. PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS....51

1. Priority Non-Tax Claims (Class 1) 51
2. Other Secured Claims (Class 2)....51
3. Prepetition ABL Claims (Class 3) 51
4. Prepetition CL Claims (Class 4) 52
5. General Unsecured Claims (Class 5) 52
6. Prepetition Notes Claims (Class 6)....52
7. Von Zuben Subordinated Unsecured Note Claim (Class 7) 53
8. Equity Interests (Class 8)....53
9. ESOP Interests (Class 9)....54

G. IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS THAT ARE IMPAIRED; ACCEPTANCE OR REJECTION OF THE PLAN 55

1. Holders of Claims Entitled to Vote....55
2. Acceptance by an Impaired Class....56
3. Nonconsensual Confirmation....56

H. MEANS OF IMPLEMENTATION 56

1. Reorganized Company Securities....56
2. Continued Corporate Existence; Reincorporation of The Newark Group; and Vesting of Assets in the Reorganized Debtors....58
3. Corporate Governance, Directors, Officers and Corporate Action....58
4. Termination of Liens....60
5. Exit Financing....60
6. Intercreditor Agreement....62
7. Management Incentive Plan....62
8. Warrants....63
9. Deferred Compensation Agreement 64
10. Management Bonus 65
11. Additional Transactions Authorized Under the Plan....65
1. Distributions for Claims in Classes 6 and 7 and Interests in Classes 8 and 9....66
2. Interest on Claims 66
3. Distributions by Disbursing Agent 66
4. Delivery of Distributions and Undeliverable or Unclaimed Distributions 66
5. Record Date for Distributions....67
6. Allocation of Plan Distributions between Principal and Interest....68
7. Means of Cash Payment....68
8. Sources of Cash for Plan Distributions....69
9. Withholding and Reporting Requirements 69
10. Setoffs 69
11. Fractional Shares....69
12. Exemption for Securities Law 70

Table of Contents
(continued)

Page

13. Preservation of Rights of Action....70

J. TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND PENSION PLANS....70

1. General Treatment....70
2. Cure of Defaults....71
3. Post-Petition Contracts and Leases....71
4. Savings and Pension Plans....71
5. Compensation and Benefit Programs....72
6. Rejection Claims....72

K. PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS AND DISPUTED INTERESTS....72

1. Resolution of Disputed Claims....72
2. Objections to and Estimation of Claims....73
3. Preservation of Rights to Settle Claims....73
4. No Distributions Pending Allowance....73
5. Distributions on Account of Disputed Claims Once they are Allowed....73
6. Reinstated Claims....74

L. CONFIRMATION AND CONSUMMATION OF THE PLAN....74

1. Conditions to Confirmation....74
2. Conditions to Effective Date....74
3. Waiver of Conditions....75
4. Effect of Non-Occurrence of Conditions to Effective Date....76

M. EFFECT OF PLAN CONFIRMATION....76

1. Binding Effect....76
2. Exculpations and Releases....76
3. Injunction....79
4. Term of Bankruptcy Injunction or Stays....80

N. MISCELLANEOUS PLAN PROVISIONS....80

1. Surrender of Instruments....80
2. Post-Confirmation Date Retention of Professionals....81
3. Bar Date for Certain Administrative Expense Claims....81
4. Effectuating Documents and Further Transactions....81
5. Corporate Action....81
6. Exemption from Transfer Taxes....82
7. Payment of Statutory Fees....82
8. Amendment or Modification of the Plan....82
9. Severability of Plan Provisions....83
10. Successors and Assigns....83
11. Revocation, Withdrawal or Non-Consummation of the Plan....83
12. Notice83

Table of Contents
(continued)

Page

13. Governing Law 84
14. Tax Reporting and Compliance 84
15. Exhibits 84
16. Filing of Additional Documents 84
17. Reservation of Rights....84

ARTICLE VI. VOTING PROCEDURES AND REQUIREMENTS 85

A. VOTING RECORD DATE....85

B. HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE 85

C. VOTING DEADLINE....86

D. BALLOT MAILING ADDRESSES 87

1. FOR HOLDERS OF THE FOLLOWING CLAIMS AND INTERESTS:....87
2. FOR HOLDERS OF CLAIMS IN CLASS 6 ARISING UNDER THE PREPETITION 2014 NOTES ONLY: 87
3. FOR HOLDERS OF CLAIMS IN CLASS 9 ARISING OUT OF ESOP ALLOCATED SHARES ONLY: 88

E. VOTING PROCEDURES....88

1. Ballots 88
2. Agreements upon Furnishing Ballots....89
3. Withdrawal or Change of Votes on the Plan 89

F. SPECIAL VOTING INSTRUCTIONS FOR HOLDERS OF PREPETITION NOTES CLAIMS 89

1. Prepetition 2014 Notes - Beneficial Owners 89
2. Prepetition 2014 Notes - Nominees 90
2. Mullen Note 91
3. DTC Securities Clearing Agency....91
4. Miscellaneous 91

G. SPECIAL VOTING INSTRUCTIONS FOR HOLDERS OF ESOP INTERESTS 92

1. Voting Instructions for ESOP Beneficiaries 92
2. Voting Instructions for ESOP Distributees....93

H. FIDUCIARIES AND OTHER REPRESENTATIVES....94

I. WAIVERS OF DEFECTS, IRREGULARITIES, ETC. 94

J. DELIVERY OF EXTINGUISHED SECURITIES....94

K. FURTHER INFORMATION; ADDITIONAL COPIES 95

L. VOTE REQUIRED FOR ACCEPTANCE BY A CLASS 95

1. Class of Claims 95

Table of Contents
(continued)

Page

2. Class of Interests 95

ARTICLE VII. CONFIRMATION OF THE PLAN 95

A. CONFIRMATION HEARING 95

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN 96

1. Acceptance by All Impaired Classes 96
2. Fair and Equitable Test 96
3. Feasibility 97
4. Best Interests Test and Liquidation Analysis 98

ARTICLE VIII. PROJECTED FINANCIAL INFORMATION AND REORGANIZATION VALUE 99

A. PROJECTED FINANCIAL INFORMATION 99

B. REORGANIZED DEBTORS' ENTERPRISE VALUE 100

1. Valuation Overview 100
2. Valuation Methodologies 102
3. Valuation Considerations 103

ARTICLE IX. DESCRIPTION OF CAPITAL STOCK OF THE REORGANIZED COMPANY 104

A. NEW COMMON STOCK 104

B. WARRANTS 104

C. MANAGEMENT INCENTIVE PLAN 104

ARTICLE X. RISK FACTORS 105

A. GENERAL BANKRUPTCY LAW CONSIDERATIONS 106

1. Failure to Obtain Confirmation of the Plan May Result in Liquidation or Confirmation of an Alternative Plan on Less Favorable Terms. 106
2. Failure of Occurrence of the Effective Date May Result in Liquidation or Alternative Plan on Less Favorable Terms. 106

B. OTHER RISK FACTORS 107

1. Variances from Projections May Affect Ability to Pay Obligations. 107
2. Extent of Leverage May Limit Ability to Obtain Additional Financing for Operations. 108
3. Uncertainty Regarding DIP and Exit Facility Credit Agreements May Adversely Affect Success of Reorganization. 108
4. Assumptions Regarding Value of the Debtors' Assets May Prove Incorrect. 108
5. Historical Financial Information May Not Be Comparable. 109

Table of Contents
(continued)

Page

6. Market and Business Risks May Adversely Affect Business Performance. 109
7. Cycles, Conditions and Problems Inherent in the Debtors' Industry May Adversely Affect Financial Results. 110
8. Future Increases in Raw Material and Other Operating Costs May Adversely Affect Financial Results. 110
9. Rising Energy Costs May Adversely Affect Financial Results. 110
10. Cost of Compliance with Government Regulation, Including Environmental Laws, May Adversely Affect Financial Results. 111
11. Price Fluctuations and Volatility in the Debtors' Highly Competitive Industry May Adversely Affect Financial Results.....112
12. The Debtors May Encounter Difficulties Restructuring Operations or Closing or Disposing of Facilities.....112
13. Revenue and Operating Results would be Adversely Affected if Operations at the Fitchburg Paperboard Mill Were to Be Reduced. 112
14. The Debtors' Revenues and Earnings Could be Adversely Affected by Foreign Regulations and Changes in Economic Conditions in the Foreign Countries in Which the Debtors Operate their Business. 113
15. Terrorist Attacks/Other Military Disruptions 113
16. Some of The Debtors' Business is Seasonal and Weather Conditions Could Have an Adverse Effect on Revenues and Operating Results. 114
17. If Negotiations For Renewals of The Debtors' Various Labor Agreements Are Not Successful, The Debtors' Operations Could Be Subject to Interruptions, Which Would Adversely Affect their Results of Operations and Cash Flows. 114

C. RISKS TO CREDITORS AND INTEREST HOLDERS WHO WILL RECEIVE SECURITIES.....114

1. Lack of Established Market for the Securities May Adversely Affect Liquidity.....115
2. Significant Contractual Transfer Restrictions.....115
3. Lack of Dividends on Securities May Adversely Affect Liquidity. 115

ARTICLE XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN 115

A. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS 116

1. Bankruptcy Exclusion for Cancellation of Indebtedness Income and Tax Attribute Reduction.....117
2. Deferral Election for COD Income under IRC Section 108(i) 118
3. Annual IRC Section 382 Limitation on Use of NOLs.....119
4. Accrued Interest.....120
5. Federal Alternative Minimum Tax 120
6. Federal Income Tax Consequences to The Newark Group from the Exchange of New Common Stock for the Prepetition Notes 120

Table of Contents
(continued)

Page

7. Federal Income Tax Consequences to The Newark Group from the Exchange of the Von Zuben New Subordinated Notes for the Von Zuben Subordinated Unsecured Note 121

B. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF PREPETITION NOTES 121

1. General Tax Considerations for Holders of Prepetition Notes 121
2. Federal Income Tax Consequences if the Exchange Qualifies as a "Recapitalization" 122
3. Federal Income Tax Consequences if the Exchange Does Not Qualify as a "Recapitalization" 123
4. Non-U.S. Persons 123

C. FEDERAL INCOME TAX CONSEQUENCES OF OWNERSHIP AND DISPOSITION OF NEW COMMON STOCK 124

D. FEDERAL INCOME TAX CONSEQUENCES TO HOLDER OF VON ZUBEN SUBORDINATED UNSECURED NOTE 124

E. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF OUTSTANDING COMMON STOCK INTERESTS 125

1. General Tax Considerations for Holders of Interests 125
2. Federal Income Tax Consequences Associated with Warrants 126

F. INFORMATION REPORTING AND BACKUP WITHHOLDING 127

G. IMPORTANCE OF OBTAINING PROFESSIONAL TAX ADVICE 127

ARTICLE XII. CERTAIN FEDERAL AND STATE SECURITIES LAW CONSIDERATIONS 127

A. EXEMPTION FROM REGISTRATION REQUIREMENTS FOR NEW SECURITIES 127

B. SUBSEQUENT TRANSFERS OF NEW SECURITIES 128

ARTICLE XIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN 129

A. CONTINUATION OF THE CHAPTER 11 CASES 129

B. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11 129

ARTICLE XIV. CONCLUSION AND RECOMMENDATION 130

EXHIBITS

Exhibit A	**Plan**
Exhibit B	**Plan Support Agreement**
Exhibit C	**ABL DIP Facility Credit Agreement**
Exhibit D	**ABL Exit Facility Credit Agreement**
Exhibit E	**Von Zuben New Subordinated Notes**
Exhibit F	**Reorganized Company Stockholders' Agreement**
Exhibit G	**Orix Exit Facility Credit Agreement**
Exhibit H	**ESOP Settlement Agreement**
Exhibit I	**Orix DIP Facility Term Sheet**
Exhibit J	**Certificate of Incorporation**
Exhibit K	**By-Laws**
Exhibit L	**Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc.**
Exhibit M	**Intercreditor Agreement**
Exhibit N	**Warrant Agreement**
Exhibit O	**Deferred Compensation Agreement**
Exhibit P	**Projections**
Exhibit Q	**Liquidation Analysis**

ARTICLE I. INTRODUCTION

The Newark Group, Inc. ("**The Newark Group**"), Jackson Drive Corp. ("**Jackson**"), and NP Cogen, Inc. ("**Cogen**") (collectively, the "**Company**" or the "**Debtors**") submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code, for use in the solicitation of votes on the Joint Prepackaged Plan of Reorganization for The Newark Group, Inc., *et al.* dated May 7, 2010, as the same may be amended from time to time (the "**Plan**"). The Plan is being proposed by the Debtors and is anticipated to be filed with the United States Bankruptcy Court for the District of New Jersey (the "**Bankruptcy Court**") after the solicitation of votes with respect to the Plan. A copy of the Plan is annexed as Exhibit A to this Disclosure Statement.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the need to seek chapter 11 protection, significant events that are expected to occur during the Chapter 11 Cases, and the anticipated organization, operations, and liquidity of the Debtors upon successful emergence from chapter 11 (as the "**Reorganized Debtors**"). This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Except as otherwise provided herein, capitalized terms not otherwise defined in this Disclosure Statement shall have the meanings ascribed to them in the Plan. Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in United States dollars.

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, the Debtors' financial forecasts, and other related matters. FOR COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS, APPENDICES, AND ANY SCHEDULES THERETO IN THEIR ENTIRETY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

THE DEBTORS HAVE NOT COMMENCED ANY BANKRUPTCY CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AT THIS TIME. THE DEBTORS EXPECT TO FILE THEIR BANKRUPTCY CASES AFTER THEY SOLICIT THE VOTES OF IMPAIRED CLASSES OF CLAIMS AND INTERESTS PURSUANT TO THIS DISCLOSURE STATEMENT.

UNDER THE PLAN, "GENERAL UNSECURED CLAIMS" (AS DEFINED IN THE PLAN) WILL NOT BE AFFECTED BY THE BANKRUPTCY CASES AND, SUBJECT TO APPROVAL BY THE BANKRUPTCY COURT, ARE ANTICIPATED TO BE PAID IN FULL IN THE ORDINARY COURSE OF BUSINESS DURING THE

PENDENCY OF THESE BANKRUPTCY CASES OR THEREAFTER IN ACCORDANCE WITH THEIR TERMS.

BECAUSE NO BANKRUPTCY CASES HAVE BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY ANY BANKRUPTCY COURT WITH RESPECT TO WHETHER IT CONTAINS ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. NONETHELESS, IF THE CHAPTER 11 CASES ARE SUBSEQUENTLY COMMENCED, THE DEBTORS EXPECT TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT APPROVING THIS DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND DETERMINING THAT THE SOLICITATION OF VOTES ON THE PLAN BY MEANS OF THIS DISCLOSURE STATEMENT WAS IN COMPLIANCE WITH SECTION 1125(a) OF THE BANKRUPTCY CODE.

Subject to applicable law, 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, may supplement or amend this Disclosure Statement or any Exhibits attached hereto at any time prior to the hearing to approve the Disclosure Statement.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES AND CONFIRMATION OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY OTHER PURPOSE. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT AND ANY ACCOMPANYING DOCUMENTS.

ALL CREDITORS AND INTEREST HOLDERS ENTITLED TO VOTE ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, WHICH CONTROLS IN THE EVENT OF ANY INCONSISTENCY OR INCOMPLETENESS. UNLESS OTHERWISE STATED, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF JANUARY 31, 2010, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THAT DATE.

ANY STATEMENTS IN THIS DISCLOSURE STATEMENT CONCERNING THE PROVISIONS OF ANY DOCUMENT ARE NOT NECESSARILY COMPLETE, AND IN EACH INSTANCE REFERENCE IS MADE TO SUCH DOCUMENT FOR THE FULL TEXT THEREOF. CERTAIN DOCUMENTS DESCRIBED OR REFERRED TO IN THIS DISCLOSURE STATEMENT HAVE NOT BEEN ATTACHED AS EXHIBITS BECAUSE OF

THE IMPRACTICABILITY OF FURNISHING COPIES OF SUCH DOCUMENTS TO ALL RECIPIENTS OF THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTIONS 1125(a) AND 1126(b) OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW OR THE LAWS OF ANY FOREIGN JURISDICTION.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("**SEC**") OR ANY STATE OR FOREIGN SECURITIES REGULATOR, AND NEITHER THE SEC NOR ANY STATE OR FOREIGN SECURITIES REGULATOR HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OF OR CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THIS DISCLOSURE STATEMENT AND ANY ACCOMPANYING DOCUMENTS ARE THE ONLY DOCUMENTS THAT THE DEBTORS HAVE AUTHORIZED TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. THE DEBTORS HAVE NO OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND IN ITS EXHIBITS HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THE DEBTORS' MANAGEMENT, IN CONSULTATION WITH THEIR PROFESSIONAL FINANCIAL ADVISORS, PREPARED THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT. WHILE THE DEBTORS HAVE PRESENTED THESE PROJECTIONS WITH NUMERICAL SPECIFICITY, THEY HAVE NECESSARILY BASED THE PROJECTIONS ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT THEY CANNOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OF THESE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHERMORE, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY DIFFER FROM ANY ASSUMED FACTS AND CIRCUMSTANCES. ALTERNATIVELY, ANY EVENTS AND CIRCUMSTANCES THAT COME TO PASS MAY WELL HAVE BEEN UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, EITHER THE DEBTORS OR THE REORGANIZED DEBTORS.

A. PARTIES ENTITLED TO VOTE ON THE PLAN

Under the provisions of the Bankruptcy Code, not all parties-in-interest are entitled to vote on a chapter 11 plan. Creditors or equity interest holders whose claims or interests are not impaired by a plan are deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Creditors or equity interest holders whose claims or interests are impaired by a plan, but who will receive no distribution under a plan, are also not entitled to vote because they are deemed to have rejected the plan under section 1126(g) of the Bankruptcy Code. For a discussion of these matters, see Article VI, "Voting Procedures and Requirements" and Article VII, "Confirmation of the Plan" in this Disclosure Statement.

The following sets forth which Classes are entitled to vote on the Plan and which Classes are not entitled to vote on the Plan:

- The Debtors are seeking votes from the Holders of Claims in Class 6 and Class 7, and Interests in Class 8 and Class 9.

- The Debtors are not seeking votes from Holders of Claims in Classes 1, 2, 3, 4, and 5 because those Claims are Unimpaired under the Plan, and the Holders of Claims in each of these Classes are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan.

For a detailed description of the Classes of Claims and Interests and their treatment under the Plan, see Article V, sections B through F herein.

B. SOLICITATION PACKAGE

Accompanying this Disclosure Statement is a package of hard copy materials called the "**Solicitation Package**." The Solicitation Package contains copies of:

- this Disclosure Statement

- the Plan, which is attached to this Disclosure Statement as Exhibit A;

- an opinion letter from the ESOP Independent Fiduciary and an opinion letter from the financial advisor to the ESOP Independent Fiduciary (only provided to ESOP Beneficiaries in Class 9)

- one or more Ballots, if applicable, including instructions describing where and when to submit your Ballot if you are entitled to vote to accept or reject the Plan, and a postage-paid return envelope, which will be used by Holders of Claims and Interests that are entitled to vote on the Plan (only provided to Holders of Claims and Interests that are entitled to vote on the Plan).

C. VOTING PROCEDURES, BALLOTS, AND VOTING DEADLINE

If you have received a Ballot and are entitled to vote on the Plan, after carefully reviewing the materials supplied to you in the Solicitation Package and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan on the Ballot by voting in favor of or against the Plan. For your vote to be counted, you must complete and sign your original Ballot and return it in the envelope provided. Copies, faxes, or e-mails will not be accepted as votes. Each Ballot has been coded to reflect the Class of Claims or Interests it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

For your vote to be counted, your Ballot must be properly completed in accordance with the voting instructions on the Ballot and received by the Voting Agent no later than 5:00 P.M., prevailing Eastern Time on June 7, 2010 (the "**Voting Deadline**"). Any Ballot received after the Voting Deadline shall be counted at the sole discretion of 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, which consent shall

not be unreasonably withheld. Do not return any debt instruments or equity securities with your Ballot.

Any executed Ballot that does not indicate either an acceptance or rejection of the Plan, or that indicates both an acceptance and rejection of the Plan, will not be counted.

If you are a Holder of a Claim or Interest that is entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact Kurtzman Carson Consultants, LLC, the Voting Agent, by e-mail at KCC_TheNewarkGroup@kccllc.com or by phone at 310-751-2698 or 866-967-0498.

If you have any questions about the procedure for voting your Claim(s) or Interest(s), the packet of materials that you have received, or the amount of your Claim, or if you wish to obtain, at your own expense, an additional copy of this Disclosure Statement and its appendices and Exhibits, please contact the Voting Agent, Kurtzman Carson Consultants, LLC by e-mail at KCC_TheNewarkGroup@kccllc.com or by phone at 310-751-2698 or 866-967-0498.

FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE ARTICLE VI, "VOTING PROCEDURES AND REQUIREMENTS" HEREIN.

Before voting on the Plan, each Holder of a Claim or Interest in a Class that is entitled to vote on the Plan should read, in their entirety, this Disclosure Statement and the Plan, along with the instructions accompanying the Ballots. These documents contain important information concerning how Claims and Interests are classified for voting purposes and how votes will be tabulated.

D. CONFIRMATION HEARING AND OBJECTIONS TO DISCLOSURE STATEMENT AND CONFIRMATION

After the Chapter 11 Cases are filed, the Debtors will request the Bankruptcy Court to schedule the Confirmation Hearing, at which time the Debtors will seek orders: (i) determining that the Disclosure Statement was prepared in accordance with applicable law and that the solicitation process was conducted in accordance with applicable law; and (ii) confirming the Plan. Notice of the Confirmation Hearing will be provided to Holders of Claims and Interests after the date of the Confirmation Hearing is fixed. The Confirmation Hearing may be adjourned or continued from time to time by the Debtors in consultation with 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, without further notice except for the announcement of adjournment at the Confirmation Hearing or at any subsequent hearing. Holders of Claims and Interests will be provided with an opportunity to object to the adequacy of the Disclosure Statement and solicitation process and to confirmation of the Plan by filing and serving objections in accordance with a schedule to be determined by the Bankruptcy Court.

ARTICLE II. OVERVIEW OF THE PLAN

The following summary is a general overview only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information, and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. For a more detailed description of the terms and provisions of the Plan, see Article V, "The Plan of Reorganization" herein. The Debtors, moreover, reserve the right to modify the Plan consistent with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 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.

A. GENERAL OVERVIEW

The primary purpose of the Plan is the restructuring of the Company's capital structure in order to better align it with the Company's present and future operating prospects.

The Plan is based primarily upon a prepetition compromise and Plan Support Agreement between ORIX Finance Corp. ("**ORIX**") for itself; certain of the Prepetition Noteholders (each of the certain Prepetition Noteholders a "**Plan Support Party**," and collectively, the "**Plan Support Parties**"); The Newark Group; each of the domestic subsidiaries of The Newark Group (the "**TNG Subsidiaries**"); and certain Equity Interest Holders party thereto (the "**Plan Support Shareholders**"). Specifically, on May 7, 2010, ORIX, the Plan Support Parties, The Newark Group, the TNG Subsidiaries, and the Plan Support Shareholders entered into the Plan Support Agreement, in substantially the form as attached hereto as Exhibit B, pursuant to which ORIX, the Plan Support Parties, and the Plan Support Shareholders agreed, subject to the terms and conditions contained in the Plan Support Agreement, to support the proposed financial restructuring described in the Plan. The Plan Support Agreement attached hereto as Exhibit B does not separately include exhibits A or B to the Plan Support Agreement, or the signature pages. Exhibits A and B to the Plan Support Agreement are the Plan and this Disclosure Statement, respectively.

At its core, the Plan provides for the following treatment of Claims and Interests:

1. The Allowed Prepetition Notes Claims

The Allowed Prepetition Notes Claims, including the Prepetition 2014 Notes and the Mullen Note, will be exchanged for 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.

2. The Allowed Prepetition ABL Claims

The Allowed Prepetition ABL Claims will either be paid in full (or assigned to the ABL DIP Facility Lenders) on the day the ABL DIP Facility closes, or as soon thereafter as is practicable, from the proceeds of the ABL DIP Facility or otherwise. The terms and conditions of the ABL DIP Facility are set forth in 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 (the "**ABL DIP Facility Credit Agreement**"), substantially in the form attached hereto as Exhibit C.

3. The Allowed ABL DIP Claims

The Allowed ABL DIP Facility Claims will either be paid in full on the Effective Date 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. The terms and conditions of the ABL Exit Facility are set forth in 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 other domestic subsidiaries as guarantors, and the ABL Exit Facility Administrative Agent (the "**ABL Exit Facility Credit Agreement**"), substantially in the form attached hereto as Exhibit D.

4. The Allowed Prepetition CL Claims

The Allowed Prepetition CL Claims will either be paid in full from the proceeds of the ORIX DIP Facility or otherwise on the day the ORIX DIP Facility closes, or receive such treatment as to which each Holder of an Allowed Prepetition CL Claim shall have agreed upon in writing (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.

5. The Allowed Von Zuben Subordinated Unsecured Note Claim

The Holder of the Von Zuben Subordinated Unsecured Note Claim shall be entitled to receive a Cash payment of $250,000 payable not later than three (3) Business Days after the Effective Date, plus the Von Zuben New Subordinated Notes in the principal amounts of $800,000 and $550,000, substantially in the forms attached hereto as Exhibit E.

6. The Allowed Equity Interests

Each Holder of an Equity Interest shall receive its Pro Rata Share of (x) 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 (y) 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.

7. The Allowed 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 Debtors, and the Reorganized Debtor 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 of the Plan, in each case as permitted by the Code, the Bankruptcy Code and ERISA.

8. All Other Claims

All other Claims will be Unimpaired. All General Unsecured Claims, including all valid Claims of trade creditors, will be paid in full in the ordinary course of business.

The Company believes that consummation of the recapitalization and financial restructuring transactions proposed under the Plan will provide the Company with the capital structure and liquidity necessary to continue operating as a going concern as a result of, among other things: (a) the reduction of the Company's total prepetition funded debt by approximately $ $206.3 million (including interest through March 30, 2010); (b) significant reductions in ongoing interest expense which will improve cash flow; and (c) the resolution of contractual defaults under its prepetition credit agreements, as further described herein. Indeed, the Company believes that the realization of these transactions on the terms outlined herein will enable the Company to exit chapter 11 appropriately capitalized and competitively positioned for future growth.

In connection with developing the Plan, the Company conducted a careful review of its current business operations and compared its prospects as an ongoing business enterprise with the estimated recoveries of Holders of Allowed Claims and Interests in a liquidation scenario. As a result, the Company concluded that the recovery for Holders of Allowed Claims and Interests would be maximized by continuing to operate as a going concern. The Company believes that its business and assets have significant value that would not be realized in a liquidation, either in whole or in substantial part. Consistent with the liquidation analysis described herein and other analyses prepared by the Company and its advisors, the value of the Company's assets would be considerably greater if the Company operates as a going concern as opposed to liquidating. Moreover, the Company believes that any alternative to Confirmation of the Plan, such as an out-of-court restructuring, liquidation or attempts by another party-in-

interest to file a plan of reorganization, would result in significant delays, litigation, execution risk and/or additional costs and, ultimately, would lower the recoveries for Holders of Allowed Claims and Interests. Accordingly, the Company strongly recommends that you vote to accept the Plan, if you are entitled to vote.

The Reorganized Company will issue the following equity securities pursuant to the terms and conditions set forth in Section V of the Plan (and as described in greater detail in Article V herein):

New Common Stock;

Management Warrants; and

Equity Warrants.

As a condition precedent to holding any newly issued equity security, each Holder thereof, 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 be required to enter into, or shall be deemed to have entered into, the Reorganized Company Stockholders' Agreement, in substantially the form attached hereto as Exhibit F. 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.

B. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN

The following chart summarizes the projected distributions to Holders of Allowed Claims against and Interests in the Debtors that were classified under the Plan. Although every reasonable effort was made to be accurate, the projections of estimated recoveries are only estimates. The final amounts of Claims or Interests allowed by the Bankruptcy Court may vary from the estimates in this Disclosure Statement. As a result of the foregoing and other uncertainties which are inherent in the estimates, the estimated recoveries in this Disclosure Statement may vary from the actual recoveries received. In addition, the ability to receive distributions under the Plan depends, among other things, upon the ability of the Debtors to obtain confirmation of the Plan and meet the conditions to confirmation and effectiveness of the Plan, as discussed in this Disclosure Statement. The recoveries set forth below are projected recoveries only and may change based upon changes in the amount of Allowed Claims and Interests as well as other factors related to the Debtors' business operations and general economic conditions. Reference should be made to the entire Disclosure Statement and Plan for a complete description of the classification and treatment of Allowed Claims against and Interests in the Debtors.

Summary of Treatment of Allowed Claims and Interests

Class	Claim/Interest	Treatment	Estimated Allowed Amount (as of March 31, 2010)	Estimated Recovery[1]	Entitled to Vote
Class 1	Priority Non-Tax Claims	Unimpaired	To Be Determined	100%	No (deemed to accept)
Class 2	Other Secured Claims	Unimpaired	$2.2 million	100%	No (deemed to accept)
Class 3	Prepetition ABL Claims	Unimpaired	$39.9 million	100%	No (deemed to accept)
Class 4	Prepetition CL Claims	Unimpaired	$83.4 million	100%	No (deemed to accept)
Class 5	General Unsecured Claims	Unimpaired	$81.9 million	100%	No (deemed to accept)
Class 6	Prepetition Notes Claims	Impaired	$201.5 million	75.4%	Yes
Class 7	Von Zuben Subordinated Unsecured Note Claim	Impaired	$4.8 million	33.3%	Yes
Class 8	Equity Interests	Impaired	N/A	$2.4 million	Yes
Class 9	ESOP Interests	Impaired	N/A	$3.1 million	Yes

ARTICLE III. GENERAL INFORMATION

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its equity security holders. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote the equality of treatment of similarly-situated creditors and equity interest holders with respect to the distribution of a debtor's assets. In furtherance of these two goals, section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against a debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the debtor's chapter 11 case upon the filing of a petition for relief under chapter 11.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the commencement date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and equity interests in the debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding, subject to the occurrence of the Effective Date, upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any

[1] The Estimated Recovery amounts shown for Classes 6, 8, and 9 are based upon the midpoint of the valuation of the equity of the Reorganized Company as described in Article VIII(B)(1) of this Disclosure Statement.

creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the order approving confirmation of a plan discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan.

The Bankruptcy Code authorizes a debtor to solicit votes for the acceptance of a plan of reorganization prior to the filing by the debtor of a chapter 11 case. Certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of the proposed plan, sections 1125(a) and 1126(b) of the Bankruptcy Code require a plan proponent to prepare and distribute a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment whether to accept or reject the plan. The Debtors are submitting this Disclosure Statement to, and soliciting votes from, Holders of Impaired Allowed Claims and Interests against them in order to satisfy the requirements of sections 1125(a) and 1126(b) of the Bankruptcy Code.

Because no bankruptcy cases have yet been commenced, this Disclosure Statement has not been approved by any bankruptcy court with respect to whether it contains adequate information within the meaning of section 1125(a) of the Bankruptcy Code. If the Chapter 11 Cases are subsequently commenced, the Debtors expect to promptly seek an order of the Bankruptcy Court approving this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and determining that the solicitation of votes on the plan by means of this Disclosure Statement was in compliance with section 1125(a) of the Bankruptcy Code.

B. THE DEBTORS' BUSINESSES AND OPERATIONS

Debtor The Newark Group is a corporation organized under the laws of the State of New Jersey, with its principal executive offices located at 20 Jackson Drive, Cranford, New Jersey, 07016. The Newark Group is the direct or indirect parent of both of the other Debtors and all of the Non-Debtor Affiliates.[2]

Debtor Jackson is a corporation organized under the laws of the State of New Jersey, and is a wholly-owned subsidiary of The Newark Group. Jackson's only asset consists of the parcel of real estate and the improvements at 20 Jackson Drive, Cranford, New Jersey, that houses the executive offices of The Newark Group. The primary liability of Jackson is the Jackson Drive Mortgage.

[2] The Newark Group's Non-Debtor Affiliates (and their jurisdiction of formation) are as follows: (1) Integrated Paper Recyclers LLC (Delaware); (2) Newark Paperboard Products, Ltd. (British Columbia, Canada); (3) Newark Group International B.V. (Netherlands); (4) Newark Group International, S.L. (Spain); (5) Newark Catalana, S.L. (Spain); (6) Newark Graphicboard Products Berlin GmbH (Germany); (7) Alcover Cogeneración, A.I.E. (Spain); (8) Derivados del Cartón, S.L. (Spain); (9) Servicárrega, S.L. (Spain); (10) Servicios y Mantenimientos de Papeleras, S.L. (Spain); (11) Newark San Andrés, S.L. (Spain); (12) Fibor Packaging B.V. (Netherlands); (13) Videcart, S.A. (Spain); (14) Atelier des Landes S.A. (France); (15) Paper, S.A. (Spain); (16) Newark Viersen GmbH (Germany); and (17) Newark Energie GmbH (Germany).

Debtor Cogen is a corporation organized under the laws of the State of California, and is a wholly-owned subsidiary of The Newark Group. Cogen operates a cogeneration power plant located on the property of The Newark Group's paper mill in Los Angeles and provides electricity solely to the Los Angeles mill. The only material asset held by Cogen on the Petition Date is a turbine with an assessed value of $1.3 million.

The Debtors, along with their Non-Debtor Affiliates (collectively, "**TNG Global**"), operate as an integrated global producer of 100% recycled paperboard and paperboard products, with significant manufacturing and marketing operations in North America and Europe. The Newark Group is primarily a manufacturer of core board, folding cartons (predominantly uncoated) and industrial converting grades of paperboard, and is among the largest producers of these grades in North America. The Newark Group is also a major North American producer of tubes, cores and allied products, and, together with its non-Debtor European subsidiaries, is a leading producer of laminated products and graphicboard in both North America and Europe. Additionally, The Newark Group collects, trades and processes recovered paper in North America and believes that it is among the six largest participants in this industry. The Newark Group supplies its products to the paper, packaging, stationery, book printing, construction, plastic film, furniture and game industries.

The Newark Group owns or leases 40 active manufacturing and other facilities throughout the United States, including recovered paper plants, paperboard mills and converting plants.[3] As of January 31, 2010, TNG Global employed approximately 2,511 employees, a significant number of whom are covered by labor agreements. For the fiscal year[4] ended April 30, 2008, TNG Global generated revenues of approximately $1,028.9 million and had a net loss of approximately $19.7 million. For the fiscal year ended April 30, 2009, TNG Global generated revenues of approximately $808.7 million and had a net loss of approximately $166.7 million.

The foreign operations of TNG Global's corporate family are conducted through certain Non-Debtor Affiliates. The primary foreign Non-Debtor Affiliates are Newark Paperboard Products, Ltd., a British Columbia corporation that operates in Canada, and NGI, an intermediate holding company with its corporate seat in Amsterdam, the Netherlands, which, through its wholly-owned direct and indirect subsidiaries, conducts business throughout Europe.

1. Products and Materials

TNG Global operates in three business segments. The two in North America are the Paperboard segment and the Converted Products segment. The third is the International segment, which is a combination of all of TNG Global's European operations. Within these three business segments, products can be broadly categorized into five product lines: recovered paper; 100% recycled paperboard; graphicboard and laminated products; tube and core products;

[3] In addition to active facilities, The Newark Group owns seven facilities that were formerly operated as paperboard mills.

[4] The Debtors' fiscal years end on April 30, and all references to "fiscal years" herein are to the Debtors' fiscal years. For example, reference to fiscal year 2009 means the fiscal year ending April 30, 2009.

and solidboard packaging products. TNG Global's domestic operations are primarily conducted through The Newark Group.

In the Paperboard segment, The Newark Group trades in recovered paper and manufactures various grades of recycled paperboard which are used in the production of folding cartons, rigid boxes, tubes, cores and other products. In the Converted Products segment, The Newark Group converts paperboard into tubes, cores and allied products, and laminated products used for book covers, game boards, jigsaw puzzles and loose-leaf binders. In the International segment, which consists of a vertically integrated network of facilities in Europe, the foreign Non-Debtor Affiliates produce 100% recycled paperboard, laminated products, and graphicboard and solidboard packaging, primarily for the European market. For the fiscal year ended April 30, 2009, the Paperboard segment represented 46.6% of the total sales of TNG Global; the Converted Products segment represented 31.3% of the total sales; and the International segment represented 22.1% of total sales.

2. Paperboard Segment

The Paperboard segment consists of facilities that manufacture recycled paperboard and facilities that collect, sort and handle recovered paper for internal consumption and sales to other paper manufacturers. Intercompany and inter-segment sales are recorded at prices which approximate market prices. In fiscal 2009, The Newark Group acquired approximately 1.9 million tons of recovered paper, of which approximately 0.8 million tons were used as raw material by the paperboard mills, and approximately 1.1 million tons were sold to others. The recovered paper The Newark Group handles is bought and sold according to the type or grade. There are over fifty grades of recovered paper, but the most significant ones that the Company deals in are: old corrugated containers ("**OCC**"), old newspaper ("**ONP**"), and mixed paper ("**MP**"). Together, these three grades account for approximately 90% of the Company's total volume. This activity is conducted through five regional offices located in Salem, Massachusetts; Newark, New Jersey; Moraine, Ohio; Mobile, Alabama; and Stockton, California, along with seven satellite paper processing plants.

The Newark Group also operates eight paperboard mills within the Paperboard segment. These mills manufacture paperboard from recovered paper, which is then wound onto rolls or sheeted and palletized for sale to customers or for internal transfer to the Converted Products business segment, where it is the raw material for that segment's processes.

The Newark Group manufactures many different grades of 100% recycled paperboard. Plain chip grades are used primarily in the production of simple protective packaging products and rigid boxes, such as corner boards and layer pads for separating layers of cans and bottles. The core board grades are used to manufacture spiral wound and convolute wound tubes and cores of all kinds and sizes. Laminating grades (grades to be laminated by the customer) and laminated grades (grades already laminated at The Newark Group's paperboard mills) are used to produce heavyweight boards for the production of book covers, loose-leaf binders, solidboard packaging, game boards, jigsaw puzzles and other products. Folding boxboard grades are used for manufacturing folding cartons and other products requiring creasing and bending of the paperboard in the manufacturing process.

3. Converted Products Segment

The Converted Products segment principally consists of facilities that laminate, cut, and form paperboard produced in the Company's mills into fiber components for tubes and cores, protective packaging, books, games and office products. Intercompany sales are recorded at prices which approximate market prices.

The Newark Group's laminated products and graphicboard are manufactured in five converting plants that make up the Company's BCI division. Primarily, these facilities receive sheets of laminated board from The Newark Group's Fitchburg, Massachusetts mill and cut them to meet customer specifications. These facilities also have the ability to laminate rolls of recycled paperboard by gluing together two to five layers to form a heavyweight board that is then further processed. The Newark Group's converting plants can also customize laminated board to produce specialized products, such as by laminating foam to board for use in the manufacture of padded boards for specialty albums and books. Additionally, The Newark Group produces pieces with hinge materials attached for use by its customers in making folding game boards and sample books.

The Newark Group also manufactures tubes, cores and allied products at 16 converting plants in the United States which make up The Newark Group's NPP division. Tubes and cores are manufactured by applying adhesive to multiple rolls of core board and winding the core board plies around a mandrel. The Newark Group manufactures tubes and cores in various diameters, thicknesses and widths, and its customers use tubes and cores for various applications, including winding products such as paper, tape, textiles, yarn, and plastic film on the cores, and using the tubes to form concrete columns during construction. In addition, The Newark Group manufactures "allied products," such as paper roll end covers, roll wraps and pallets for its tube and core customers, and also provides converting services.

4. International Segment

The International segment consists of facilities throughout Europe that are managed separately from the North American operations. The Company has three paper mills and six converting operations in Europe along with recycling and support facilities in which The Newark Group has a minority ownership interest. The vertical integration of this segment offers both paperboard manufacturing and converting. There are minimal business transactions between the North American segments (Paperboard and Converted Products) and the International segment.

5. Raw Materials/Operating Costs

Recovered paper is The Newark Group's most significant raw material. The cost of such paper has historically fluctuated significantly due to market and industry conditions and seasonality. The Newark Group acquires recovered paper from municipalities and many different types of businesses. Beginning in late October 2008, the price of recovered paper dropped by historic proportions. As discussed further below, this decrease in price contributed to liquidity issues for The Newark Group because it reduced the borrowing base under its Prepetition ABL Credit Facility.

Freight charges, which are incurred with respect to transportation of both the products The Newark Group manufactures and the materials it receives, are a significant cost to the Company.

Freight charges in 2008 for products The Newark Group sold were $99.9 million, a 3% increase over $97 million in 2007, but essentially the same as the $99.7 million total for 2006. Freight charges in 2009 for products The Newark Group sold were $85 million, a 15% decrease from 2008 – but sales in 2009 were down by 21.4% from 2008.

Freight charges for the first half of fiscal year 2010, from May 1, 2009 through October 31, 2009, for products The Newark Group sold were $34.6 million. During the same period in the prior fiscal year, from May 1, 2008 through October 31, 2008, freight charges for products The Newark Group sold were $52.8 million.

Energy, which consists of electricity, natural gas and fuel oil used to generate steam for use in the paper-making process, is also a significant manufacturing cost. Average energy costs per ton of paperboard produced in The Newark Group's North American mill system increased from $90 per ton in fiscal year 2008 to $101 per ton in fiscal year 2009, an increase of over 12%.

In the six months ended October 31, 2007, average energy costs per ton were $83.00. For the same period in 2008, the average energy costs per ton were $104, an increase of 27%. For the same period in 2009, average energy costs per ton were $62.00.

These costs are significantly higher than what The Newark Group experienced during the early part of the decade, when, for example, in 2000 its average energy cost per ton of paperboard produced was just $43. The rise in costs is due to overall increases in natural gas, fuel oil and electricity prices. When energy costs increase, The Newark Group's operating margins are adversely affected. Therefore, The Newark Group attempted to manage fluctuations in its energy costs by utilizing financial hedges and purchasing forward contracts for a portion of its energy needs. For the period of September 1, 2008 through November 30, 2008, The Newark Group hedged between 78% and 95% of its natural gas needs at prices that ultimately were unfavorable to spot market prices. Beginning in December 2008, The Newark Group's percentage of natural gas hedged at prices unfavorable to market levels dropped to between 61% and 71%. Most of those hedges expired on or about April 30, 2009, reducing the percentage of natural gas hedged to approximately 10% of forecasted needs through April 30, 2010. No hedges are currently in place after April 30, 2010.

6. Employees

As of January 31, 2010, The Newark Group employed approximately 1,952 individuals, while its Non-Debtor Affiliates employed approximately 659 individuals in Canada and Europe. In the U.S. operations, which consist of the Paperboard and Converted Products segments as well as the domestic corporate office, The Newark Group has a total of 542 salaried employees, while the remaining employees are paid on an hourly basis. The International segment has a total of approximately 659 employees, 198 of whom are salaried and working in plant offices or as plant management, and 461 who are paid on an hourly basis, working in manufacturing.

Approximately 767, or 39%, of The Newark Group's employees in North America are represented by unions and are covered under one of approximately 16 collective bargaining agreements. The collective bargaining agreements are in place at 16 operating facilities in North America and expire at various times through 2014. Three of these agreements will expire by the end of fiscal 2010, and four additional agreements will expire by the end of fiscal 2011. Substantially all of TNG Global's employees at its facilities outside of North America are governed by collective bargaining agreements that have either already expired or will do so within the next fiscal year. Those agreements that have already expired are for locations covered by either local or national labor agreements and are currently being renegotiated.

Under the Plan, all of the collective bargaining agreements will be assumed without modification. While the terms of the collective bargaining agreements may vary, the material terms of such agreements are customary for the industry, the type of facility, the classification of the employees and the geographic location covered thereby.

7. Customers

TNG Global supplies products to the paper, packaging, stationery, book printing, construction, plastic film, furniture, and game industries, has nearly 7,000 active customers, and sells its products in over 60 countries around the world, mainly in the United States and Canada. During fiscal year 2008, TNG Global had consolidated sales of approximately $1,028.9 million. The Non-Debtor Affiliates accounted for approximately 22% of these sales. During fiscal year 2009, TNG Global had consolidated sales of approximately $808.7 million. The Non-Debtor Affiliates accounted for approximately 23% of these sales.

The Newark Group's Paperboard and Converted Products segments enjoy long-standing relationships with a diverse range of customers from many industries, from package goods manufacturers to industrial end users.

C. MANAGEMENT OF THE NEWARK GROUP

1. Board of Directors

As of the date of this Disclosure Statement, the board of directors of The Newark Group (the "**Board**") consists of the following individuals:

Name	Position
Robert H. Mullen	Chairman of the Board
Edward K. Mullen	Vice Chairman of the Board
Martin A. Chooljian	Director
Joseph S. DiMartino	Director
Fred H. Rohn	Director, Chairman of the Audit Committee

2. Executive Officers

Set forth below are the executive officers of The Newark Group, as of the date of the filing of this Disclosure Statement.

Name	Position
Robert H. Mullen	Chief Executive Officer and President
William D. Harper	Senior Vice President, European Operations
Joseph E. Byrne	Vice President and Chief Financial Officer
David M. Ascher	Vice President, General Counsel and Secretary
Richard M. Poppe	Senior Vice President, Paperboard Mills
Philip B. Jones	Senior Vice President, Converted Products
Lynn M. Herro	Vice President, Corporate Controller and Assistant Secretary
Marc Pryor	Treasurer

D. COMPENSATION AND BENEFITS PROGRAMS

In the ordinary course of business, The Newark Group has implemented a number of compensation and benefits programs that are designed to reward management and non-management employees for excellent service, incentivize future performance, and provide employees with a competitive compensation and benefits package. Except as otherwise expressly provided in Section III, Section VII, or any other provisions of the 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.

E. DEBT AND CAPITAL STRUCTURE OF THE COMPANY

1. Description of The Newark Group's Prepetition Debt Structure

The Newark Group's prepetition debt structure was comprised of five principal components: (a) the Prepetition ABL Credit Facility; (b) the Prepetition CL Credit Facility; (c) the Prepetition 2014 Notes; (d) the Mullen Note; and (e) the Von Zuben Subordinated Unsecured Note.

As described in more detail below, as of January 31, 2010, The Newark Group had outstanding secured debt under two separate credit facilities totaling approximately $108.4 million (plus approximately $927,000 in accrued interest as of January 31, 2010), and

outstanding, non-contingent unsecured debt of approximately $279 million.[5] As of January 31, 2010, the unsecured debt is comprised primarily of $175 million in principal plus approximately $23.5 million in accrued interest under the Prepetition 2014 Notes, and approximately $80.5 million in trade and other obligations.

(a) **Asset-Based Lending Facility**

On March 9, 2007, The Newark Group and NGI as borrowers, with Ridge Finance Corp.[6] ("**Ridge**") and Cogen as guarantors, entered into the Prepetition ABL Credit Facility, an Asset-Based Loan and Security Agreement, with the Prepetition ABL Lenders and Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, National Association, as the Prepetition ABL Administrative Agent. The Prepetition ABL Credit Facility is an asset-based senior secured revolving credit facility, pursuant to which the Prepetition ABL Lenders provided a revolving line of credit in the aggregate principal amount of up to $85 million, subject to certain borrowing base limitations, up to $25 million of which may be borrowed directly by NGI and up to $15 million of which may be used for letters of credit and other financial accommodations.

The term of the Prepetition ABL Credit Facility is five (5) years with an original interest rate of prime or the Eurodollar rate plus a credit spread in an amount based on availability under the facility. The Prepetition ABL Credit Facility provides for a default rate of 2% above the interest rate otherwise in effect.

Pursuant to the Prepetition ABL Credit Facility and the Prepetition Intercreditor Agreement, The Newark Group granted the Prepetition ABL Administrative Agent, on behalf of the Prepetition ABL Lenders, a first priority lien on all of its accounts receivable, inventory and certain other personal property (the "**Prepetition ABL Priority Collateral**")[7] and a second

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[5] Nothing contained herein constitutes an admission or acknowledgment that any claims described and identified in this Disclosure Statement are valid, enforceable, allowable, or not subject to disputes, counterclaims, or offsets.

[6] Ridge Finance Corp. was merged into The Newark Group on October 8, 2009.

[7] The Prepetition Intercreditor Agreement refers to the Prepetition ABL Priority Collateral as "**Working Capital Priority Collateral**" and defines such collateral as follows:

> (a) all of the following present and future Property of the Company and each other Grantor:
>
> (i) Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral);
>
> (ii) Inventory;
>
> (iii) Chattel Paper, Instruments, Documents and Payment Intangibles, in each case only to the extent relating to Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral) or Inventory;
>
> (iv) Deposit Accounts (other than the CL Deposit Account or any deposit or investment account established to hold the CL Cash Collateral);

priority lien on substantially all of its other assets, except for real property (together with the Prepetition ABL Priority Collateral, the "**Prepetition ABL Collateral**"). Additionally, as further security, The Newark Group guaranteed the obligations of NGI under the Prepetition ABL Credit Facility. The Prepetition ABL Credit Facility explicitly provides, however, that NGI has not guaranteed the obligations of The Newark Group and shall not be required to repay or prepay, or to guarantee, nor shall any amount paid by NGI be applied to, any obligations of The Newark Group under the Prepetition ABL Credit Facility.

On February 20, 2009, The Newark Group, NGI, the Prepetition ABL Lenders, and the Prepetition ABL Administrative Agent, entered into a forbearance agreement (the "**Prepetition ABL Forbearance Agreement**") pursuant to which, *inter alia*, the Prepetition ABL Lenders agreed to forbear from exercising certain rights as a result of the occurrence of certain events of default under the Prepetition ABL Credit Facility. The Prepetition ABL Forbearance Agreement also provides that: (i) all revolving loans after February 6, 2009 would be prime rate loans, not Eurodollar loans; (ii) the interest rate for prime rate loans would be the prime rate plus 4%; (iii) the prime rate would be the greater of (a) the prime rate in effect on such day, (b) the Federal funds effective rate in effect on such day plus 1/2 of 1% and (c) 3%; and (iv) the Prepetition ABL Lenders would receive certain additional fees. Thereafter, pursuant to subsequent amendments to the Prepetition ABL Forbearance Agreement, the Prepetition ABL Lenders agreed to forbear from exercising certain rights as a result of the occurrence of certain events of default under the Prepetition ABL Credit Facility until December 15, 2009. The extended forbearance period was designed to give The Newark Group additional time to negotiate changes to its loan facilities and capital structure with the Prepetition ABL Lenders, the Prepetition CL Lenders, and the Prepetition Noteholders. Pursuant to further amendments to the Prepetition ABL Forbearance Agreement, as of January 31, 2010, the forbearance period was extended to February 26, 2010, and as of April 28, 2010, the forbearance period was extended to May 20, 2010. The April 28, 2010 forbearance extension also reduced the aggregate principal amount of the Prepetition ABL Credit Facility to $50 million. As of the date of this Disclosure Statement, the Prepetition ABL Lenders have not taken any action to accelerate the obligations due under the Prepetition ABL Credit Facility.

As of January 31, 2010, The Newark Group and NGI had approximately $34.7 million in borrowings outstanding under the Prepetition ABL Credit Facility at an interest rate of 8.5% (including the credit spread); approximately $10.7 million of borrowing availability under the

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(v) cash (other than cash which is CL Cash Collateral or cash in the CL Deposit Account);
(vi) Letter-of-Credit Rights and Supporting Obligations in respect of Inventory or Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral);
(vii) books and records and accounting systems relating to Accounts or Inventory;
(viii) Customer Contracts;
(ix) tax refunds;
(x) any Bank Products Agreements consisting of hedge agreements; and
(b) all Proceeds (including, without limitation, insurance proceeds) and products of the Property described in the foregoing clause (a).

Prepetition ABL Credit Facility; and approximately $991,369 in letters of credit outstanding under the Prepetition ABL Credit Facility.

(b) **Credit-Linked Facility**

On March 9, 2007, The Newark Group as borrower, along with Ridge and Cogen as guarantors, entered into the Prepetition CL Credit Facility with the Prepetition CL Lenders (together with the Prepetition ABL Lenders, the "**Prepetition Lenders**"), and Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, National Association, as administrative agent, collateral agent and control agent for Prepetition CL Lenders (the "**Prepetition CL Administrative Agent**"). Pursuant to the Prepetition CL Credit Facility, the Prepetition CL Lenders provided a $15 million secured term loan and a $75 million secured credit-linked letter of credit facility, along with other financial accommodations.

The term of the Prepetition CL Credit Facility is six (6) years with an original interest rate under the term loan of prime plus 1%, or the Eurodollar rate plus a credit spread of 2.25%. Letters of credit issued under the Prepetition CL Credit Facility have a credit spread of 2.25%. The Prepetition CL Credit Facility provides for a default rate of 2% above the interest rate otherwise in effect.

Pursuant to an amendment to the Prepetition CL Credit Facility dated August 12, 2008, the term loan currently bears interest at a rate of either prime plus 5.5% or the Eurodollar rate plus 6.5%. The Newark Group is required, pursuant to the amendment, to make certain prepayments, which include: (i) $1,000,000 quarterly installments beginning on July 31, 2009 on any outstanding term loan balance, and (ii) payments in September 2008 and 2009 of the U.S. dollar equivalent of €3 million and €8.9 million, respectively.

Pursuant to the Prepetition CL Credit Facility and the Prepetition Intercreditor Agreement, The Newark Group granted the Prepetition CL Lenders: (i) a first priority lien on a substantial portion of its assets (excluding accounts receivable and inventory), including, but not limited to, certain real property and equipment, the capital stock of all domestic subsidiaries of The Newark Group that are at least 50% owned by, or are controlled by, The Newark Group, 65% of the capital stock of NGI and Newark Paperboard Products, Ltd., and a certain promissory note from NGI to The Newark Group (the "**Prepetition CL Priority Collateral**")[8]; and (ii) a

[8] The Prepetition Intercreditor Agreement refers to the Prepetition CL Priority Collateral as "**Term Loan Priority Collateral**" and defines such collateral as:

> all of the present and future assets and Property of the Company and any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Term Loan Obligations, that do not constitute Working Capital Priority Collateral, including without limitation:
>
> (a) all of the Capital Stock of each of the present and future Subsidiaries of the Company;
>
> (b) all of the following present and future Property of the Company and each other Grantor:

second priority lien on the Prepetition ABL Priority Collateral (together with the Prepetition CL Priority Collateral, the "**Prepetition CL Collateral**," and together with the Prepetition ABL Collateral, the "**Prepetition Collateral**").

As of January 31, 2010, the amount owing under the Prepetition CL Credit Facility term loan was approximately $ 73.7 million at an interest rate of prime plus 5.5% (including the credit spread), plus the 2% default rate. Additionally, on January 31, 2010, The Newark Group had approximately $9.2 million in issued but undrawn letters of credit under the Prepetition CL Credit Facility. These issued but undrawn letters of credit under the Prepetition CL Credit Facility include a stand-by letter of credit issued by the Prepetition CL Lenders to Liberty Mutual Insurance Company to secure The Newark Group's obligations under its workers' compensation policy. As of January 31, 2010, the Liberty Mutual letter of credit had an outstanding balance of approximately $ 8.4 million.

(c) **The Prepetition Intercreditor Agreement**

The Prepetition ABL Administrative Agent, on behalf of itself and the other Prepetition ABL Lenders, and in its capacity as collateral agent for the Prepetition ABL Lenders, along with the Prepetition CL Administrative Agent, in its capacity as collateral agent for the Prepetition CL Lenders, entered into the Prepetition Intercreditor 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.

The Prepetition Intercreditor Agreement specifically provides, among other things, that all liens and security interests with respect to all Prepetition ABL Priority Collateral securing all

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(i) all present and future patents and patent license rights, trademarks and trademark license rights, copyrights and copyright license rights, trade secrets and processes and other intellectual property;
(ii) all present and future machinery and other Equipment, Goods, real Property (whether owned or leased), Fixtures, Financial Assets, Investment Property and Commercial Tort Claims;
(iii) the CL Deposit Account (to the extent any Grantor has rights therein) and all cash from time to time on deposit in the CL Deposit Account (to the extent any Grantor has rights therein);
(iv) Chattel Paper, Documents and Instruments;
(v) the CL Cash Collateral and any deposit or investment account established by the Borrower and the Term Loan Agent to hold the CL Cash Collateral;
(vi) General Intangibles and other contract rights, including any indemnification rights; and

(c) all Proceeds (including, without limitation, insurance proceeds) and products of the Property and assets described in the foregoing clauses (a) and (b).

obligations and amounts owed under the Prepetition CL Credit Facility executed in favor of the Prepetition CL Administrative Agent are subordinated, in all respects, to all liens and security interests with respect to the Prepetition ABL Priority Collateral securing all obligations and amounts owed to the Prepetition ABL Administrative Agent and the Prepetition ABL Lenders under the Prepetition ABL Credit Facility.

The Prepetition Intercreditor Agreement further provides, among other things, that all liens and security interests with respect to all Prepetition CL Priority Collateral securing all obligations and amounts owed under the Prepetition ABL Credit Facility executed in favor of the Prepetition ABL Administrative Agent are subordinated, in all respects, to all liens and security interests with respect to the Prepetition CL Priority Collateral securing all obligations and amounts owed to the Prepetition CL Administrative Agent and the Prepetition CL Lenders under the Prepetition CL Credit Facility.

(d) **The 9.75% Unsecured Senior Subordinated Notes**

In March 2004, The Newark Group completed an offering of $175 million of 9.75% unsecured senior subordinated notes with a maturity date of March 12, 2014 (the "**Prepetition 2014 Notes**"). Interest is payable semiannually on March 15 and September 15 of each year. The Prepetition 2014 Notes rank junior in right of payment to all of the existing and future senior debt and equal in right of payment with all of the existing and future debt that is not senior debt. For purposes of the Prepetition 2014 Notes, "senior debt" includes, among other things, obligations outstanding under the Prepetition ABL Credit Facility and the Prepetition CL Credit Facility; "senior debt" does not include, among other things, any indebtedness of The Newark Group (i) to any it of its subsidiaries; (ii) to, or guaranteed on behalf of, any shareholder, director, officer or employee of the Company or any of its subsidiaries (other than any shareholder that is a lender under the Prepetition ABL Credit Facility or the Prepetition CL Credit Facility); (iii) constituting trade obligations or incurred in connection with obtaining goods, materials or services, (iv) represented by disqualified capital stock, (v) constituting liabilities for taxes; (vi) incurred in violation of the limitation on indebtedness contained in the indenture governing the Prepetition 2014 Notes, (vii) that is non-recourse to The Newark Group, or (viii) that is expressly subordinated to other debt of The Newark Group.

On January 31, 2010, the aggregate principal amount of the Prepetition 2014 Notes was approximately $175 million plus accrued interest of approximately $23.5 million. As of March 31, 2010, the accrued interest will be approximately $26.3 million.

(e) **Mullen Note**

On April 15, 2008, The Newark Group purchased the capital stock of Jackson Drive Corp. from Mullen and, in consideration therefor, assumed Mullen's guaranty of the obligations of Jackson Drive Corp. under the Jackson Drive Mortgage from Mullen and issued to Mullen a promissory note in the principal amount of $197,000. The Mullen Note bears interest at the prime rate and is payable monthly. As of January 31, 2010, the principal balance of the Mullen Note was $196,668, and accrued and unpaid interest was equal to $13,633.

(f) **Von Zuben Subordinated Unsecured Note**

On August 10, 2005, in connection with the termination of his employment with The Newark Group, Von Zuben exercised a right to put certain shares of capital stock owned by him to The Newark Group and, in consideration therefor, The Newark Group issued to Von Zuben a subordinated installment promissory note in the principal amount of $7,875,000. The Von Zuben Subordinated Unsecured Note is subordinated in right of payment to certain obligations of The Newark Group, including all indebtedness or obligations then owing or incurred after the date of the Von Zuben Subordinated Unsecured Note by The Newark Group or any of its subsidiaries to "banking institutions, life insurance companies, similar financial institutions and subsidiaries or affiliates of the foregoing." The Von Zuben Subordinated Unsecured Note bears interest at the prime rate from time to time and, subject to the subordination provisions, is payable in 40 equal quarterly installments of principal and interest. As of January 31, 2010, the principal balance of the Von Zuben Subordinated Unsecured Note was $4.6 million, plus accrued and unpaid interest of $162,000.

(g) **Other Unsecured Obligations**

As of January 31, 2010, The Newark Group had aggregate unsecured obligations, other than that owed to the parties described above, totaling approximately $75.6 million. These obligations include, but are not limited to, trade payables of approximately $42.4 million, accrued wages, unpaid leave, pension liabilities, swap liabilities, and product replacement claims.

2. Description of The Newark Group's Prepetition Interests

As of January 31, 2010, The Newark Group had 6,005,000 shares of common stock outstanding, of which 2,444,597 were held by The Newark Group as treasury stock (the "**Treasury Interests**"). The Newark Group's common stock is not publicly traded. Of the shares not constituting Treasury Interests, approximately 84% was beneficially owned by the Mullen family and their respective affiliates; approximately 16% was owned by The Newark Group Employees' Stock Ownership Plan ("**ESOP**"); and *de minimis* amounts were owned by certain current and former executive officers of The Newark Group.

F. EVENTS LEADING UP TO CHAPTER 11

A number of factors contributed to the Debtors' decision to restructure its debt obligations and commence the Chapter 11 Cases. Although the Debtors' business is operationally sound, the need to restructure its debt arises from the convergence of multiple factors, including the general slowdown of the United States economy, particularly after the autumn of 2008, which has significantly and adversely affected the Company's operating results.

1. Reduced Sales Volume and Increased Costs

The Company's operating results are primarily influenced by sales price and volume, mill capacity utilization, recovered paper cost, energy costs and freight costs. The Newark Group suffered a significant reduction in sales volumes beginning in November 2008, when the

dramatic decline in general economic activity, particularly consumer non-durable goods consumption, coincided with what is normally a seasonal slow period for the Company.

The Newark Group has also been confronted with increased costs. In 2008, the cost of recovered paper for each ton of paperboard produced in North America increased 27% from 2007 and was 45% higher than it was in 2006. In addition, fluctuations in the price of crude oil, escalating costs of diesel fuel and more stringent delivery requirements have had a direct impact on the Company's freight costs for the products it ships and receives. While energy prices have declined since peaking in the summer of 2008, The Newark Group did not fully benefit from the decline because it had hedged a substantial portion of its natural gas purchases through the winter months by entering into forward contracts at a cost that ended up being higher than the market rate.

Cash requirements for The Newark Group's operations have historically been funded with cash flow from operations along with borrowings under the asset-based and credit-linked facilities. However, The Newark Group suffered a significant reduction in borrowing availability under its credit facilities due to reduced sales and accounts receivable, along with a reduction in the value of waste paper inventories. All of these factors combined led to liquidity issues.

2. Attempts to Improve the Financial Outlook

In response to these issues and the overall crisis that developed in the United States economy in 2008, The Newark Group developed and implemented right-sizing plans in an effort to bring capacity in line with overall demand. One of the initiatives undertaken by The Newark Group has been an attempt to raise selling prices in response to increases in raw material and energy costs. In an effort to improve cost effectiveness and profitability, The Newark Group also closed higher-cost facilities, otherwise restructured or discontinued certain operations, and implemented cost savings initiatives, including a temporary salary freeze and reductions in both workforce and raw material inventories.

Despite these efforts, TNG Global incurred a net loss of $166.7 million in fiscal 2009, as compared to a net loss of $19.7 million in fiscal 2008. Excluding the non-cash charges and restructuring expenses that TNG Global incurred in fiscal 2009, TNG Global would have posted a net loss in fiscal 2009 of $29.5 million. Decreased sales volumes throughout North America (especially in the last quarter of calendar year 2008), along with elevated input costs, far outweighed advances from the Company's efforts at cost savings and price increases. As a result of the decrease in sales and the increased costs and limited availability under its credit facilities, The Newark Group found it necessary to explore alternatives that would allow it to continue operating on a profitable basis.

3. Defaults and Forbearances under the Prepetition Credit Facilities

On February 16, 2009, the Company received a letter from the Prepetition CL Administrative Agent, which gave notice that an event of default had occurred under the Prepetition CL Credit Facility as a result of The Newark Group's failure to comply with its fixed charge coverage ratio and availability test and as a result of similar defaults under the Prepetition

ABL Credit Facility. As a result of the event of default, the interest rate under the Prepetition CL Credit Facility was increased by 2% per annum and the Prepetition CL Administrative Agent otherwise reserved its rights, but did not accelerate the loan.

On February 20, 2009, The Newark Group, the Prepetition ABL Administrative Agent, and the Prepetition ABL Lenders completed the execution and delivery of the Prepetition ABL Forbearance Agreement, pursuant to which, among other things, the Prepetition ABL Lenders agreed to forbear from exercising certain rights as a result of the occurrence of certain events of default under the Prepetition ABL Credit Facility. The Prepetition ABL Forbearance Agreement also provides that: (i) all revolving loans after February 6, 2009 would be prime rate loans, not Eurodollar loans; (ii) the interest rate for prime rate loans would be the prime rate plus 4%; (iii) the prime rate would be the greater of (a) the prime rate in effect on such day, (b) the Federal funds effective rate in effect on such day plus 1/2 of 1% and (c) 3%; and (iv) the Prepetition ABL Lenders would receive certain additional fees. Pursuant to an amendment of the Prepetition ABL Forbearance Agreement, the forbearance period was set to expire on May 31, 2009.

As part of the Prepetition ABL Forbearance Agreement, The Newark Group agreed to enter into a forbearance agreement with the Prepetition CL Lenders by February 24, 2009, but did not enter into a forbearance agreement with the Prepetition CL Lenders by such date. On June 25, 2009, The Newark Group and the requisite Prepetition ABL Lenders entered into an extension of the Prepetition ABL Forbearance Agreement, effective as of May 29, 2009, to further extend the forbearance expiration period to October 31, 2009, subject to the requirement that there be no further defaults. The extended forbearance period was designed to give The Newark Group additional time to negotiate changes to its loan facilities and capital structure with the Prepetition ABL Lenders, the Prepetition CL Lenders, and the Prepetition Noteholders. Pursuant to further amendments to the Prepetition ABL Forbearance Agreement, as of January 31, 2010, the forbearance period was extended to February 26, 2010, and as of April 28, 2010, the forbearance period was extended to May 20, 2010. As of the date of this Disclosure Statement, neither the Prepetition ABL Lenders nor the Prepetition CL Lenders have taken any action to accelerate the obligations due under their respective agreements.

4. Default and Forbearance under the Prepetition Indenture

On April 3, 2009, The Newark Group and the Holders of approximately 74% of the Prepetition 2014 Notes entered into a Limited Waiver and Forbearance Agreement (the "**Prepetition Noteholders Forbearance Agreement**"). Pursuant to the Prepetition Noteholders Forbearance Agreement, the Prepetition Noteholders agreed to forbear from exercising certain rights as a result of the occurrence of certain events of default under the Prepetition 2014 Notes and the Prepetition Indenture. The events of default for which the Prepetition Noteholders agreed to forbear relate to The Newark Group's failure to pay the semi-annual interest payment that was due on March 15, 2009 on $175 million of outstanding Prepetition 2014 Notes and its failure to file with the Securities and Exchange Commission its quarterly Form 10-Q report for the quarter ended January 31, 2009.

The Newark Group was entitled to a 30 day grace period with respect to each of the above defaults. The Prepetition Noteholders Forbearance Agreement extended that grace period

until May 31, 2009, subject to certain conditions. The extended grace period was designed to give The Newark Group additional time to negotiate changes to its capital structure with the Prepetition Noteholders as well as with the Prepetition ABL Lenders and the Prepetition CL Lenders. The grace period under the Prepetition Noteholders Forbearance Agreement has not been extended. The Prepetition Noteholders have not taken any action to enforce their rights under the Prepetition Indenture.

5. Consideration of Restructuring and Recapitalization Alternatives

Starting in late 2008, The Newark Group, with the assistance of its financial advisors, AlixPartners, LLP ("**AlixPartners**") and its investment banker, Jefferies & Co., Inc. ("**Jefferies**"), began exploring restructuring and recapitalization alternatives. In mid-February, 2009, due to severe liquidity and financing constraints, The Newark Group, primarily through Jefferies, commenced efforts to solicit proposals for debtor-in-possession financing in connection with a potential chapter 11 filing. Many potential lenders were targeted, a number of whom were provided with information regarding The Newark Group's business and historical financial performance, and others of whom ultimately executed confidentiality agreements for the purpose of obtaining additional information. Thereafter, several potential lenders submitted term sheets.

In March 2009, a coalition of Prepetition Noteholders began having discussions with The Newark Group regarding the possible restructuring of the Prepetition 2014 Notes through either an out-of-court restructuring or a Chapter 11 reorganization plan. They subsequently formed the Coalition of Prepetition Noteholders and retained financial advisors and counsel. The Coalition of Prepetition Noteholders represents approximately 84% of the outstanding Prepetition 2014 Notes, measured as a percentage of the face amount of the issuance. The Newark Group and the Coalition of Prepetition Noteholders have been in active negotiations for many months regarding a restructuring of the Prepetition 2014 Notes.

The Debtors' proposed Chapter 11 bankruptcy filing is the culmination of the negotiations with the Coalition of Prepetition Noteholders, the Prepetition ABL Lenders and ORIX Finance Corp. ("**ORIX**")[9]. Through the proposed transactions set forth in the Plan, The Newark Group intends to restructure its finances and emerge from Chapter 11 protection with a stronger business that is better able to compete in the industry in which it operates.

6. The Plan Support Agreement

On May 7, 2010, ORIX Finance Corp. ("**ORIX**") for itself; certain of the Prepetition Noteholders (each of the certain Prepetition Noteholders a "**Plan Support Party**," and collectively, the "**Plan Support Parties**"); The Newark Group, the TNG Subsidiaries, and certain Equity Interest Holders party thereto (the "**Plan Support Shareholders**") entered into the

[9] The Debtors, the Coalition of Prepetition Noteholders, and the Prepetition ABL Lenders also engaged in negotiations with the Prepetition CL Lenders. However, the Prepetition CL Lenders are not parties to the Plan Support Agreement because under the terms of the Plan it is contemplated that the Prepetition CL Claims will be paid in full from the proceeds of the ORIX DIP Facility.

Plan Support Agreement[10], in substantially the form as attached hereto as Exhibit B, pursuant to which ORIX, the Plan Support Parties, and the Plan Support Shareholders (each a "**Party**" and collectively, the "**Parties**") agreed, subject to the terms and conditions contained in the Plan Support Agreement, to support the proposed financial restructuring described in the Plan.

Specifically, subject to the terms and conditions of the Plan Support Agreement, ORIX and the Plan Support Parties agreed, among other things, to:

> (a) vote, or cause to be voted, all Prepetition 2014 Notes beneficially owned by ORIX or such Plan Support Party or for which it is the nominee, investment manager or advisor for beneficial holders thereof in favor of the Plan in accordance with the applicable procedures set forth herein and in the voting materials, and return a duly-executed Ballot in connection therewith during the Solicitation Period; provided, however, that such vote shall be immediately revoked and deemed void *ab initio* upon termination of the Plan Support Agreement pursuant to the terms hereof;
>
> (b) not withdraw or revoke its tender, consent or vote;
>
> (c) forbear from the exercise of any rights or remedies it may have under the Prepetition Indenture, the Prepetition 2014 Notes, applicable law or otherwise with respect to any defaults existing as of the date hereof under the Prepetition Indenture, the Prepetition 2014 Notes and any future default under the Prepetition Indenture or the Prepetition 2014 Notes;
>
> (d) following the commencement of the Chapter 11 Cases, not:
>
> (i) object to the terms, conditions, nature or amount of the Debtors' proposed debtor-in-possession financing, except to the extent that such terms are materially inconsistent with the Plan, the Disclosure Statement, and the Exhibits thereto (the "**Plan Support Attachments**") and not approved by the Plan Support Parties holding a majority in principal amount of the Prepetition 2014 Notes held by the Prepetition Noteholders who are parties to the Plan Support Agreement (the "**Majority Plan Support Parties**") and ORIX;
>
> (ii) object to the terms, conditions, nature or amounts included in any of the First Day Motions (as defined below),
>
> (iii) object to the Plan, the Disclosure Statement or the vote solicitation procedure, except to the extent that the Plan, the Disclosure Statement or the vote solicitation procedure is altered, modified or amended hereafter in a manner that is not approved by Plan Support Parties holding 66-⅔% of

[10] The Plan Support Agreement attached hereto as Exhibit B does not separately include exhibits A or B to the Plan Support Agreement, or the signature pages. Exhibits A and B to the Plan Support Agreement are the Plan and this Disclosure Statement, respectively.

the principal amount of the Prepetition 2014 Notes held by the Plan Support Parties as of the date of any determination requiring such approval (the "**Requisite Plan Support Parties**") and ORIX and is materially inconsistent with the Plan Support Attachments;

(iv) directly or indirectly seek, solicit, support or encourage (x) any objection to the Plan or (y) any other plan of reorganization or liquidation;

(v) file a motion or application to modify or to terminate the Debtors' exclusive time periods pursuant to Section 1121(c) of the Bankruptcy Code; or

(vi) file a motion or application for the appointment of a trustee or an examiner, support the granting of such a motion or application or fail to oppose the granting of such a motion or application; and

(e) agree to not take any other action, including, without limitation, initiating any legal proceeding that is inconsistent with, or that would delay consummation of, the financial restructuring or the transactions embodied in the Plan Support Attachments, as such documents may be amended, modified, or supplemented from time to time in accordance with the terms thereof and of the Plan Support Agreement, and with such grammatical changes as may be necessary to give them force and effect (the "**Definitive Documents**"), except to the extent that such transactions are altered, amended or modified hereafter, without the approval of the Majority Plan Support Parties and ORIX, so as to be materially inconsistent with those set forth in the Plan Support Attachments.

Notwithstanding the foregoing, nothing in the Plan Support Agreement shall be construed as to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases so long as such appearance and the positions advocated in connection therewith are not materially inconsistent with the Plan Support Agreement.

In addition, subject to the terms and conditions specified in the Plan Support Agreement,:

(f) The Newark Group and the TNG Subsidiaries agree and covenant that they shall:

(i) consummate the financial restructuring (the "**Restructuring**") in a manner and in accordance with the timeline contemplated by the Plan Support Agreement,

(ii) contemporaneously with the filing of the bankruptcy petitions, file a motion or application seeking the entry of an order of the Bankruptcy Court authorizing the assumption of the Plan Support Agreement under Section 365 of the Bankruptcy Code (the "**Assumption Order**"), and use commercially reasonable efforts to obtain the Assumption Order within twenty (20) days of the Petition Date;.

(iii) provide the Plan Support Parties and ORIX notice of not less than five (5) Business Days of any modification of the Plan Support Attachments, whether material or immaterial, and five (5) Business Days to review any contemplated First Day Motions, including but not limited to any motion for authority to provide adequate protection, such First Day Motions to be in form and substance satisfactory to the Plan Support Parties and ORIX;

(iv) take, or cause to be taken, all reasonable and appropriate actions in furtherance of the Restructuring, including, without limitation:

(1) commencing the Section 3(a)(9) Solicitation by May 12, 2010,

(2) completing the Section 3(a)(9) Solicitation by June 12, 2010,

(3) filing the Chapter 11 Cases by June 16, 2010,

(4) taking all steps reasonably necessary and desirable to obtain an order of the Bankruptcy Court confirming the Plan on or before August 15, 2010, and

(5) taking all steps reasonably necessary and desirable to cause the consummation of the Plan to occur on or before August 30, 2010, obtain any and all required regulatory and/or third-party approvals for the Restructuring;

(v) use commercially reasonable efforts to avoid the occurrence of any of the Termination Events (as defined below) set forth in paragraph 6 of the Plan Support Agreement;

(vi) pay all reasonable fees and disbursements of

(1) Milbank, Tweed, Hadley & McCloy LLP, legal counsel to the Coalition of Prepetition Noteholders,

(2) PricewaterhouseCoopers LLP, financial advisor to certain Prepetition Noteholders, and

(3) Goldberg Kohn Ltd., legal counsel to ORIX,

in each case within thirty (30) days of submitting an invoice; provided that all outstanding fees and disbursements will be paid prior to the commencement of the Chapter 11 Cases;

(vii) not take any other action, including, without limitation, initiating any legal proceeding that is inconsistent with, or that would delay

consummation of, the Restructuring or the transactions embodied in the Definitive Documents, except to the extent that such transactions are materially consistent with those set forth in the Plan Support Attachments; and

(viii) except as otherwise contemplated in the Plan Support Attachments, do all things reasonably necessary and appropriate to:

(1) maintain all assets of The Newark Group and the TNG Subsidiaries separate and distinct from the assets of the foreign subsidiaries of The Newark Group (the "**Foreign Subsidiaries**"),

(2) ensure that all assets of The Newark Group and the TNG Subsidiaries that are currently unencumbered remain unencumbered (unless pledged or encumbered in connection with new financing provided to The Newark Group and the TNG Subsidiaries in accordance with the Plan Support Agreement), and

(3) ensure that all assets of the Foreign Subsidiaries that are currently unencumbered remain unencumbered (unless pledged or encumbered in connection with new financing provided to the Foreign Subsidiaries or to The Newark Group and the TNG Subsidiaries for the benefit of the Foreign Subsidiaries).

(g) The Plan Support Shareholders agree and covenant that they shall:

(i) subject to the conditions that:

(1) the terms of any applicable agreements implementing the Restructuring embody the terms set forth in the Plan Support Agreement, including the Plan support Attachments and

(2) all required documents, including without limitation, the Definitive Documents, are not materially inconsistent with the Plan Support Attachments,

vote, or cause to be voted, all shares of The Newark Group stock beneficially owned by such Plan Support Shareholders in favor of the Plan in accordance with the applicable procedures set forth in the Disclosure Statement and accompanying voting materials, and return a duly-executed Ballot in connection therewith during the Solicitation Period;

(ii) not withdraw or revoke their tender, consent or vote;

(iii) following the commencement of the Chapter 11 Cases, not:

(1) object to the terms, conditions, nature or amount of the Debtors' proposed debtor-in-possession financing, except to the extent that such terms are either (x) materially inconsistent with the terms contained in the Plan Support Attachments or (y) not approved by the Requisite Plan Support Parties, ORIX and The Newark Group;

(2) object to the terms, conditions, nature or amounts included in any of the First Day Motions;

(3) object to the Plan, the Disclosure Statement or the vote solicitation procedure, except to the extent that the Plan, the Disclosure Statement or the vote solicitation procedure is materially inconsistent with the Plan Support Attachments;

(4) directly or indirectly seek, solicit, support or encourage (x) any objection to the Plan or (y) any other plan of reorganization or liquidation;

(iv) not take any other action, including, without limitation, initiating any legal proceeding that is inconsistent with, or that would delay consummation of, the Restructuring or the transactions embodied in the Definitive Documents, except to the extent that such transactions are materially inconsistent with those set forth in the Plan Support Attachments; and

(v) take, or cause to be taken, all reasonable actions to satisfy the timeline set forth in paragraph 4(a)(v) of the Plan Support Agreement.

Notwithstanding the foregoing, nothing in the Plan Support Agreement shall be construed as to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases so long as such appearance and the positions advocated in connection therewith are not materially inconsistent with the Plan Support Agreement.

The Plan Support Agreement automatically terminates on the earlier to occur of the following events (each, an "**Automatic Termination Event**"), unless waived in writing as provided in the Plan Support Agreement:

(a) If the Section 3(a)(9) Solicitation has not been commenced by 11:59 p.m. prevailing Eastern Time on May 12, 2010 (the "**Outside Commencement Date**");

(b) if the Section 3(a)(9) Solicitation has not been concluded by 11:59 p.m. prevailing Eastern Time on June 12, 2010;

(c) if the Debtors fails to commence the Chapter 11 Cases by 11:59 p.m. prevailing Eastern Time on June 16, 2010 (the "**Closing/Filing Deadline Date**");

(d) If the Debtors fail to obtain approval to assume the Plan Support Agreement by 11:59 p.m. prevailing Eastern Time on July 8, 2010;

(e) If an order confirming the Plan is not entered by 11:59 p.m. prevailing Eastern Time on August 15, 2010;

(f) if the Effective Date of the Plan does not occur by 11:59 p.m. prevailing Eastern Time on August 30, 2010 (the "**Outside Termination Date**");

(g) if the Debtors unilaterally withdraw or publicly announce their intention not to support the Plan,

(h) if the Debtors

(i) move to voluntarily dismiss the Chapter 11 Cases,

(ii) move for conversion of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code, or

(iii) move for appointment of an examiner pursuant to section 1104 of the Bankruptcy Code in the Chapter 11 Cases; or

(i) if:

(i) a trustee or an examiner with expanded powers is appointed in the Chapter 11 Cases, or

(ii) any of the Chapter 11 Cases is converted to a case under chapter 7 of the Bankruptcy Code;

(j) if, prior to any bankruptcy filing, the Debtors:

(i) amend, modify, or supplement the Plan in a manner that is materially inconsistent with the terms of the Plan; or

(ii) make a payment to any party (whether in cash or other property or whether as adequate protection, settlement of a dispute, or otherwise) that would be materially inconsistent with the treatment of such party under the Plan, provided, however, that the Debtors must provide five (5) Business Days' notice to the Plan Support Parties of any change to the Plan Support Attachments, whether material or immaterial;

(k) if, after the bankruptcy filing, the Debtors:

(i) file a motion with respect to an amendment, modification or supplement to the Plan that is materially inconsistent with the terms of the

Plan or to any order relating to the DIP Facilities that is materially inconsistent with the terms of such order, or

(ii) file a motion to make or make a payment to any other party (whether in cash or other property or whether as adequate protection, settlement of a dispute, or otherwise) that would be materially inconsistent with the treatment of such party under the Plan, provided, however, that the Debtors must provide five (5) Business Days' notice to the Plan Support Parties and ORIX of any change to the Plan Support Attachments, whether material or immaterial;

(l) if any amendment, modification or supplement to the Plan confirmed by the Bankruptcy Court contains terms that are materially inconsistent with the terms set forth in the Plan and the Disclosure Statement and such amendment, modification or supplement is not consented to by the Majority Plan Support Parties and ORIX;

(m) the Bankruptcy Court grants relief terminating, annulling, or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with regarding to any assets having an aggregate value in excess of $500,000

(n) if with respect to one or more Foreign Subsidiaries:

(i) an involuntary petition is commenced, or

(ii) a voluntary petition is filed or any proceeding is commenced seeking relief under the Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law and such proceeding is not dismissed within thirty (30) days of the commencement thereof;

(o) if any court shall enter a final, non-appealable judgment or order declaring the Plan Support Agreement or any material portion thereof to be unenforceable or, prohibits assumption of the Plan Support Agreement by any Debtor in the Chapter 11 Cases; or

(p) on the Effective Date.

The Plan Support Agreement may be terminated and thereafter shall be of no further force or effect upon the occurrence of one or more of the following events (each, a "**Permissive Termination Event**"):

(a) Prior to commencement of the Chapter 11 Cases, upon the occurrence of the acceleration of all indebtedness under the Prepetition ABL Credit Facility or the Prepetition CL Credit Facility, or a termination of any commitment letter received for the ABL DIP Facility and/or the ABL Exit Facility, ORIX DIP Facility and/or ORIX Exit Facility, or a termination of the letter dated May 7,

2010 provided to the Debtors by the ABL DIP Facility Lenders indicating their support for the Plan (the "**ABL Support Letter**"); or

(b) if there shall be a breach by The Newark Group or the TNG Subsidiaries of any material representation, warranty, covenant or agreement contained in the Plan Support Agreement which breach has not been cured within five (5) Business Days of receipt of written notice:

(i) from The Newark Group and the TNG Subsidiaries to the Plan Support Parties and ORIX or

(ii) from one or more Plan Support Parties or ORIX to The Newark Group and the TNG Subsidiaries;

in each case of one or more breaches of the Plan Support Agreement.

7. ESOP Settlement Agreement

On May 4, 2010, the ESOP Independent Fiduciary and The Newark Group entered into the ESOP Settlement Agreement, pursuant to which the parties settled all matters related to the ESOP that arose prior to and through the Effective Date.

Specifically, subject to the terms and conditions specified in the ESOP Settlement Agreement, a copy of which is attached hereto as Exhibit H, the parties agreed, among other things, that:

(a) Each ESOP Beneficiary:

(i) shall be entitled, with respect to the ESOP Allocated Shares of such ESOP Beneficiary, to the extent required by Code Section 409(e), and in accordance with sections 1125 and 1126 of the Bankruptcy Code, to direct the ESOP as to the manner in which such ESOP Beneficiary's ESOP Allocated Shares are to be voted; and

(ii) must direct the ESOP to vote all of its ESOP Allocated Shares either (1) to accept the Plan or (2) to reject the Plan.

(b) Each ESOP Distributee:

(i) shall be entitled, with respect to the ESOP Distributed Shares of such ESOP Distributee, to vote such ESOP Distributed Shares directly in accordance with the terms of the Plan, and in accordance with sections 1125 and 1126 of the Bankruptcy Code; and

(ii) must vote all of its ESOP Distributed Shares either (1) to accept the Plan or (2) to reject the Plan.

(c) The ESOP (as to the ESOP Beneficiaries) and the ESOP Distributees shall be classified under the Plan as one class, separate from the class in which the other equity holders of the Company are classified, and, in accordance with the terms of the Plan, and as more fully described below in Article VI,

(i) the ESOP shall be entitled to one vote for each ESOP Allocated Share held by an ESOP Beneficiary; and

(ii) each ESOP Distributee shall be entitled to one vote for each ESOP Distributed Share held by such ESOP Distributee.

(d) The ESOP Independent Fiduciary shall direct the ESOP Trustees to vote the ESOP Allocated Shares as follows:

(i) with respect to shares for which an ESOP Beneficiary has provided timely voting instructions, to vote such shares in accordance with such voting instructions, unless the ESOP Independent Fiduciary determines that doing so would cause a violation of its fiduciary duties under ERISA; and

(ii) with respect to shares for which an ESOP Beneficiary has not provided timely voting instructions, to vote such shares in favor of the Plan, provided that the ESOP Independent Fiduciary determines that doing so is consistent with its fiduciary duties under ERISA.

(e) Provided that the class comprised of the ESOP (as to the ESOP Beneficiaries) and the ESOP Distributees votes to accept the Plan and the Plan becomes effective, on the Effective Date:

(i) The ESOP and each ESOP Distributee shall each receive its Pro Rata share of 2% of the New Common Stock, 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 9 Interest (other than the ESOP), will be required to execute a counterpart of the Reorganized Company Stockholders' Agreement;

(ii) 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 Participant unconditionally cancels, waives and releases 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 of the Plan, in each case to the extent permitted by the Code, the Bankruptcy Code and ERISA;

(iii) each Holder of an ESOP Interest, including the ESOP and all ESOP Participants, shall have its ESOP Shares cancelled, annulled and extinguished;

(iv) 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; and

(f) The shares of New Common Stock received on the Effective Date by the ESOP Trustees in respect of ESOP Allocated Shares shall:

(i) be allocated to the ESOP accounts of ESOP Beneficiaries in accordance with the ESOP Allocated shares held in the accounts of such ESOP Beneficiaries immediately prior to the Effective Date as a percentage of the ESOP Shares.

(g) The shares of New Common Stock received on the Effective Date by the ESOP Trustees in respect of ESOP Distributed Shares shall:

(i) be distributed to the ESOP Distributees in accordance with the ESOP Distributed Shares held by such ESOP Distributees immediately prior to the Effective Date as a percentage of the ESOP Shares.

(h) The ESOP, as amended by the ESOP Plan Amendments, shall incorporate the statutory distribution and put option requirements pursuant to Section 409(h) of the Code (the "**ESOP Statutory Put Right**").

(i) The ESOP Plan Amendments will provide that the put option under the ESOP will be expanded to provide that ESOP Distributees who hold ESOP Distributed Shares during the ESOP plan year ending April 30, 2010, will be eligible for two (2) 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 (the "**ESOP Additional Put Rights**").

(j) Effective January 1, 2011, for purposes of 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) (together, the "**ESOP Distributions**"), the minimum redemption price or purchase price, as applicable, to be paid by the Company in respect of each share of New Common Stock upon an ESOP Distribution shall be an amount per share equal to:

(i) the sum of (1) the mid point of the range of total enterprise value of the Company, as determined in good faith by a qualified, independent, third party, in connection with the reorganization of the Company, less (2) outstanding funded indebtedness of the Company, multiplied by:

(ii) the percentage of outstanding New Common Stock distributed in respect of the ESOP Shares, divided by:

(iii) the number of ESOP Shares,

in each case as of the Effective Date and on a consolidated basis (the "**ESOP Floor Price**").

(k) For purposes of ESOP Distributions occurring on or after January 1, 2011 (including ESOP Distributions that were scheduled to be distributed from the ESOP in 2009 and in 2010 prior to the Effective Date but that have not yet been distributed), the applicable share value shall be the greater of

(i) the ESOP Floor Price, or

(ii) the fair market value of such shares pursuant to the terms of the ESOP;

(l) For purposes of ESOP Distributions occurring prior to January 1, 2011, the applicable share value shall be the fair market value of such shares pursuant to the terms of the ESOP.

(m) ESOP Participants shall not be entitled to receive ESOP Distributions prior to the 2011 calendar year with respect to any share value in excess of the fair market value of such shares pursuant to the terms of the ESOP, and, upon consummation of the Plan on the Effective Date, each ESOP Participant who provides voting instructions with respect to his or her ESOP Allocated Shares in favor of the Plan and each ESOP Distributee who votes his or her ESOP Distributed Shares in favor of the Plan will be deemed to have consented to the foregoing.

(n) The ESOP Independent Fiduciary acknowledges and agrees to the releases set forth in the Plan applicable to each Holder of a Claim or Interest who votes to accept the Plan.

(o) With respect to ESOP Interests, neither the ESOP nor the ESOP Beneficiaries (prior to any distribution of shares) will be a party to the Reorganized Company Stockholders' Agreement. However, (1) the Reorganized Company Stockholders' Agreement shall provide that, with respect to any "tag-along" rights and "piggyback registration" rights created under the Reorganized Company Stockholders' Agreement for other holders of New Common Stock, substantially similar rights shall be applicable to the shares of New Common Stock held by the ESOP and distributed to ESOP Beneficiaries; provided,

however, that any "tag-along" rights shall only be applicable to the shares of New Common Stock held by the ESOP and distributed to ESOP Beneficiaries if the transaction or series of related transactions that would trigger such rights involves the transfer of more than 25% of the outstanding shares of New Common Stock; and (2) the ESOP Plan Amendments will provide that the shares of New Common Stock held by the ESOP will be subject, to the extent permitted by the Code and ERISA, and shares of New Common Stock distributed to ESOP Beneficiaries will be subject, to "drag-along" obligations substantially similar to those created under the Reorganized Company Stockholders' Agreement for other holders of New Common Stock, provided, however, that the application at any time of the drag-along obligation to shares of New Common Stock held by the ESOP shall be subject to the determination by a fiduciary of the ESOP that:

(i) entering into the transaction with respect to which such drag-along obligation is being enforced is prudent and for the exclusive benefit of the ESOP Beneficiaries,

(ii) the consideration in such transaction for the New Common Stock held by the ESOP is not less than adequate consideration, and

(iii) entering into such transaction is consistent with the fiduciary obligations of such fiduciary under ERISA.

8. The Von Zuben Settlement Agreement

Von Zuben and The Newark Group entered into the Von Zuben Settlement Agreement, effective May 7, 2010, pursuant to which the parties settled all matters related to the Von Zuben Subordinated Unsecured Note.

Specifically, subject to the terms and conditions specified in the Von Zuben Settlement Agreement, the parties agreed, among other things, that:

(a) The Newark Group will:

(i) classify the Von Zuben Subordinated Unsecured Note Claim as Class 7 pursuant to the Plan;

(ii) classify Von Zuben's ESOP Interests, including both ESOP Allocated Shares and ESOP Distributed Shares, as Class 9 pursuant to the Plan;

(b) Von Zuben will:

(i) vote his Class 7 Interests to accept the Plan;

(ii) vote his Class 9 ESOP Distributed Shares to accept the Plan;

(iii) direct the ESOP Independent Fiduciary to instruct the ESOP Trustees to vote his Class 9 ESOP Allocated Shares to accept the Plan.

(c) 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:

(i) a cash payment in the amount of $250,000, payable not later than three (3) Business Days after the Effective Date;

(ii) the Von Zuben New Subordinated Notes in the principal amounts of $800,000 and $550,000, substantially in the forms attached to the Disclosure Statement as Exhibit E; and

(iii) 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.

(d) In full satisfaction, settlement, release, and discharge of and in exchange for Von Zuben's ESOP Interests, Von Zuben shall receive, on the Effective Date, his Pro Rata share of 2% of the New Common Stock, subject to dilution by all subsequent issuances of shares including pursuant to the exercise of the Equity Warrants and the Management Warrants, as follows:

(i) in respect of Von Zuben's ESOP Allocated Shares, the ESOP Trustees shall receive Von Zuben's Pro Rata share of 2% of the New Common Stock (subject to dilution by all subsequent issuances of shares including pursuant to the exercise of the Equity Warrants and the Management Warrants) to be allocated to Von Zuben's ESOP account in accordance with the ESOP Allocated Shares held in Von Zuben's ESOP account immediately prior to the Effective Date; and

(ii) in respect of Von Zuben's ESOP Distributed Shares, Von Zuben shall receive his Pro Rata share of 2% of the New Common Stock (subject to dilution by all subsequent issuances of shares including pursuant to the exercise of the Equity Warrants and the Management Warrants) in accordance with the ESOP Distributed Shares held by Von Zuben immediately prior to the Effective Date.

(e) 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.

(f) On the Effective Date, the Von Zuben Subordinated Unsecured Note shall be cancelled.

ARTICLE IV. EVENTS DURING THE ANTICIPATED CHAPTER 11 CASES

On the Petition Date, the Debtors intend to file voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. From and after the Petition Date, the Debtors will continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

The Debtors also intend to seek relief in the form of various "first day orders" from the Bankruptcy Court as to various matters, certain of which are described below (the "**First Day Motions**"). The Debtors believe that each of these requests, if granted, would facilitate the Chapter 11 Cases and enable the Debtors to transition in and out of the Chapter 11 Cases with as little disruption to the business as possible. There can be no assurance, however, that the Bankruptcy Court will grant such relief. The following list and discussion of First Day Motions is not exhaustive, and the Debtors reserve the right to seek further orders and additional relief from the Bankruptcy Court to the extent 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, determine that such orders and relief are necessary or appropriate at such time as the bankruptcy proceedings are commenced, or not to seek portions of the relief described below.

A. FIRST DAY RELIEF

1. Joint Administration of Debtors' Chapter 11 Cases

On the Petition Date, the Debtors intend to file the Motion of the Debtors for an Order Directing Joint Administration of Related Chapter 11 Cases, which requests procedural consolidation of the Chapter 11 Cases for ease of administration. Such joint administration will consolidated under a single case name, in a single docket, the separate filings that would otherwise result if the Bankruptcy Court maintained entirely separate dockets for each of the Chapter 11 Cases. This relief will, among other things, reduce costs for parties making filings with the Bankruptcy Court and obviate the need for duplicate pleadings and files maintained by the Bankruptcy Court.

B. ADDITIONAL FIRST-DAY RELIEF

The Debtors also intend to file additional motions, such as motions seeking authority to, among other relief, (i) pay prepetition wages and other benefits to their employees, (ii) make payments to prepetition creditors in the ordinary course of business, (iii) continue use of the existing cash management system, bank accounts and business forms, (iv) make tax payments to federal, state and local taxing authorities on an uninterrupted basis (v) prohibit utility companies from discontinuing, altering or refusing service, (vi) waive the requirement to file schedules and statements of financial affairs, (vii) obtain postpetition financing, (viii) retain certain professionals; (ix) establish case management procedures; and (xi) schedule a confirmation hearing for the Plan. Finally, on the Petition Date, the Debtors intend to file the Plan and this Disclosure Statement.

A description of the relief to be requested in each of the motions intended to be filed on the Petition Date follows.

1. Approval of Disclosure Statement and Scheduling a Confirmation Hearing

The Debtors intend to file a motion for an order approving this Disclosure Statement, approving the Solicitation Package and distribution procedures, and scheduling a hearing to consider confirmation of the Plan, as well as establishing notice and objection procedures in respect of confirmation of the Plan. The Debtors will seek the earliest possible date permitted by applicable rules, subject to the Bankruptcy Court's calendar, for such a hearing.

2. Post-Petition Financing

In order to ensure sufficient liquidity to continue their operations during the pendency of the Chapter 11 Cases, on the Petition Date, the Debtors will file a motion with the Bankruptcy Court seeking authority to enter into (a) the ABL DIP Facility Credit Agreement, together with all related documents, instruments, and agreements delivered pursuant to or in connection therewith, including, without limitation, the budget annexed thereto, as may be amended, supplemented, or otherwise modified from time to time, pursuant to which the Debtors would be authorized to borrow up to $50 million; and (b) the ORIX DIP Facility Credit Agreement, together with all related documents and instruments delivered pursuant to or in connection therewith, as may be amended from time to time, pursuant to which the Debtors would be authorized to borrow up to $110 million. The Debtors believe that the committed amount of the DIP Facilities will meet the Debtors' financing needs during the Chapter 11 Cases.

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.

(a) ABL DIP Facility

The ABL DIP Facility Credit Agreement will amend and restate the Prepetition ABL Credit Facility. The ABL DIP Facility is an asset-based senior secured revolving credit facility pursuant to which the ABL DIP Facility Lenders will provide a revolving line of credit in the aggregate principal amount of up to $50 million (subject to certain borrowing base limitations), up to €15 million of which may be borrowed directly by NGI and up to $15 million of which may be used for letters of credit and other financial accommodations.

The term of the ABL DIP Facility Credit Agreement will be the earlier of (i) the date that is one hundred and eighty (180) days after the commencement of the Chapter 11 Cases, (ii) the date that is sixty (60) days after the entry of the Interim DIP Order if the Final DIP Order has not been entered prior to the expiration of such 60-day period, (iii) the date of confirmation of the Plan and (iv) the date when all obligations under the ABL DIP Facility Credit Agreement are paid and satisfied in full in immediately available funds.

Pursuant to the ABL DIP Facility, The Newark Group will grant the ABL DIP Facility Administrative Agent, on behalf of the ABL DIP Facility Lenders, a first priority lien on all of its

accounts receivable, inventory and certain other personal property (the "**ABL DIP Priority Collateral**") and a second priority lien on substantially all of its other assets (including certain capital stock owned by it), except for real property. Additionally, as further security, The Newark Group will guarantee the obligations of NGI under the ABL DIP Facility. The ABL DIP Facility will specifically provide that NGI has not guaranteed the obligations of The Newark Group and shall not be required to repay or prepay, or to guarantee, nor shall any amount paid by NGI be applied to, any obligations of The Newark Group under the ABL DIP Facility.

For a more detailed understanding of the ABL DIP Facility, including applicable interest rates, covenants and conditions to the effectiveness of such facility, see the form of ABL DIP Facility Credit Agreement attached hereto as Exhibit C.

(b) ORIX DIP Facility

The ORIX DIP Facility is a term loan with an aggregate principal amount of $110 million. The Newark Group is the borrower under the ORIX DIP Facility Credit Agreement, and Cogen and certain domestic subsidiaries of The Newark Group are guarantors. The ORIX DIP Facility will repay all amounts due under the Prepetition CL Credit Facility. The term of the ORIX DIP Facility Credit Agreement will be the earlier of (i) the date that is one hundred and eighty (180) days after the commencement of the Chapter 11 Cases, (ii) the date that is sixty (60) days after the entry of the Interim DIP Order if the Final DIP Order has not been entered prior to the expiration of such 60-day period, (iii) the date of confirmation of the Plan and (iv) the date when all obligations under the ORIX DIP Facility Credit Agreement are paid and satisfied in full in immediately available funds.

Pursuant to the ORIX DIP Facility, The Newark Group will grant the ORIX Facility Agents, on behalf of the ORIX Facility Lenders, a first priority lien on all present and after-acquired personal property (excluding the ABL DIP Priority Collateral), including, but not limited to, certain real property; the outstanding capital stock of The Newark Group (if there is a holding company for The Newark Group) and of certain direct subsidiaries of The Newark Group (limited to a pledge of 65% of the voting equity and 100% of the non-voting equity of each first tier foreign subsidiary) and a second priority lien on the ABL DIP Priority Collateral.

For a more detailed understanding of the ORIX DIP Facility, including applicable interest rates, covenants and conditions to the effectiveness of such facility, see the ORIX DIP Facility Term Sheet attached hereto as Exhibit I.

3. Assumption of the Plan Support Agreement

In accordance with the Plan Support Agreement, the Debtors will file a motion requesting authority to assume their obligations under the Plan Support Agreement pursuant to 11 U.S.C. § 365.

4. Employee Compensation.

The Debtors rely on their employees for day-to day business operations. The Debtors believe that any delay in paying any of their employees' compensation, deductions, reimbursement and benefits could severely disrupt the Debtors' relationship with their

employees, thereby creating the risk that operations could be severely impaired. As a result, through the Motion for Authority to Pay Pre-Petition Wages, Payroll Taxes, Certain Employee Benefits, and Related Expenses, the Debtors will request Bankruptcy Court authorization to pay certain prepetition wages and other benefits to their employees.

5. Payment of Creditors in Ordinary Course of Business

To minimize the disruption of service from their vendors and suppliers, through the Motion for Authority to (a) Pay Unimpaired Claims of General Unsecured Creditors in the Ordinary Course of Business and (b) Direct Banks and Other Financial Institutions to Honor and Process Checks and Transfers Related to Such Relief, the Debtors will seek entry of an order authorizing them, in their discretion, to pay the Claims of General Unsecured Creditors in the ordinary course of business.

6. Cash Management

The Debtors utilize a centralized cash management system to collect funds for their domestic operations and to pay the operating and administrative expenses in connection therewith. In order to, among other things, avoid administrative inefficiencies, through the Motion for Authority to (a) Maintain Existing Bank Accounts, (b) Continue Use of Existing Business Forms, (c) Continue Use of Existing Investment Guidelines, and (d) Continue Funding Foreign Subsidiaries, the Debtors intend to request entry of an order authorizing and approving the continued use of the existing cash management system, authorizing the continued use of existing bank accounts and business forms, and authorizing deposit practices and waiving the requirements of section 345(b) in connection therewith on an interim basis.

7. Taxes

The Debtors believe that, in some cases, certain authorities have the ability to exercise rights that would be detrimental to the Debtors' restructuring if the Debtors failed to meet obligations imposed upon them to remit certain taxes and fees. Accordingly, through the Motion for Order (a) Authorizing the Debtors to Pay Prepetition Taxes and (b) Authorizing Financial Institutions to Honor and Process Checks and Transfers Related to Such Relief, the Debtors intend to request Bankruptcy Court authorization to pay certain sales, use, and property taxes that are payable directly to various state and local taxing authorities as such payments become due.

8. Utilities

In connection with the operation of their business and management of their properties, the Debtors incur utility expenses in the ordinary course of business for, among other things, water, sewer service, electricity, gas, local and long-distance telecom service, data service, fiber transmission, waste disposal and other similar services. Because uninterrupted utility services are essential to the Debtors' ongoing operations and the success of the Debtors' reorganization efforts, through the Motion for Order (a) Establishing Procedures for Utilities to Request Adequate Assurance of Payment, and (b) Establishing Procedures for Resolving Disputes Relating to Adequate Assurance Requests, the Debtors will request entry of an order prohibiting the utility providers from altering, refusing, or discontinuing service to the Debtors on account of prepetition invoices, including the making of demands for security deposits or accelerated

payment terms; providing that the utility providers have "adequate assurance of payment" within the meaning of section 366 of the Bankruptcy Code, based on, among other things, the Debtors' payment of a deposit in an amount equal to the Debtors' estimated cost of utility service for two weeks; and the establishment of procedures for resolving requests for additional adequate assurance and authorizing the Debtors to provide adequate assurance of future payment to the utility providers.

9. Schedules and Statements

Section 521 of the Bankruptcy Code and Rule 1007 of the Bankruptcy Rules require the Debtors to prepare and file schedules of assets and liabilities (the "**Schedules**") and statements of financial affairs (the "**Statements**") with the Bankruptcy Court within 15 days after the Petition Date, unless otherwise ordered by the Bankruptcy Court. This requirement is to provide the Debtors' creditors, Interest Holders, and other interested parties with sufficient information to make informed decisions with respect to the Debtors' planned reorganization. Due to the number of the Debtors' creditors, the size and complexity of the Debtors' business, the diversity of its operations and assets, and the staffing available to gather, process and complete the Schedules and Statements, the Debtors anticipate that they will need additional time to complete the Schedules and Statements. Accordingly, through the Motion for (a) Additional Time to File Schedules and Statements of Financial Affairs, and (b) a Permanent Waiver of the Requirement to File Schedules and Statements of Financial Affairs Upon Confirmation of the Debtors' Plan of Reorganization, the Debtors intend to request an extension of 60 additional days (for a total of 75 days from the Petition Date) to prepare and file the Schedules and Statements. The Debtors also anticipate requesting a waiver of the requirement to file Schedules and Statements in the event the Plan is confirmed within 75 days before the Schedules and Statements are due, in light of the nature of these Chapter 11 Cases and in light of the Debtors' decision not to impair General Unsecured Creditors.

10. Retention of Professionals

The Debtors intend to apply for entry of an order authorizing the retention of Lowenstein Sandler P.C. as its general reorganization and bankruptcy counsel under section 327(a) of the Bankruptcy Code.

The Debtors also anticipate filing an application to retain AlixPartners as their financial advisors and Jefferies as their investment banker. To further assist them in carrying out their duties as debtors-in-possession and to otherwise represent their interests in the Chapter 11 Cases, the Debtors also intend to seek to retain Deloitte and Touche LLP as their auditor and Grant Thornton as their tax advisor. The Debtors also intend to request authority to employ Kurtzman Carson Consultants, LLC ("**KCC**") as their claims and voting agent. Finally, the Debtors intend to seek to employ various "ordinary course professionals" to assist them in operating their business.

11. Notice, Case Management, and Administrative Procedures

To streamline the administration of the Chapter 11 Cases, the Debtors intend to apply for an order setting forth the procedures for processing notices, managing the Chapter 11 Cases, and other administrative procedures.

ARTICLE V. THE PLAN OF REORGANIZATION

A. GENERAL

THE FOLLOWING SECTIONS SUMMARIZE CERTAIN KEY INFORMATION CONTAINED IN THE PLAN. THIS SUMMARY REFERS TO, AND IS QUALIFIED IN ITS ENTIRETY BY, REFERENCE TO THE PLAN, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A. THE TERMS OF THE PLAN WILL GOVERN IN THE EVENT ANY INCONSISTENCY ARISES BETWEEN THIS SUMMARY AND THE PLAN. THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN DO NOT YET BIND ANY PERSON OR ENTITY. IF THE BANKRUPTCY COURT CONFIRMS THE PLAN AND THE PLAN BECOMES EFFECTIVE, THE PLAN WILL BIND ALL CLAIM AND INTEREST HOLDERS.

B. CLASSIFICATION AND ALLOWANCE OF CLAIMS & INTERESTS GENERALLY

1. Classification and Allowance

Section 1123 of the Bankruptcy Code provides that, except for administrative expense claims and priority tax claims, a plan of reorganization must categorize claims against and equity interests in a debtor into individual classes. Although the Bankruptcy Code gives a debtor significant flexibility in classifying claims and interests, section 1122 of the Bankruptcy Code dictates that a plan of reorganization may only place a claim or an equity interest into a class containing claims or equity interests that are substantially similar.

The Plan creates numerous "Classes" of Claims and Interests. These Classes take into account the differing nature and priority of Claims against and Interests in the Debtors. Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims are not classified for purposes of voting or receiving distributions under the Plan, but are treated separately as unclassified Claims.

The Plan provides specific treatment for each Class of Claims and Interests. Only Holders of Allowed Claims are entitled to vote on and receive distributions under the Plan.

Unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim or Interest under the Plan will be in full satisfaction, settlement, release and discharge of, and in exchange for, such Claim or Interest.

C. PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, DIP FACILITY CLAIMS AND PRIORITY TAX CLAIMS

1. Administrative Expense Claims

Administrative Expense Claims are Claims against the Debtors for costs and expenses of administration of the 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 businesses of the Debtors; (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 the Chapter 11 Cases; (d) any indebtedness or obligations incurred or assumed by the Debtors, as debtors-in-possession, during the Chapter 11 Cases; (e) any payment to be made under the Plan or Order of this Court to cure a default on an assumed executory contract or unexpired lease; (f) all Prepetition Indenture Trustee Claims without any requirement for filing fee applications in the Chapter 11 Cases; and (g) the DIP Facility Claims (which, in accordance with the terms of the DIP Financing Order, are granted super-priority claims 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 Claims and shall be paid in accordance with Section 12.7 of the Plan.

The Bankruptcy Code does not require that Administrative Expense Claims be classified under a plan. It does, however, require that Allowed Administrative Expense Claims be paid in full in cash in order for a plan to be confirmed, unless the Holder of such Claim consents to different treatment.

Pursuant to the Plan, 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:

(a) the Coalition Advisor Claims shall be Allowed Claims and paid in full, 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. Any unused portion of the retainers held by the Coalition Advisors shall be refunded to the Debtors within forty-five (45) days of the Effective Date.

(b) 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 Bankruptcy Court approval thereof;

(c) 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

(d) 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.

2. DIP Facility Claims

The 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, set off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), counterclaim, cross-claim, defense, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person. DIP Facility Claims are all Claims arising from or in connection with the DIP Facility Credit Agreements.

Pursuant to the Plan, 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 and all commitments under the ABL DIP Facility Credit Agreement shall be cancelled. 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 cancelled in accordance with the terms of the ABL DIP Facility Credit Agreement. Each Allowed ABL DIP Facility Claim shall include all unpaid interest accrued at the rates provided for in the ABL DIP Facility Credit Agreement up to the Effective Date, plus fees, costs, and other charges provided for under the ABL DIP Facility Credit Agreement up to the Effective Date.

Pursuant to the Plan, 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 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.

3. Priority Tax Claims

Priority Tax Claims are Claims 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.

The taxes entitled to priority are: (a) taxes on income or gross receipts that meet the requirements of section 507(a)(8)(A); (b) property taxes meeting the requirements of section 507(a)(8)(B); (c) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in section 507(a)(8)(C); (d) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to section 507(a)(4), to the extent such taxes also meet the requirements of section 507(a)(8)(D); (e) excise taxes of the kind specified in section 507(a)(8)(E); (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F); and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G).

The Bankruptcy Code does not require that priority tax claims be classified under a plan. It does, however, require that such claims receive the treatment described below in order for a plan to be confirmed, unless the holder of such claims consents to different treatment.

Pursuant to the Plan, 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 Priority Tax Claim; (ii) such other treatment as to which the Debtors or the Reorganized Debtors and the Holder of such Allowed Priority Tax Claims shall have agreed upon in writing; or (iii) such other treatment as will cause such Claims not to be Impaired; provided, however, that any Allowed Priority Tax Claim not due and owing on the Effective Date will be paid when such Claim becomes due and owing.

D. NON-SUBSTANTIVE CONSOLIDATION AND INTERCOMPANY CLAIMS

The Plan is a joint plan that does not provide for substantive consolidation of the Debtors' Estates, and on the Effective Date, the Debtors' Estates shall not be deemed to be

substantively consolidated for purposes thereof. Except as specifically set forth in the Plan, nothing in the Plan or the Disclosure Statement shall constitute or be deemed to constitute an admission that any one of the Debtors is subject to or liable for any Claim against any other Debtor.

Additionally, claimants holding Claims against multiple Debtors, to the extent Allowed in each Debtor's case, will be treated as a separate Claim against each Debtor's Estate, provided, however, that no Holder shall be entitled to receive more than payment in full of its Allowed Claim, and such Claims will be administered and treated in the manner provided in the Plan.

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

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

E. CLASSIFICATION OF CLAIMS

The categories of Claims and Interests listed below, which exclude Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims, in accordance with section 1123(a)(1) of the Bankruptcy Code, are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
Class 2	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3	Prepetition ABL Claims	Unimpaired	No (deemed to accept)
Class 4	Prepetition CL Claims	Unimpaired	No (deemed to accept)
Class 5	General Unsecured Claims	Unimpaired	No (deemed to accept)
Class 6	Prepetition Notes Claims	Impaired	Yes
Class 7	Von Zuben Subordinated Unsecured Note Claim	Impaired	Yes
Class 8	Equity Interests[11]	Impaired	Yes
Class 9	ESOP Interests	Impaired	Yes

[11] Pursuant to Section 3.5 of the Plan, 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.

F. PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

The classification and treatment of Claims against and Interests in the Debtors is set forth in detail in Sections II and III of the Plan. A summary of that treatment is provided below.

1. Priority Non-Tax Claims (Class 1)

Priority Non-Tax Claims are Claims against the Debtor other than Administrative Expense Claims or Priority Tax Claims, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

Pursuant to the Plan, 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.

2. Other Secured Claims (Class 2)

Other Secured Claims are Secured Claims other than Claims arising pursuant to or in connection with the DIP Facilities, Administrative Expense Claims, Prepetition ABL Claims, and Prepetition CL Claims.

Pursuant to the Plan, each Holder of an Allowed Other Secured Claim shall have its Claim Reinstated and shall retain its Lien on the property that secures such Claim.

3. Prepetition ABL Claims (Class 3)

Prepetition ABL Claims are Claims arising under or in connection with the Prepetition ABL Credit Facility and related documents.

Pursuant to the Plan, 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 DIP Financing Order is entered, 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.

On the day the ABL DIP Facility closes, the Prepetition ABL Credit Agreement shall be paid in full, and shall be amended and restated by the ABL DIP Facility Credit Agreement. Thereafter, on the Effective Date, the ABL DIP Facility Credit Agreement and all Claims arising thereunder shall be paid by and replaced with the ABL Exit Facility or otherwise.

4. Prepetition CL Claims (Class 4)

Prepetition CL Claims are Claims arising under or evidenced by the Prepetition CL Credit Facility and related documents.

Pursuant to the Plan, 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.

On the day the ORIX DIP Facility closes, the Prepetition CL Credit Agreement shall be cancelled, provided, however, that those provisions contained in the Prepetition CL Credit Agreement shall continue in effect solely for the purposes of (a) allowing the Prepetition CL Administrative Agent or the Disbursing Agent, as applicable, to make distributions or take any other action necessary to effectuate the Class 4 treatment under the Plan, 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.

5. General Unsecured Claims (Class 5)

A General Unsecured Claim is 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 under any employee agreement or arrangement (other than Claims and Interests arising from the ESOP), including all accrued but unpaid obligations under the SARP, 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 the Plan or otherwise.

Pursuant to the Plan, on the Effective Date all Allowed General Unsecured Claims shall be Reinstated to the extent that such Claim is not paid in the ordinary course of business prior to the Effective Date.

6. Prepetition Notes Claims (Class 6)

Prepetition Notes Claims are any Claim against the Company arising under or in connection with the Prepetition 2014 Notes and the Mullen Note. The Prepetition Notes Claims shall be deemed Allowed for all purposes of the 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. 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.

7. Von Zuben Subordinated Unsecured Note Claim (Class 7)

The Von Zuben Subordinated Unsecured Note Claim is the claim of Von Zuben arising under the Subordinated Installment Promissory Note dated August 10, 2005 between The Newark Group, Inc., as maker, and Von Zuben, as payee (the "**Von Zuben Subordinated Unsecured Note**"). The Von Zuben Subordinated Unsecured Note Claim shall be deemed Allowed for all purposes of the 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) two 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 hereto as Exhibit E (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.

8. Equity Interests (Class 8)

Equity Interests are, 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 Equity Interest or to convert into any such Equity 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; provided, however, that for the purposes of treatment under the Plan, "Equity Interest" shall not include any Intercompany Interests held by The Newark Group in Jackson Drive Corp. and NP Cogen, Inc., Treasury Interests, or any Interests arising under the ESOP that are classified as Class 9 ESOP Interests.

Pursuant to the Plan, 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 (x) 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 (y) 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.

9. ESOP Interests (Class 9)

ESOP Interests are, without limitation, 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, including shares of The Newark Group distributed to ESOP Participants and as to which the ESOP Participants have not received payment from the exercise of their put rights under the ESOP and have not submitted a proof of Claim, and all Claims arising out of or relating thereto.

Pursuant to the Plan, 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 Debtor, and the Reorganized Debtor 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 of the Plan, in each case to the extent permitted by the Code, the Bankruptcy Code and ERISA.

G. IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS THAT ARE IMPAIRED; ACCEPTANCE OR REJECTION OF THE PLAN

1. Holders of Claims Entitled to Vote

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be "impaired" under a plan unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or equity interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or equity interest, the plan (a) cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy or defaults of a kind that does not require cure), (b) reinstates the maturity of such claim or equity interest as it existed before the default, (c) compensates the holder of such claim or equity interest for any damages from such holder's reasonable reliance on such legal right to an accelerated payment, (d) if such claim or such interest arises from a failure to perform non-monetary obligations, other than a default arising from a failure to operate a nonresidential real property lease, compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

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

Except as otherwise explicitly provided in the Plan or any Plan Documents, nothing shall affect, diminish or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including, but not limited to, legal and equitable defenses to setoffs or recoupment against Unimpaired Claims. In addition, the Debtors and the Reorganized Debtors reserve their rights to assert any and all Claims that they may have against the Holder of any Unimpaired Claims, except to the extent explicitly provided in the Plan or any Plan Documents.

Classes 6, 7, 8, and 9 are Impaired by the Plan. Accordingly, only the votes of Holders of Claims and Interests in Classes 6, 7, 8, and 9 will be solicited with respect to the Plan.

2. 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 the Plan if the 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 Allowed Claims of such Class that have timely and properly voted to accept or reject the 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 the Plan if the 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 the Plan.

3. Nonconsensual Confirmation

If any Impaired Class fails to accept the 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 the 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 the Plan and to confirm the Plan as modified, without re-solicitation, to the extent permitted by the Bankruptcy Code.

H. MEANS OF IMPLEMENTATION

1. Reorganized Company Securities

(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. In addition, 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 the 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 of the Plan. 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 the 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 the New Common Stock and any other securities pursuant to the 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 pursuant to Bankruptcy Code section 1145.

(b) Reorganized Company Stockholders' Agreement. On the Effective Date, the Reorganized Company and all 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, shall enter into (or be deemed to enter into as provided below) the Reorganized Company Stockholders' Agreement, which shall be 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, substantially in the form attached hereto as Exhibit F. 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.

2. Continued Corporate Existence; Reincorporation of The Newark Group; 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 jurisdictions 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 the Plan; provided, however, notwithstanding the foregoing, the Reorganized Company may be reincorporated as a Delaware corporation in accordance with the Reincorporation Transactions Document, 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

Notwithstanding anything to the contrary in the 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 the Plan, the Chapter 11 Cases, or otherwise.

Except as otherwise provided in the 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 the 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 the 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 the 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.

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 the 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 hereto 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. 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, compensation, and severance contracts as detailed in the Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc. 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 the 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 the Plan). All matters provided for in the 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 the 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 the Plan in the name of and on behalf of the Reorganized Debtors.

4. Termination of Liens

Except as otherwise provided in the Plan, any Plan Documents, or in the Exit Facility Credit Agreements, 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 of the Plan) 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. Exit Financing

As more fully described below, on the Effective Date, without any requirement of further action by Holders or directors of the Debtors or the Reorganized Debtors, the Reorganized Company shall be authorized and directed to enter into the Exit Facility Credit Agreements 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, provided 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.

(a) ABL Exit Facility

On the Effective Date, The Newark Group and NGI as borrowers, and Cogen as guarantor, will enter into the ABL Exit Facility Credit Agreement, which agreement will amend and restate the ABL DIP Facility Credit Agreement. The ABL Exit Facility is an asset-based senior secured revolving credit facility pursuant to which the ABL Exit Facility Lenders provide a revolving line of credit in the aggregate principal amount of up to $50 million (subject to certain borrowing base limitations), up to €15 million of which may be borrowed directly by NGI and up to $15 million of which may be used for letters of credit and other financial accommodations. The ABL Exit Facility also includes an accordion feature, pursuant to which the maximum amount of the ABL Exit Facility may be increased to the aggregate amount of up to $85 million, upon the terms and conditions of, and with the required consents as provided in, the ABL Exit Facility Credit Agreement.

The term of the ABL Exit Facility Credit Agreement will be the earlier of (i) the date that is three (3) years following the Closing Date and (ii) the date when all Obligations are paid and satisfied in full in immediately available funds.

Pursuant to the ABL Exit Facility and the Intercreditor Agreement, The Newark Group will grant the ABL Exit Facility Administrative Agent, on behalf of the ABL Exit Facility Lenders, a first priority lien on all of its accounts receivable, inventory and certain other personal property (the "**ABL Exit Priority Collateral**"), a second priority lien in certain capital stock owned by it and a third priority lien on substantially all of its other assets, except for real property. Additionally, as further security, The Newark Group will guarantee the obligations of NGI under the ABL Exit Facility. The ABL Exit Facility will specifically provide that NGI has not guaranteed the obligations of The Newark Group and shall not be required to repay or prepay, or to guarantee, nor shall any amount paid by NGI be applied to, any obligations of The Newark Group under the ABL Exit Facility.

For a more detailed understanding of the ABL Exit Facility, including applicable interest rates, covenants and conditions to the effectiveness of such facility, see the form of ABL Exit Facility Credit Agreement attached hereto as Exhibit D.

(b) ORIX Exit Facility

On the Effective Date, The Newark Group as borrower, and Cogen and certain domestic subsidiaries of The Newark Group as guarantors, will enter into the ORIX Exit Facility Credit Agreement, a copy of which is attached hereto as Exhibit G[12]. Pursuant to the ORIX Exit Facility, the ORIX Exit Facility Lenders will provide a term loan in an aggregate principal amount of $110 million. The ORIX Exit Facility Credit Agreement will have a maturity date of March 31, 2014.

[12] As of the date of this Disclosure Statement, the ORIX Exit Facility Credit Agreement attached hereto as Exhibit G is subject, in all respects, to further revision and review by all of the contemplated parties thereto, including ORIX and the other lenders.

Pursuant to the ORIX Exit Facility and the ORIX DIP Facility, The Newark Group will grant the ORIX Facility Agents, on behalf of the ORIX Facility Lenders, a first priority lien on all present and after-acquired personal property (excluding the ABL Exit Priority Collateral), including, but not limited to, certain real property; the outstanding capital stock of The Newark Group (if there is a holding company for The Newark Group) and of certain direct subsidiaries of The Newark Group (limited to a pledge of 65% of the voting equity and 100% of the non-voting equity of each first tier foreign subsidiary (the "**ORIX Priority Collateral**"); and a second priority lien on the ABL Exit Priority Collateral.

For a more detailed understanding of the ORIX Exit Facility, including applicable interest rates, covenants and conditions to the effectiveness of such facility, see the form of ORIX Exit Facility Credit Agreement attached hereto as Exhibit G.

6. Intercreditor Agreement

Simultaneous with the execution of the DIP Facility Credit Agreements, The Newark Group, NGI, and certain domestic subsidiaries of The Newark Group, as borrowers, certain domestic subsidiaries of The Newark Group as guarantors; ORIX Finance Corp. in its capacity as administrative agent for the ORIX DIP Facility Credit Agreement and the ORIX Exit Facility Credit Agreement; and Wells Fargo Bank, National Association, in its capacity as administrative agent and collateral agent for the ABL DIP Facility Credit Agreement and the ABL Exit Facility Credit Agreement, shall enter into the Intercreditor Agreement, substantially in the form attached hereto as Exhibit M.

The Intercreditor Agreement shall govern, among other things, the respective rights, liabilities and 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.

The Intercreditor Agreement specifically provides, *inter alia*, that all liens and security interests upon the Prepetition ABL Priority Collateral securing all obligations and amounts owed pursuant to the ABL DIP Facility Credit Agreement and the ABL Exit Facility Credit Agreement shall have priority over the liens and security interests upon the Prepetition ABL Priority Collateral securing the obligations and amounts owed pursuant to the ORIX DIP Facility Credit Agreement and the ORIX Exit Facility Credit Agreement; and that all liens and security interests upon the ORIX Priority Collateral securing all obligations and amounts owed pursuant to the ORIX DIP Facility Credit Agreement and the ORIX Exit Facility Credit Agreement shall have priority over the liens and security interests upon the ORIX Priority Collateral securing the obligations and amounts owed pursuant to the ABL DIP Facility Credit Agreement and the ABL Exit Facility Credit Agreement.

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.

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.

On the Effective Date, each member of the Current Management Group will be granted, pursuant to the terms of the Warrant Agreement, the percentage of Management Warrants representing the percentage of fully diluted New Common Stock set forth opposite such member's name in the table below.

Name	**Percent of 5% Management Warrants**
Robert H. Mullen	23%
Joseph E. Byrne	14%
William D. Harper	10%
Richard M. Poppe	10%
Johnny Gold	10%
Philip B. Jones	10%
Jim Carbine	10%
Carl Crook	8%
Lynn M. Herro	5%
Total	**100%**

The Management Warrants to be issued to the Current Management Group will be issued pursuant to the terms of the Warrant Agreement. The Management Warrants will be exercisable in accordance with the applicable Management Warrant Vesting Percentage. For purposes hereof, the "Management Warrant Vesting Percentage" means:

(a) 0% from the Effective Date through but excluding the first anniversary of the Effective Date,

(b) 33-1/3% from the first anniversary of the Effective Date through but excluding the second anniversary of the Effective Date;

(c) 66-2/3% from the second anniversary of the Effective Date through but excluding the third anniversary of the Effective Date; and

(d) 100% from and after the third anniversary of the Effective Date.

Notwithstanding the Management Warrant Vesting Percentage, the Management Warrants vest 100%: (i) immediately upon termination, if the Executive's employment has been terminated by the Executive for good reason or by the Reorganized Company without cause; and (ii)

immediately prior to any "Triggering Event," which shall have the meaning set forth in the Warrant Agreement.[13] Further, upon death or disability while employed by the Company, the Management Warrant Vesting Percentage will include partial vesting for the annual vesting period in which such death or disability occurs, based on the number of days in such vesting period that precede the date of death or disability.

9. Deferred Compensation Agreement

In addition, on the Effective Date, the Reorganized Company shall enter into the Deferred Compensation Agreement, substantially in the form as attached hereto as Exhibit O, pursuant to which each member of the Current Management Group (each, an "**Executive**") will be granted, upon the occurrence of certain events as set forth in the Deferred Compensation Agreement, a share of the deferred compensation pool equal to that percentage set forth opposite such Executive's name in the table below of the aggregate amount of the deferred compensation pool. 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.

Executive Name	**Percent of Deferred Compensation Pool**
Robert H. Mullen	23%
Joseph E. Byrne	14%
William D. Harper	10%
Richard M. Poppe	10%
Johnny Gold	10%
Philip B. Jones	10%
Jim Carbine	10%
Carl Crook	8%
Lynn M. Herro	5%
Total	**100%**

In each case, upon the occurrence of certain events, such Executive will be entitled to receive an amount of deferred compensation equal to (a) the maximum deferred compensation amount calculated according to the table above multiplied by (b) the applicable Deferred Compensation Vesting Percentage (as defined below).

For purposes hereof, the "**Deferred Compensation Vesting Percentage**" means:

(a) 100% if the Executive's employment has been terminated by the Executive for good reason or by the Reorganized Company without cause;

(b) 100% if a change in control event has occurred; and

[13] Generally, "Triggering Event" means any of the following: a public offering of the Common Stock of the Reorganized Company; a merger or similar transaction; or the sale or disposition of all or substantially all of the Reorganized Company's assets. A complete definition of "Triggering Event" is set forth in the Warrant Agreement, which definition controls for all purposes.

(c) If the Executive has resigned other than for good reason or if the Executive's employment has been terminated for cause:

(i) 0% from the Effective Date through but excluding the first anniversary of the Effective Date,

(ii) in the case of Messrs. Jones and Crook, 100% from and after the first anniversary of the Effective Date, and in the case of the other members of the Current Management Group, 50% from the first anniversary of the Effective Date through but excluding the second anniversary of the Effective Date,

(iii) 75% from the second anniversary of the Effective Date through but excluding the third anniversary of the Effective Date, and

(iv) 100% from and after the third anniversary of the Effective Date.

Further, if the member of the Current Management Group dies or becomes disabled while employed by the Company, the Deferred Compensation Vesting Percentage shall be the Deferred Compensation Vesting Percentage determined in the manner set forth above plus partial vesting for the annual vesting period in which such death or disability occurs, based on the number of days in such vesting period that precede the date of death or disability.

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.

11. Additional Transactions Authorized Under the 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 the Plan.

I. PROVISIONS GOVERNING DISTRIBUTIONS

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

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 in the Plan, 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 the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

2. Interest on Claims

Except as otherwise specifically provided for in the 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.

3. Distributions by Disbursing Agent

Other than as specifically set forth in the Plan, the Disbursing Agent shall make all distributions required to be made under the 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 the 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 Prepetition 2014 Notes. The Prepetition Indenture Trustee shall deliver such distributions in accordance with the provisions of the 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 the Plan.

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 of the Plan.

(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 the 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 canceled and will be of no further force or effect. Nothing contained in the 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.

5. Record Date for Distributions

The record date for distributions under the 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 the 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. Allocation of Plan Distributions between Principal and Interest

Except as otherwise expressly provided in the Plan, to the extent that any Claim entitled to a distribution under the 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.

7. Means of Cash Payment

Payments of Cash made pursuant to the 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.

8. Sources of Cash for Plan Distributions

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

9. Withholding and Reporting Requirements

In connection with the Plan and all distributions thereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions thereunder 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 the 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 the 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 the Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations.

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 the 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 thereunder 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.

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 the Plan shall be adjusted as necessary to account for the rounding provided for herein.

12. Exemption for Securities Law

The issuance of the New Common Stock, Warrants and any additional shares of New Common Stock issuable upon exercise of the Warrants pursuant to the 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.

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 of the Plan), 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 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.

J. TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND PENSION PLANS

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS GOVERNING THE TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. General Treatment

Pursuant to Section VII of the Plan, 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 Section VII of the Plan shall revest in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law.

2. Cure of Defaults

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.

3. 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 Reorganized Debtors on the Effective Date.

4. Savings and Pension Plans

In furtherance of, and without in any way limiting Section 7.5 of the Plan, from and after the Effective Date, the Reorganized Debtors 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 Debtors are obligated to provide such benefits. Notwithstanding anything in the Plan to the contrary, the Savings and Pension Plans shall become obligations of the Reorganized Debtors and shall otherwise be unaffected by confirmation of the Plan, and any Claims arising under the Savings and Pension Plans shall not be discharged or released or otherwise affected by the Plan or by these proceedings.

5. Compensation and Benefit Programs

Except as otherwise expressly provided in Section III, Section VII, or any other provisions of the 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.

6. 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.

K. PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS AND DISPUTED INTERESTS

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS AND DISPUTED INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. Resolution of Disputed Claims

Except as provided otherwise in the 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.

2. Objections to and Estimation of 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. In addition, 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 the Reorganized Debtors have previously objected to such Claim.

3. Preservation of Rights to Settle Claims

Except as otherwise provided in the Plan, the Confirmation Order, or in any other contract, instrument, release, indenture, or other agreement entered into in connection with the 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.

4. No Distributions Pending Allowance

Notwithstanding any other provision in the 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.

5. 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 the 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 the Plan as of the Effective Date, without any interest to be paid on account of such Claim.

6. Reinstated Claims

Notwithstanding anything contained herein to the contrary, nothing shall affect, diminish or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim, including, but not limited to, legal and equitable defenses to setoffs or recoupment against Reinstated Claims.

L. CONFIRMATION AND CONSUMMATION OF THE PLAN

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 the Plan:

(a) The Confirmation Order confirming the 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.

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 the Plan:

(a) The Confirmation Order confirming the 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 in the Plan.

(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 the 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 reasonably 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 the Plan shall have been taken.

(g) Any material alteration to, or interpretation of, any term or provision of the 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, 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 the 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.

3. Waiver of Conditions

Each of the conditions set forth in Sections 9.1 and 9.2 of the 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.

4. Effect of Non-Occurrence of Conditions to Effective Date

If each of the conditions specified in Sections 9.1 and 9.2 of the Plan has not been satisfied or waived in the manner provided in Section 9.3 of the Plan, then: (i) the Confirmation Order shall be vacated and 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.

M. EFFECT OF PLAN CONFIRMATION

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 the 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 the Plan and whether or not such Holder has accepted the Plan.

2. Exculpations 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 the Plan, the solicitation of acceptances of the Plan, the pursuit of approval of the Disclosure Statement and confirmation of the Plan, the confirmation of the Plan, the Plan Documents, the consummation of the Plan or the administration of the Plan or the property to be distributed under the 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 the 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 the 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, the Plan or this 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 Section 10.2 of the Plan 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 the Plan.

(e) **Chapter 5 Claims Expressly Released**

As of the Effective Date, all Chapter 5 Claims are and shall be permanently released to the fullest extent permitted by applicable law and approved by the Bankruptcy Court.

(f) **Survival of Indemnification Obligations**

Except as otherwise provided in the Plan, the Confirmation Order, or in any document, instrument, release, or other agreement entered into in connection with the 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 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 the Plan and shall continue as obligations of the Reorganized Debtors.

(g) **Discharge of Claims and Termination of Interests**

Except as otherwise provided herein or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims and Interests (other than Unimpaired Claims under the 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 the 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 the 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.

(h) **Preservation of Rights of Action and Settlement of Causes 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, as the successors-in-interest to the Debtors and their Estates, may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors, other than the Chapter 5 Claims which neither the Debtors nor the Reorganized Debtors may pursue, sue on, settle, or compromise.

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.

3. Injunction

Except as otherwise provided in the Plan or the Confirmation Order, from and after the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors (other than Unimpaired Claims under the Plan not previously satisfied in full), 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 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 the Plan; provided, however, that nothing contained herein shall preclude such persons from exercising their rights pursuant to and consistent with the terms of the Plan.

By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim will be deemed to have specifically consented to the injunctions set forth in Section 10.4 of the Plan.

4. 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.

N. MISCELLANEOUS PLAN PROVISIONS

THE FOLLOWING IS A SUMMARY OF CERTAIN MISCELLANEOUS PROVISIONS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. Surrender of Instruments

As a condition to participation under the 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 4 Claim, a Class 6 Claim, or Class 7 Claim, Class 8 Interest, or 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 their designee (unless such Holder's Claim will be Reinstated by the Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate the 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 depositary 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 Newark Group of such global security by DTC or such other securities depositary or custodian thereof. Except as otherwise provided in this Article V, 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, 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 shall make subsequent distributions only to the persons who surrender the securities for exchange (or their assignees) and the record

Holders of such securities shall be those Holders of record as of the Effective Date. Except as otherwise provided herein or in the Plan or Plan Documents, the Prepetition Indenture shall be rendered void as of the Effective Date.

2. 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.

3. 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, if any, appointed in the 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 12.12 of the Plan 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 Section 12.3 of the Plan must be filed within twenty (20) days after the filing thereof.

4. Effectuating Documents and Further Transactions

On and after the Effective Date, the Debtors and the Reorganized Debtors, in consultation with the Coalition of Prepetition Noteholders, the ORIX Exit Facility Lenders, the ORIX Exit Facility Agent, and the ABL Exit Facility Administrative Agent, 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 the Plan and any notes or securities issued pursuant to the Plan, including actions that the Prepetition Indenture Trustee may reasonably request to further effect the terms of the Plan.

5. Corporate Action

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the 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 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.

6. 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 the 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 the 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.

7. Payment of Statutory Fees

All fees payable pursuant to section 1930 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 thereafter as is practicable.

8. Amendment or Modification of the Plan

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 the Plan, the Plan Supplement or the Plan Documents at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan.

A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, the Plan Supplement, 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.

Any reference in the 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).

Any reference in the 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).

9. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the 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 the 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 the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

10. Successors and Assigns

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

11. 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 the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan or if confirmation or consummation of the Plan does not occur, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the 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 the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

12. 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.
20 Jackson Drive
Cranford, N.J. 07016
Telephone: (908) 276-4000
Facsimile: (908) 276-2888

Attn: Corporate Law Department

with a copy to:

LOWENSTEIN SANDLER PC
65 Livingston Avenue
Roseland, N.J. 07068
Telephone: (973) 597-2500
Facsimile: (973) 597-2478

Attn: Paul Kizel

13. 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 the Plan, the Plan Documents or Disclosure Statement provide otherwise, the rights and obligations arising under the 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.

14. Tax Reporting and Compliance

The Reorganized Debtors are hereby authorized 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.

15. Exhibits

All Exhibits attached hereto are hereby incorporated and are a part of the Plan as if set forth in full in the Plan.

16. Filing of Additional Documents

On or before substantial consummation of the 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 the Plan.

17. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force and effect unless the Bankruptcy Court has entered the Confirmation Order and the Effective Date occurs. The filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the 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.

ARTICLE VI. VOTING PROCEDURES AND REQUIREMENTS

This Article describes in summary fashion the procedures and requirements that have been established for voting on the Plan. If you are entitled to vote to accept or reject the Plan, you should receive a Ballot for the purpose of voting on the Plan. If you hold Claims or Interests in more than one Class and you are entitled to vote such Claims or Interests in more than one Class, you will receive separate Ballots, which must be used for each separate Class of Claims or Interests. If you are entitled to vote and did not receive a Ballot, or you received a damaged Ballot, or you lost your Ballot, please contact the Voting Agent, Kurtzman Carson Consultants, LLC by e-mail at KCC_TheNewarkGroup@kccllc.com or by phone at 310-751-2698 or 866-967-0498.

Votes cannot be transmitted orally, by facsimile or by electronic mail (e-mail). Accordingly, you are urged to return your signed and completed Ballot promptly. Any executed Ballot that does not indicate either an acceptance or a rejection of the Plan, or that indicates both an acceptance and a rejection of the Plan, will not be counted as a vote either to accept or reject the Plan.

THE DEBTORS RESERVE THE RIGHT TO SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN UNDER THE CRAMDOWN PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE IN THE EVENT CLASSES 6, 7, 8, AND/OR 9 VOTE TO REJECT THE PLAN, AND, IF REQUIRED, MAY AMEND THE PLAN TO CONFORM TO THE STANDARDS OF SUCH SECTION.

SUBJECT TO THE TERMS AND CONDITIONS OF THE PLAN SUPPORT AGREEMENT AND THE PLAN, THE DEBTORS RESERVE THE RIGHT TO AMEND THE PLAN EITHER BEFORE OR AFTER THE PETITION DATE.

SUBJECT TO THE TERMS AND CONDITIONS OF THE PLAN SUPPORT AGREEMENT AND THE PLAN, AMENDMENTS TO THE PLAN THAT DO NOT MATERIALLY AND ADVERSELY AFFECT THE TREATMENT OF CLAIMS MAY BE APPROVED BY THE BANKRUPTCY COURT AT THE CONFIRMATION HEARING WITHOUT THE NECESSITY OF RESOLICITING VOTES. IN THE EVENT RESOLICITATION IS REQUIRED, THE DEBTORS WILL FURNISH NEW BALLOTS TO BE USED TO VOTE TO ACCEPT OR REJECT THE PLAN, AS AMENDED.

A. VOTING RECORD DATE

Consistent with the provisions of Rule 3018(b) of the Bankruptcy Rules, the Debtors have fixed May 4, 2010 as the Voting Record Date for the determination of the Holders of Claims and Interests entitled to vote to accept or reject the Plan.

B. HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE

According to the Bankruptcy Code, only Holders of Impaired Claims and Interests are entitled to vote. As mentioned in Article V.F. above, this Disclosure Statement and related materials 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 Class 6 Prepetition Notes Claims 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; and the Holder of the Mullen Note;

(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 Class 8 Equity Interests whose names appear in the Debtors' records as of the Voting Record Date; and

(d) Holders of Class 9 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.

Holders of Impaired Claims and Interests that are entitled to vote will receive Ballots with their Solicitation Package that should be used to submit their vote. **IF NOMINEES OF THE HOLDERS OF ELIGIBLE CLAIMS OR INTERESTS DO NOT HOLD FOR THEIR OWN ACCOUNT, THEY SHOULD PROVIDE COPIES OF THE SOLICITATION PACKAGE TO THE BENEFICIAL OWNERS OF THE ELIGIBLE CLAIMS.**

ANY BENEFICIAL OWNER OF ELIGIBLE CLAIMS OR INTERESTS WHO HAS NOT RECEIVED A BALLOT SHOULD CONTACT HIS/HER OR ITS NOMINEE OR THE VOTING AGENT.

C. VOTING DEADLINE

TO BE CONSIDERED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN, ALL BALLOTS MUST BE RECEIVED BY THE VOTING AGENT NO LATER THAN THE VOTING DEADLINE OF 5:00 P.M. (PREVAILING EASTERN TIME) ON JUNE 7, 2010, UNLESS 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, EXTEND THE VOTING DEADLINE. **THE DEBTORS EXPRESSLY RESERVE THE ABSOLUTE RIGHT, 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, AT ANY TIME OR FROM TIME TO TIME, TO EXTEND, BY ORAL OR WRITTEN NOTICE TO THE VOTING AGENT, THE PERIOD OF TIME (ON A DAILY BASIS, IF NECESSARY) DURING WHICH BALLOTS WILL BE ACCEPTED FOR ANY REASON, UNTIL THE NECESSARY BALLOTS HAVE BEEN RECEIVED. THE DEBTORS WILL NOT HAVE ANY OBLIGATION TO PUBLISH, ADVERTISE, OR OTHERWISE COMMUNICATE ANY SUCH EXTENSION, OTHER THAN BY ISSUING A NEWS RELEASE THROUGH THE DOW JONES NEWS**

SERVICE. THERE CAN BE NO ASSURANCE THAT THE DEBTORS WILL EXERCISE THEIR RIGHT TO EXTEND THE SOLICITATION PERIOD FOR THE RECEIPT OF BALLOTS.

Ballots received by the Voting Agent after the Voting Deadline will not be counted or otherwise used in connection with the Debtors' request for confirmation of the Plan (or any permitted modification thereof), except to the extent requested by the Debtors, in their sole discretion, or as permitted by the Bankruptcy Court pursuant to Rule 3018 of the Bankruptcy Rules.

D. BALLOT MAILING ADDRESSES

BALLOTS MUST BE SENT TO THE FOLLOWING ADDRESSES:

1. FOR HOLDERS OF THE FOLLOWING CLAIMS AND INTERESTS:

- Class 6 Prepetition Notes Claims arising under the Mullen Note only
- Class 7 Von Zuben Subordinated Unsecured Note Claims
- Class 8 Equity Interests
- Class 9 arising out of ESOP Distributed Shares only

Send your completed Ballot to:

The NEWARK GROUP, INC. BALLOT PROCESSING CENTER
c/o Kurtzman Carson Consultants, LLC
Attn: David M. Sharp
1230 Avenue of the Americas, 7th Floor
New York, NY 10020

2. FOR HOLDERS OF CLAIMS IN CLASS 6 ARISING UNDER THE PREPETITION 2014 NOTES ONLY:

If you hold your Prepetition 2014 Notes through a broker, bank, proxy, or other nominee (each, a "**Nominee**"), you should promptly complete, execute, and return the Beneficial Owner Ballot, according to the instructions provided therein, **directly to your Nominee**. We have included a postage paid envelope with your Solicitation Package that you should address to your Nominee before mailing. **You should mail your completed Beneficial Owner Ballot to your Nominee by June 1, 2010 to ensure that your Nominee has sufficient time to process and forward your vote to the Voting Agent by the Voting Deadline.**

If you are both the record or registered Holder and the Beneficial Owner of Prepetition 2014 Notes, you should promptly complete, execute, and return the Beneficial Owner Ballot, according to the instructions provided therein, to:

The NEWARK GROUP, INC. BALLOT PROCESSING CENTER
c/o Kurtzman Carson Consultants, LLC
Attn: David M. Sharp
1230 Avenue of the Americas, 7th Floor
New York, NY 10020

3. FOR HOLDERS OF CLAIMS IN CLASS 9 ARISING OUT OF ESOP ALLOCATED SHARES ONLY:

Send your completed Voting Instruction Forms to:

THE NEWARK GROUP, INC. ESOP INDEPENDENT FIDUCIARY
Grandview Capital Strategies, Inc
c/o Robert F. Schatz
1007 Farmington Avenue, Suite 4
West Hartford, CT 06107

The ESOP Independent Fiduciary must have sufficient time to process your Voting Instruction Forms and send your voting instructions to the ESOP Trustees; and the ESOP Trustees must have sufficient time to vote your shares by sending your votes to the Voting Agent by the Voting Deadline of 5:00 p.m. (prevailing Eastern Time) on June 7, 2010. Therefore, **you should mail your completed Voting Instruction Form to the ESOP Independent Fiduciary by June 1, 2010 to ensure that the ESOP Independent Fiduciary has sufficient time to process your vote and direct the ESOP Trustees accordingly; and to ensure that the ESOP Trustees have sufficient time to forward your vote to the Voting Agent by the Voting Deadline.** The Voting Agent will not count votes that are received after the Voting Deadline, unless the Voting Deadline is extended.

E. VOTING PROCEDURES

1. Ballots

Each Ballot enclosed with this Disclosure Statement is marked with the Class into which the Claim or Interest has been placed under the Plan. All votes to accept or reject the Plan with respect to any Class of Claims or Interests must be cast by properly submitting the duly completed and executed form of Ballot designated for such Class. Holders of Impaired Claims or Interests voting on the Plan should complete and sign the Ballot in accordance with the instructions thereon, being sure to check the appropriate box entitled "**ACCEPT (vote FOR) the Plan**" or "**REJECT (vote AGAINST) the Plan**."

Ballots must be delivered as set forth above, and received by the Voting Agent by the Voting Deadline. THE METHOD OF SUCH DELIVERY IS AT THE ELECTION AND RISK OF THE VOTER. If such delivery is by mail, it is recommended that voters use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery.

If you are entitled to vote and you did not receive a Ballot, or you received a damaged Ballot, or you lost your Ballot, please contact the Voting Agent, Kurtzman Carson Consultants,

LLC by e-mail at KCC_TheNewarkGroup@kccllc.com or by phone at 310-751-2698 or 866-967-0498.

A vote on the Plan may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

2. Agreements upon Furnishing Ballots

The delivery of Ballot to the Voting Agent by a Holder of an Allowed Claims pursuant to one of the procedures set forth herein voting to accept the Plan will constitute the agreement of such Holder to accept (i) all of the terms of, and conditions to the solicitation and (ii) the terms of the Plan; provided, however, all parties-in-interest retain their right to object to confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code.

3. Withdrawal or Change of Votes on the Plan

After the Voting Deadline, no vote may be withdrawn without the prior consent of the Debtors, which consent shall be given in the Debtors' sole discretion.

Any Holder who has submitted a properly completed Ballot to the Voting Agent prior to the Voting Deadline may change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. If more than one timely, properly completed Ballot is received with respect to the same Claim, the Ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the Ballot that the Voting Agent determines was the last to be received.

F. SPECIAL VOTING INSTRUCTIONS FOR HOLDERS OF PREPETITION NOTES CLAIMS

With regard to Class 6 Prepetition Notes Claims, only Mullen and the Holders of the Prepetition 2014 Notes as of the Voting Record Date are entitled to vote on the Plan. The Prepetition Indenture Trustee will not vote on behalf of the Holders of the Prepetition 2014 Notes. Holders of Prepetition Notes Claims must submit their Ballots as set forth below.

1. Prepetition 2014 Notes - Beneficial Owners

Beneficial owners of Prepetition 2014 Notes may vote on the Plan by one of the following methods:

(a) If you hold your Prepetition 2014 Notes through a Nominee, complete and sign the enclosed Beneficial Owner Ballot. Return the Beneficial Owner Ballot to your Nominee in sufficient time to allow your Nominee to process the Beneficial Owner Ballot and return it to the Voting Agent by the Voting Deadline. **Therefore, you should mail your completed Beneficial Owner Ballot to your Nominee by June 1, 2010 to ensure that your Nominee has sufficient time to process and forward your vote to the Voting Agent by the Voting Deadline**.

(b) If you hold your Prepetition 2014 Notes through a Nominee, and your Nominee has provided you with a pre-validated Beneficial Owner Ballot (as described below), complete and sign the pre-validated Beneficial Owner Ballot and return the completed Beneficial Owner Ballot **directly to the Voting Agent** by the Voting Deadline.

(c) If you are both the record or registered Holder and the beneficial owner of Prepetition 2014 Notes (i.e., you hold the Prepetition 2014 Notes in your own name), you should promptly complete, execute, and return the Beneficial Owner Ballot directly to the Voting Agent on or before the Voting Deadline.

Any Beneficial Owner Ballot returned to a Nominee by a beneficial owner will not be counted for purposes of acceptance or rejection of the Plan until such Nominee properly completes and delivers to the Voting Agent that Beneficial Owner Ballot or a Master Ballot that reflects the vote of such beneficial owner.

2. Prepetition 2014 Notes - Nominees

A Nominee that, on the Voting Record Date, is the registered Holder of Prepetition 2014 Notes for a beneficial owner should obtain the vote of the beneficial owner of such Prepetition 2014 Notes, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

(a) Pre-Validated Beneficial Owner Ballots

A Nominee may pre-validate a Beneficial Owner Ballot by: (i) signing the Beneficial Owner Ballot; (ii) indicating on the Beneficial Owner Ballot the name of the registered Holder and the amount of Prepetition 2014 Notes held by the Nominee for that beneficial owner; and (iii) forwarding such Beneficial Owner Ballot, together with the Solicitation Package and other materials requested to be forwarded, to the beneficial owner for voting. The beneficial owner must then complete the information requested on the Beneficial Owner Ballot, review the certifications contained in the Beneficial Owner Ballot, and return the Beneficial Owner Ballot directly to the Voting Agent in the pre-addressed envelope so that it is received by the Voting Agent before the Voting Deadline. A list of the beneficial owners to whom "pre-validated" Beneficial Owner Ballots were delivered should be maintained by the Nominee for inspection for at least one year from the Voting Deadline.

(b) Master Ballots

A Nominee may obtain the votes of beneficial owners by forwarding to the beneficial owners the unsigned Beneficial Owner Ballots, together with the Solicitation Package, a return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such beneficial owner must then indicate his/her or its vote on the Beneficial Owner Ballot, complete the information requested in the Beneficial Owner Ballot, review the certifications contained in the Beneficial Owner Ballot, execute the Beneficial Owner Ballot, and return the Beneficial Owner Ballot to the Nominee. After collecting the Beneficial Owner Ballots, the Nominee should complete a Master Ballot, compiling the votes and other information from the Beneficial Owner Ballots, execute the Master Ballot, and deliver the

Master Ballot to the Voting Agent so that it is received by the Voting Agent before the Voting Deadline. All Beneficial Owner Ballots returned to the Nominee by beneficial owners should either be forwarded to the Voting Agent along with the Master Ballot or retained by the Nominees for inspection for at least one year from the Voting Deadline.

EACH NOMINEE SHOULD ADVISE ITS BENEFICIAL OWNERS TO RETURN THEIR BALLOTS TO THE NOMINEE BY JUNE 1, 2010 TO ALLOW THE NOMINEE SUFFICIENT TIME TO PREPARE AND SUBMIT THE MASTER BALLOT TO THE VOTING AGENT SO THAT THE MASTER BALLOT IS RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE.

2. Mullen Note

Mullen, as Holder of the Mullen Note as of the Voting Record Date, may vote his Prepetition Notes Claim directly by completing the Ballot that has been included in his Solicitation Package, and indicating how he wishes to vote his Claim, either to accept (vote for) or to reject (vote against) the Plan. Mullen should sign and date his Ballot and submit the Ballot **so it is received by the Voting Agent by** the Voting Deadline.

If the Ballot is not completed, signed, and timely received by the Voting Agent by the Voting Deadline, the votes transmitted thereby will not be counted. **THE VOTING AGENT WILL NOT ACCEPT BALLOTS BY ELECTRONIC OR FACSIMILE TRANSMISSION**

3. DTC Securities Clearing Agency

The Debtors expect that the DTC, as a Nominee Holder of certain of the Prepetition 2014 Notes, will arrange for its participants to vote by providing a Voting Record Date listing of participants entitled to vote. Such participants will be authorized to vote their Voting Record Date positions held in the name of such securities clearing agency.

4. Miscellaneous

For purposes of voting to accept or reject the Plan, the beneficial owners of Prepetition 2014 Notes as of the Voting Record Date will be deemed to be the Holders of the Claims represented by such Prepetition 2014 Notes. Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated and timely received, but on which a vote to accept or reject the Plan has not been indicated, will not be counted. The Debtors, in their sole discretion, may request that the Voting Agent attempt to contact such voters to cure any such defects in the Ballots.

Except as provided below, unless the Ballot is timely received by the Voting Agent before the Voting Deadline together with any other documents required by such Ballot (if any), the Debtors may, in their sole discretion, reject such Ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan.

In the event of a dispute with respect to any Prepetition Notes Claim, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

G. SPECIAL VOTING INSTRUCTIONS FOR HOLDERS OF ESOP INTERESTS

With regard to Class 9 ESOP Interests, only the Holders of ESOP Interests according to the records maintained by the ESOP Trustees as of the Voting Record Date are entitled to vote on the Plan.

As explained in more detail below, ESOP Beneficiaries will be entitled to instruct the ESOP Independent Fiduciary to direct the ESOP Trustees as to how to vote their ESOP Allocated Shares. ESOP Beneficiaries must instruct the ESOP Independent Fiduciary to direct the ESOP Trustees to vote all of their ESOP Allocated Shares either (1) to accept the Plan or (2) to reject the Plan. The ESOP Independent Fiduciary will direct the ESOP Trustees to vote the ESOP Allocated Shares as instructed by the ESOP Beneficiaries. The ESOP Trustees will vote as directed by the ESOP Independent Fiduciary.

ESOP Distributees will vote their ESOP Interests directly. ESOP Distributees must vote all of their ESOP Distributed Shares either (1) to accept the Plan or (2) to reject the Plan.

Specific voting instructions for ESOP Beneficiaries and ESOP Distributees are set forth below:

1. Voting Instructions for ESOP Beneficiaries

Each ESOP Beneficiary who holds ESOP Allocated Shares as of the Voting Record Date will receive a Voting Instruction Form that should be used to provide the ESOP Independent Fiduciary with instructions as to how to direct the ESOP Trustees to vote the shares of Company stock allocated to such ESOP Beneficiary's ESOP account. The ESOP Independent Fiduciary shall collect and process the Voting Instruction Forms and will direct the ESOP Trustees to vote the ESOP Allocated Shares in accordance with the voting instructions provided by the ESOP Beneficiaries, unless the ESOP Independent Fiduciary determines that doing so would cause a violation of its fiduciary duties under ERISA. The ESOP Trustees shall be entitled to deliver one vote per ESOP Allocated Share.

In the event an ESOP Beneficiary has not timely or properly submitted his or her Voting Instruction Form to the ESOP Independent Fiduciary, as determined by the ESOP Independent Fiduciary in its sole discretion, the ESOP Independent Fiduciary shall instruct the ESOP Trustees to vote such shares in favor of the Plan, provided that the ESOP Independent Fiduciary determines that doing so is consistent with its fiduciary obligations under ERISA.

Each ESOP Beneficiary should complete the Voting Instruction Form that has been included with its Solicitation Package and indicate how it wishes the ESOP Trustees to vote its ESOP Allocated Shares, either to accept (vote for) or to reject (vote against) the Plan. To the extent that an ESOP Beneficiary instructs the ESOP Independent Fiduciary to direct the ESOP Trustees to vote its ESOP Allocated Shares in favor of the Plan, such ESOP Beneficiary 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 of the Plan, to the extent permitted by the Code,

the Bankruptcy Code and ERISA. The ESOP Beneficiary should sign and date the Voting Instruction Form and **deliver the Voting Instruction Form to the ESOP Independent Fiduciary, so that it is received on or before 5:00 p.m. on June 1, 2010** by the ESOP Independent Fiduciary at the following address:

The Newark Group ESOP Independent Fiduciary
Grandview Capital Strategies, Inc.
c/o Robert Schatz
1007 Farmington Avenue, Suite 4
West Hartford, CT 06107

2. Voting Instructions for ESOP Distributees

Each ESOP Distributee who holds ESOP Distributed Shares as of the Voting Record Date will receive an ESOP Distributee Ballot that should be used to vote its ESOP Distributed Shares. Each ESOP Distributee should vote its ESOP Distributed Shares directly by completing the ESOP Distributee Ballot that has been included with its Solicitation Package, and indicate how it wishes to vote its ESOP Shares, either to accept (vote for) or to reject (vote against) the Plan.

To the extent that an ESOP Distributee votes its ESOP Distributed Shares in favor of the Plan, such 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 of the Plan, to the extent permitted by the Code, the Bankruptcy Code and ERISA.

The ESOP Distributee should sign and date the ESOP Distributee Ballot and submit the ESOP Distributee Ballot so that it is received by 5:00 p.m. (prevailing Eastern Time) on June 7, 2010, the Voting Deadline, by the Voting Agent at the following address:

The NEWARK GROUP, INC. BALLOT PROCESSING CENTER
c/o Kurtzman Carson Consultants, LLC
Attn: David M. Sharp
1230 Avenue of the Americas, 7th Floor
New York, NY 10020

If the ESOP Distributee Ballot is not completed, signed, and timely received by the Voting Agent by the Voting Deadline, the votes transmitted thereby will not be counted.

PLEASE NOTE THAT THE VOTING AGENT WILL NOT ACCEPT BALLOTS BY ELECTRONIC OR FACSIMILE TRANSMISSION

H. FIDUCIARIES AND OTHER REPRESENTATIVES

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Ballot of each beneficial owner for whom they are voting.

UNLESS THE BALLOT BEING FURNISHED IS TIMELY RECEIVED BY THE VOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; *PROVIDED, HOWEVER,* THAT THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST OF THE BANKRUPTCY COURT THAT ANY SUCH BALLOT BE COUNTED. **IN NO CASE SHOULD A BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE ESOP INDEPENDENT FIDUCIARY OR THE VOTING AGENT.**

I. WAIVERS OF DEFECTS, IRREGULARITIES, ETC.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion, which determination will be final and binding. As indicated in Article VI.J.4 herein, effective withdrawals of Ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

J. DELIVERY OF EXTINGUISHED SECURITIES

The Debtors are not, at this time, requesting the delivery of, and neither the Debtors nor the Voting Agent will accept, certificates representing any securities which will, on and after the Effective Date, be cancelled. In connection with the Effective Date, the Debtors will furnish all record Holders of extinguished securities with appropriate letters of transmittal to be used to remit their extinguished securities in exchange for the distribution under the Plan. Information regarding such remittance procedure (together with all appropriate materials) will be distributed by the Reorganized Debtors after the Confirmation Date.

K. FURTHER INFORMATION; ADDITIONAL COPIES

If you have any questions or require further information about the voting procedure for voting your Claim or about the Solicitation Package, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits to such documents (at your own expense, unless otherwise specifically required by of Rule 3017(d) of the Bankruptcy Rules), please contact the Voting Agent, Kurtzman Carson Consultants, LLC by e-mail at KCC_TheNewarkGroup@kccllc.com or by phone at 310-751-2698 or 866-967-0498.

L. VOTE REQUIRED FOR ACCEPTANCE BY A CLASS

1. Class of Claims

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (⅔) in amount and more than one-half (½) in number of the Allowed Claims in such Class that have voted on the Plan.

2. Class of Interests

A Class of Interests shall have accepted the Plan if it is accepted by at least two-thirds (⅔) in amount of the Allowed Interests in such Class that have voted on the Plan.

ARTICLE VII. CONFIRMATION OF THE PLAN

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. The Confirmation Hearing pursuant to section 1128 of the Bankruptcy Code will be held on a date to be determined by the Bankruptcy Court after the Chapter 11 Cases are commenced. The Confirmation Hearing may be adjourned from time to time by the Debtors, in consultation with 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 the Bankruptcy Court, without further notice except for the announcement of adjournment at the Confirmation Hearing, or at any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan. Any objection to confirmation of the Plan must: (i) be made in writing; (ii) state the name and address of the objecting party and the nature of the claim or interest of such party; (iii) state with particularity the legal and factual basis and nature of any objection to the Plan; and (iv) be filed with the Court, together with proof of service, and served so that they are received on or before the date to be fixed by the Bankruptcy Court.

The procedures for filing objections to confirmation of the Plan shall be determined by the Bankruptcy Court after the Chapter 11 Cases are filed.

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (i) is accepted by all impaired Classes of Claims and Interests or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (ii) is feasible and (iii) is in the "best interests" of Holders of Claims and Interests Impaired under the Plan.

AS EXPLAINED ABOVE, THE BANKRUPTCY CODE CONTAINS PROVISIONS FOR CONFIRMATION OF A PLAN EVEN IF IT IS NOT ACCEPTED BY ALL CLASSES. THESE "CRAMDOWN" PROVISIONS ARE SET FORTH IN SECTION 1129(B) OF THE BANKRUPTCY CODE, WHICH PROVIDES THAT A PLAN OF REORGANIZATION CAN BE CONFIRMED EVEN IF IT HAS NOT BEEN ACCEPTED BY ALL IMPAIRED CLASSES OF CLAIMS AND INTERESTS AS LONG AS AT LEAST ONE IMPAIRED CLASS OF NON-INSIDER CLAIMS HAS VOTED TO ACCEPT THE PLAN.

1. Acceptance by All Impaired Classes

Claims and Interests in Classes 6, 7, 8, and 9 are Impaired under the Plan, and, therefore, must accept the Plan in order for it to be confirmed without application of the "fair and equitable test," described below, to such Classes. As stated above, Impaired Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan. Impaired Classes of Interests will have accepted the Plan if the Plan is accepted by at least two-thirds in amount of the Interests of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) have voted to accept the Plan.

Claims and Interests in Classes 1, 2, 3, 4, and 5 are Unimpaired under the Plan, and the Holders of Allowed Claims in each of these Classes are conclusively presumed to have accepted the Plan.

2. Fair and Equitable Test

The Debtors will seek to confirm the Plan notwithstanding the non-acceptance or deemed non-acceptance of the Plan by any Impaired Class of Claims or Interests. To obtain such confirmation, it must be demonstrated that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such dissenting Impaired Class.

A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class receives more than it is entitled to on account of its claims or interests. The Debtors believe that the Plan satisfies these requirements.

The Bankruptcy Code establishes different "fair and equitable" tests for secured claims, unsecured claims and equity interests, as follows:

(a) Secured Claims. Either (i) each holder of an impaired secured claim retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens attaching to the proceeds of the sale and the treatment of such liens on proceeds is as provided in clauses (i) or (ii) above.

(b) Unsecured Claims. Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.

(c) Interests. Either (i) each holder of an interest will receive or retain under the plan property of a value equal to the greater of the fixed liquidation preference to which such holder is entitled, or the fixed redemption price to which such holder is entitled or the value of the interest, or (ii) the holders of interests that are junior to the non-accepting class will not receive or retain any property under the plan.

THE DEBTORS BELIEVE THAT THE PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS PROVIDED THAT CLASS 6 ACCEPTS THE PLAN. ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

3. Feasibility

Pursuant to section 1129(a)(11) of the Bankruptcy Code, the Bankruptcy Court must determine, among other things, that confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors or any successors to the Debtors under the Plan. This condition is often referred to as the "feasibility" of the Plan. The Debtors believe that the Plan satisfies this requirement.

For purposes of determining whether the Plan meets this requirement, the Debtors, in consultation with their financial advisors, have analyzed the Debtors' ability to meet their obligations under the Plan. As part of that analysis, the Debtors have prepared consolidated projected financial results ("**Projections**") for each of the fiscal years ending April 30, 2010 through and including 2014. These Projections, and the assumptions on which they are based, are annexed hereto as Exhibit P.

The Debtors have prepared the Projections based upon certain assumptions that they believe to be reasonable under the current circumstances. Those assumptions the Debtors considered to be significant are described in the notes which are part of the Projections. The Projections have not been examined or compiled by independent accountants. Many of the

assumptions on which the Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved throughout the period covered by the Projections may vary from the projected results, and the variations may be material. All Holders of Claims and Interests that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the Projections are based in evaluating the feasibility of the Plan.

4. Best Interests Test and Liquidation Analysis

Even if the Plan is accepted by all Holders of Claims and Interests that are eligible to vote, section 1129 of the Bankruptcy Code requires that the Bankruptcy Court determine that the Plan is in the best interests of all Holders of Claims and Interests that are Impaired by the Plan or that have not accepted the Plan. This "best interests" test must show that each Holder of Impaired Claims or Impaired Interests receive property with a value not less than the amount such Holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. The Debtors believe that under the Plan, Holders of Impaired Claims and Impaired Interests will receive property with a value equal to or in excess of the value such Holders would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

To estimate the potential returns to Holders of Claims and Interests in a chapter 7 liquidation, the Debtors will determine, as might a Bankruptcy Court conducting such an analysis, the amount of liquidation proceeds that might be available for distribution (net of liquidation-related costs) and the allocation of such proceeds among the Classes of Claims and Interests based on their relative priority as set forth in the Bankruptcy Code.

The amount of liquidation value available to Holders of unsecured Claims against the Debtors would be reduced by first, the Claims of secured creditors, to the extent of the value of their collateral, and second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 cases and the Chapter 11 Cases. Costs of a liquidation under chapter 7 would include the compensation of a chapter 7 trustee, as well as counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the Debtors in the Chapter 11 Cases (such as compensation of attorneys, financial advisors, and the accountants) that are allowed in the chapter 7 cases, litigation costs, and Claims arising from the operations of the Debtors during the pendency of the Chapter 11 Cases. The liquidation itself would trigger certain priority payments that otherwise would be due in the original course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay unsecured Claims or to make any distribution in respect of Interests. The liquidation would also prompt the rejection of executory contracts and unexpired leases and thereby create a significantly greater amount of unsecured Claims.

In a chapter 7 liquidation, no junior Class of Claims or Interests may be paid unless all Classes of Claims or Interests senior to such junior Class are paid in full. Section 510(a) of the Bankruptcy Code provides that subordination agreements are enforceable in a bankruptcy case to the same extent that such subordination agreements are enforceable under applicable non-bankruptcy law. Therefore, no Class of Claims or Interests that is contractually subordinated to

another Class would receive any payment on account of its Claims or Interests, unless and until such senior Class was paid in full.

Once the Bankruptcy Court ascertains the recoveries in liquidation of the Debtors' secured and priority creditors, it would then determine the probable distribution to unsecured creditors from the remaining available proceeds of the liquidation. If this probable distribution has a value greater than the value of distributions to be received by the unsecured creditors under the Plan, then the Plan is not in the best interests of creditors and cannot be confirmed by the Bankruptcy Court. The Debtors believe that the Liquidation Analysis attached hereto as Exhibit Q will demonstrate that each member of each Class of Impaired Claims and Interests will receive at least as much, if not more, under the Plan as they would receive if the Debtors were liquidated pursuant to chapter 7 of the Bankruptcy Code.[14] Therefore, the Debtors believe that the Plan satisfies the requirements of the "best interests" test.

ARTICLE VIII. PROJECTED FINANCIAL INFORMATION AND REORGANIZATION VALUE

A. PROJECTED FINANCIAL INFORMATION

As noted earlier, the Debtors have prepared certain Projections, which are attached to this Disclosure Statement as Exhibit P. The Debtors have undertaken a thorough analysis of their operations and have applied that analysis to develop Projections for the years 2010-2014. The Projection period commences March 1, 2010. The development of the Projections considered historical and recent operational performance, opportunities for improving operational efficiency and reducing waste and costs, and published market research regarding forecast growth rates for the primary markets in which the Debtors participate. The principal assumptions that are part of the Projections are set forth as part of Exhibit P.

The Debtors prepared the Projections based upon, among other things, the anticipated future financial condition and results of operations of the Reorganized Debtors and their Non-Debtor Affiliates. The Debtors do not generally publish their business plans and strategies or make external projections of their anticipated financial position or results of operations. The Debtors do not intend to update or otherwise revise the Projections to reflect circumstances existing since their preparation, or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the Reorganized Debtors do not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

THE PROJECTIONS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT P WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN

[14] Exhibit C does not include a liquidation analysis of Debtors Jackson Drive Corp. and NP Cogen, Inc. because none of the Claims and Interest of these Debtors are being Impaired. Therefore, the Plan necessarily provides as much, if not more, than Holders of such Claims and Interests would receive in a chapter 7 liquidation, and the "best interests" test is satisfied.

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING PROJECTIONS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. THE DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER APRIL 30, 2010 OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE DEBTORS BELIEVE THAT THE PROJECTIONS ARE BASED ON ESTIMATES AND ASSUMPTIONS THAT ARE REASONABLE. THE ESTIMATES AND ASSUMPTIONS MAY NOT BE REALIZED, HOWEVER, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. NO REPRESENTATIONS CAN BE OR ARE MADE AS TO WHETHER THE ACTUAL RESULTS WILL BE WITHIN THE RANGE SET FORTH IN THE PROJECTIONS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE, AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR MAY BE UNANTICIPATED, AND THEREFORE MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. SEE ARTICLE X, "RISK FACTORS" HEREIN.

B. REORGANIZED DEBTORS' ENTERPRISE VALUE

In conjunction with formulating the Plan, the Debtors have determined that it is appropriate to estimate the post-confirmation going concern value for TNG Global (the "**Reorganized TNG Global Enterprise Value**"). Accordingly, the Debtors have authorized and directed Jefferies to prepare such a valuation. The Reorganized TNG Global Enterprise Value was prepared solely by Jefferies at the request and direction of the Debtors. The Reorganized TNG Global Enterprise Value does not constitute a recommendation to any Holder of Claims or Interests against the Debtors as to how to vote on the Plan. Jefferies' estimate of a range of enterprise values does not constitute an opinion as to the fairness, from a financial point of view, of the potential consideration to be received under the Plan or of the terms and provisions of the Plan.

1. Valuation Overview

For purposes of the Plan, the Reorganized TNG Global Enterprise Value is estimated to be between approximately $285 million and $330 million, with a midpoint of $307.5 million as of an assumed Effective Date of June 30, 2010. The Reorganized TNG Global Enterprise Value reflects the going concern value of TNG Global after giving effect to the implementation of the

Plan. The common equity value (the "**Equity Value**") of TNG Global is estimated to be between approximately $135 million and $180 million, with a midpoint of $157.5 million. The Equity Value reflects the difference between the Reorganized TNG Global Enterprise Value and the total amount of net debt that is estimated to be outstanding after consummation of the Plan.

With respect to the Projections prepared by the management of TNG Global and attached hereto as Exhibit P, Jefferies believes that such Projections have been reasonably prepared in good faith and on a basis reflecting the best available estimates and judgments of the Company as to its future operating and financial performance. Jefferies' estimate of the Reorganized TNG Global Enterprise Value assumes that the operating results projected by the Company will be achieved. If the business performs at levels below those set forth in the Projections, such performance may have a material impact on the estimated range of values. Changes in facts and circumstances between the date hereof and the Effective Date, including, without limitation, a delay in the Effective Date, may result in changes to the Reorganized TNG Global Enterprise Value.

In preparing the Reorganized TNG Global Enterprise Value, Jefferies conducted the due diligence, including, but not limited to, the following: (1) multiple meetings with TNG Global management to discuss the business operations and financial projections; (2) review of TNG Global's operating strategy and business plan; (3) review of TNG Global management's financial forecasts, including various supporting schedules and information; (4) review of the assumptions underlying TNG Global management's projections, as well as risk factors and opportunities that could impact expected performance; (5) analysis of TNG Global's industry, key competitors, and trends in the environment in which TNG Global operates; and (6) analysis of the performance and market position of TNG Global relative to its key competitors and/or similar publicly traded companies; (7) consideration of the value assigned to certain precedent merger and acquisition transactions for businesses similar to the Company, as well as certain economic and industry information relevant to the operating business of the Company; (8) consideration, to the extent publicly available, of the final terms of restructurings and other similar transactions that have recently been effected; (9) consideration of other information, financial studies, analyses and investigations, along with financial, economic and market criteria that it deemed relevant; and (10) such other analyses as it deemed necessary under the circumstances. Although Jefferies conducted a review and analysis of TNG Global's businesses, operating assets, and liabilities, as well as the business plan, Jefferies assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Company, as well as publicly available information. Jefferies' estimate of the Reorganized TNG Global Enterprise Value reflects work performed on the basis of information provided to Jefferies as of January 31, 2010.

In addition to the foregoing, Jefferies relied upon the following assumptions in arriving at its estimated valuation of Reorganized TNG Global:

- The Effective Date occurs on or about June 30, 2010;
- TNG Global is able to recapitalize with adequate liquidity as of the Effective Date;

- TNG Global is able to implement the Plan in the manner described herein;
- The pro forma net debt levels of the Reorganized TNG Global would be approximately $150 million immediately following the Effective Date; and
- General financial and market conditions as of the Effective Date will not differ materially from the conditions prevailing as of the date of this Disclosure Statement and as assumed in the Projections.

2. Valuation Methodologies

In performing its analysis, Jefferies utilized three primary methodologies: (a) Comparable Public Company Analysis; (b) Comparable M&A Transaction Analysis; and (c) Discounted Cash Flow Analysis. Each of these analyses are substantially similar in approach to those used by Jefferies' Investment Banking for other similar chapter 11 valuations, pricing debt and equity transactions, valuing transactions for fairness opinions, advising in mergers and acquisitions, and other similar transactions. These valuation methodologies are based upon TNG Global's business plan, certain publicly available information, and financial information provided by the Debtors.

In determining the Reorganized TNG Global Enterprise Value, Jefferies considered the "fair market value" of TNG Global's assets, defined as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts"[15]. The fair market value is assumed to occur in an open and unrestricted market, with "normal" conditions for capital and financing markets, strategic interest, and supply of similar assets.

THE FOLLOWING SUMMARY DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE ANALYSES AND FACTORS UNDERTAKEN TO SUPPORT JEFFERIES' CONCLUSIONS. THE PREPARATION OF A VALUATION IS A COMPLEX PROCESS INVOLVING VARIOUS DETERMINATIONS AS TO THE MOST APPROPRIATE ANALYSES AND FACTORS TO CONSIDER, AS WELL AS THE APPLICATION OF THOSE ANALYSES AND FACTORS UNDER THE PARTICULAR CIRCUMSTANCES. AS A RESULT, THE PROCESS INVOLVED IN PREPARING A VALUATION IS NOT READILY SUMMARIZED.

(a) Comparable Public Company Analysis

The Comparable Public Company Analysis estimates the value of a company based on a comparison of such company's financial statistics with the financial statistics of other public companies that are similar. Criteria for selecting comparable companies for this analysis include, among other relevant characteristics, similar lines of business, business risks, growth

[15] This definition is from the United States Department of the Treasury's Internal revenue Code, Subchapter B, § 20.2031-1(b) and was utilized in *United States v. Cartwright*, 411 U.S. 546, 550-551 (1973) (internal citation omitted).

prospects, maturity of business, market presence, size, and scale of operations. The analysis establishes benchmarks for valuation by deriving financial multiples and ratios for the comparable companies, standardized using common variables such as EBITDA. In order to avoid distortion of the valuation, it is common to normalize the results of the company being valued, for example by excluding one-off extraordinary items.

(b) Comparable M&A Transaction Analysis

The Comparable M&A Transaction Analysis estimates the value of a Company based on a comparison of prior merger and acquisition transactions of other public companies that are similar to the target company. Criteria for selecting comparable companies for this analysis are similar to those cited in the Comparable Public Company Analysis.

(c) Discounted Cash Flow Analysis

The discounted cash flow analysis ("**DCF Analysis**") valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF Analysis is a "forward looking" valuation methodology approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating the average cost of debt and equity for publicly traded companies that are similar to the Company. This approach has two components: (i) the present value of the projected un-levered after-tax free cash flows for a determined period, and (ii) the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the projections).

3. Valuation Considerations

An estimate of total enterprise value is not entirely mathematical, but rather it involves complex considerations and judgments concerning various factors that could affect the value of an operating business. Moreover, the value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimates of total enterprise value set forth herein are not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, neither the Company, Jefferies, nor any other person assumes responsibility for their accuracy. Depending on the results of TNG Global's operations or changes in the financial markets, Jefferies' valuation analysis as of the Effective Date may differ from that disclosed herein. In addition, any valuation of newly-issued securities implied by the estimates of value set forth herein is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things: (a) prevailing interest rates; (b) conditions in the financial markets; (c) the anticipated initial securities holdings of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long term basis; and (d) other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by the Chapter 11 Cases or by other factors not possible to predict. Accordingly, the Reorganized TNG Global Enterprise Value estimated by Jefferies does not necessarily reflect,

and should not be construed as reflecting, values that will be attained in the public or private markets.

ARTICLE IX. DESCRIPTION OF CAPITAL STOCK OF THE REORGANIZED COMPANY

On the Effective Date, the authorized capital stock of the Reorganized Company will consist of 28,730,100 shares of New Common Stock. Set forth below is a summary of (i) the terms of the New Common Stock, (ii) the terms of the Warrants, (iii) the terms of a management incentive plan that may be enacted after the Effective Date, and (iv) the terms of the Reorganized Company Stockholders' Agreement. To the extent that there is any inconsistency between this summary and the Certificate of Incorporation, the Warrant Agreement, the management incentive plan, or the Reorganized Company Stockholders' Agreement, the terms of the Certificate of Incorporation, the Warrant Agreement, the management incentive plan, or the Reorganized Company Stockholders' Agreement, respectively, shall control.

A. NEW COMMON STOCK

The terms of the New Common Stock are set forth in their entirety in the Certificate of Incorporation of the Reorganized Company, in substantially the form attached to this Disclosure Statement as Exhibit J.

B. 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.

C. 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.

D. REORGANIZED COMPANY STOCKHOLDERS' AGREEMENT

The New Common Stock will not be freely transferable and will be subject to significant contractual transfer restrictions that may affect the development of an active trading market for the New Common Stock and/or the future trading prices of the New Common Stock. The Plan contemplates that the Reorganized Company and all 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, and upon all successors and assigns of such parties, will enter into (or be deemed to enter into) the Reorganized Company Stockholders' Agreement, in substantially the form attached to this Disclosure Statement as Exhibit F. 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.

ARTICLE X. RISK FACTORS

THE IMPLEMENTATION OF THE PLAN AND THE ISSUANCE OF THE NEW COMMON STOCK ARE SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING THOSE ENUMERATED BELOW.

IN EVALUATING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS." THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, THE EFFECT OF THE REORGANIZATION ON CUSTOMERS, SUPPLIERS, VENDORS AND EMPLOYEES, FLUCTUATIONS IN RAW MATERIAL PRICES AND ENERGY COSTS, DOWNTURNS IN INDUSTRIAL PRODUCTION, HOUSING AND CONSTRUCTION AND THE CONSUMPTION OF DURABLE AND NONDURABLE GOODS, THE DEGREE AND NATURE OF COMPETITION, DEMAND FOR THE DEBTORS' PRODUCTS, THE DEGREE OF SUCCESS ACHIEVED BY THE DEBTORS' NEW PRODUCT INITIATIVES, INCREASES IN PENSION AND INSURANCE COSTS, CHANGES IN GOVERNMENT REGULATIONS, THE APPLICATION OR INTERPRETATION OF THOSE REGULATIONS OR IN THE SYSTEMS, PERSONNEL, TECHNOLOGIES OR OTHER RESOURCES THE COMPANY DEVOTES TO COMPLIANCE WITH REGULATIONS, THE COMPANY'S ABILITY TO COMPLETE ACQUISITIONS AND SUCCESSFULLY INTEGRATE THE OPERATIONS OF ACQUIRED BUSINESSES, TERRORIST ACTIONS OR ACTS OF WAR, OPERATING EFFICIENCIES, LABOR RELATIONS, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS. NO PARTY, INCLUDING, WITHOUT LIMITATION, THE DEBTORS OR

THE REORGANIZED DEBTORS, UNDERTAKES AN OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

A. GENERAL BANKRUPTCY LAW CONSIDERATIONS

1. Failure to Obtain Confirmation of the Plan May Result in Liquidation or Confirmation of an Alternative Plan on Less Favorable Terms.

Although the Debtors believe that the Plan will satisfy all requirements for confirmation under the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not be sufficiently material as to necessitate the re-solicitation of votes on the Plan.

The Plan provides that the Debtors reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent necessary. In the event that Classes 4, 6, and/or 7 fail to accept the Plan in accordance with sections 1126(c) and 1129(a)(8) of the Bankruptcy Code, the Debtors reserve the right: (a) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code; and/or (b) to modify the Plan in accordance with Section 12.8 thereof. While the Debtors believe that the Plan satisfies the requirements for non-consensual confirmation under section 1129(b) of the Bankruptcy Code because it does not "discriminate unfairly" and is "fair and equitable" with respect to the Classes that reject or are deemed to reject the Plan, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can be no assurance that any such challenge to the requirements for non-consensual confirmation will not delay the Debtors' emergence from chapter 11 or prevent confirmation of the Plan.

If the Plan is not confirmed, there can be no assurance that the Chapter 11 Cases will continue rather than be converted into chapter 7 liquidation cases or that any alternative plan or plans of reorganization would be on terms as favorable to the Holders of Claims against and Interests in the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be substantially eroded to the detriment of all stakeholders.

2. Failure of Occurrence of the Effective Date May Result in Liquidation or Alternative Plan on Less Favorable Terms.

Although the Debtors believe that the Effective Date may occur shortly after the Confirmation Date, there can be no assurance as to such timing. The occurrence of the Effective Date is also subject to certain conditions precedent as described in Section IX of the Plan. Failure to meet any of these conditions could result in the Plan not being consummated.

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests provided for in the Plan shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all executory contracts and unexpired leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

If the Effective Date of the Plan does not occur, there can be no assurance that the Chapter 11 Cases will continue rather than be converted into chapter 7 liquidation cases or that any alternative plan or plans of reorganization would be on terms as favorable to the Holders of Claims against and Interests in the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be eroded to the detriment of all stakeholders.

B. OTHER RISK FACTORS

1. Variances from Projections May Affect Ability to Pay Obligations.

The Debtors have prepared the projected financial information contained in Exhibit P to this Disclosure Statement relating to the Reorganized Company in connection with the development of the Plan and in order to present the anticipated effects of the Plan and the transactions contemplated thereby. The Projections are intended to illustrate the estimated effects of the Plan and certain related transactions on the results of operations, cash flow and financial position of the Reorganized Company for the periods indicated. The Projections are qualified by the accompanying assumptions, and must be read in conjunction with such assumptions, which constitute an integral part of the Projections. The Projections are based upon a variety of assumptions as set forth therein, and the Reorganized Company's future operating results are subject to and likely to be affected by a number of factors, including significant business, economic and competitive uncertainties, many of which are beyond the control of the Reorganized Company. In addition, unanticipated events and circumstances occurring subsequent to January 31, 2010 may affect the actual financial results of the Reorganized Company's operations. Accordingly, actual results may vary materially from those shown in the Projections, which may adversely affect the ability of the Reorganized Company to pay the obligations owing to certain Holders of Claims entitled to distributions under the Plan and other indebtedness incurred after confirmation of the Plan.

Management believes that the industry in which the Reorganized Company will be operating is volatile due to numerous factors, all of which make accurate forecasting very difficult. Although it is not possible to predict all risks associated with the Projections and their underlying assumptions, there are some risks which management is presently able to identify. The Projections assume that all aspects of the Plan will be successfully implemented on the terms set forth in this Disclosure Statement and that the publicity associated with the bankruptcy proceeding contemplated by the Plan will not adversely affect the Reorganized Company's operating results. There can be no assurance that these two assumptions are accurate, and the failure of the Plan to be successfully implemented, or adverse publicity, could have a materially detrimental effect on the Reorganized Company's business, results of operations and financial condition.

Moreover, the Projections were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. Rather, the Projections were developed in connection with the planning, negotiation and development of the Plan. The Reorganized Company does not undertake any obligation to update or otherwise revise the Projections to reflect events or circumstances existing or arising after October 31, 2009 or to

reflect the occurrence of unanticipated events. In management's view, however, the Projections were prepared on a reasonable basis and represent a reasonable view of the expected future financial performance of the Reorganized Company after the Effective Date. Nevertheless, the Projections should not be regarded as a representation, guaranty or other assurance by the Debtors, the Reorganized Debtors or any other person that the Projections will be achieved, and Holders are therefore cautioned not to place undue reliance on the projected financial information contained in this Disclosure Statement.

2. Extent of Leverage May Limit Ability to Obtain Additional Financing for Operations.

Although the Plan will result in the elimination of debt, the Reorganized Company will continue to have a significant amount of indebtedness after the Effective Date.

Such levels of indebtedness may limit the ability of the Reorganized Company to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes. Such levels of indebtedness may also limit the ability of the Reorganized Company to adjust to changing market conditions and to withstand competitive pressures, possibly leaving the Reorganized Company vulnerable in a downturn in general economic conditions or in its business, or unable to carry out capital spending that is important to growth and productivity improvement programs.

3. Uncertainty Regarding DIP and Exit Facility Credit Agreements May Adversely Affect Success of Reorganization.

The DIP Facility Credit Agreements and the Exit Facility Credit Agreements include various conditions to closing including, but not limited to, due diligence conditions. Accordingly, the Debtors cannot give assurances that the DIP Facilities or the Exit Facilities will be consummated. Furthermore, the ABL DIP Facility Lenders and the ABL Exit Facility Lenders have not provided written commitments to enter into the ABL DIP Facility or the ABL Exit Facility. In the event any of these facilities are not consummated, and the Debtors are unable to promptly obtain replacement facilities, the ability of the Debtors to confirm the Plan will be materially and adversely affected.

Even if the Exit Facility Credit Agreements and the DIP Facility Credit Agreements are entered into, any inability of the Reorganized Company to satisfy the financial covenants and maintain sufficient inventory and receivables levels required under the ABL DIP Facility and the ABL Exit Facility could restrict the ability of the Reorganized Company to fully access the maximum amount that may be borrowed under the Exit Facility Credit Agreements and the DIP Facility Credit Agreements. These uncertainties with respect to the Exit Facility Credit Agreements and the DIP Facility Credit Agreements may adversely affect the success of the reorganization of the Reorganized Company.

4. Assumptions Regarding Value of the Debtors' Assets May Prove Incorrect.

It has been generally assumed in the preparation of the Projections that the historical book value of the Debtors' assets approximates those assets' fair value, except for specific adjustments. For financial reporting purposes, the fair value of the Debtors' assets must be

determined as of the Effective Date. This determination will be based on an independent valuation. Although the Debtors do not presently expect this valuation to result in values that are materially greater or less than the values assumed in the preparation of the Projections, the Debtors can make no assurances with respect thereto.

5. Historical Financial Information May Not Be Comparable.

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

6. Market and Business Risks May Adversely Affect Business Performance.

In the normal course of business, the Debtors are subject to the following types of risks and variables, which the Debtors anticipate may materially affect their business performance following the Effective Date:

- General economic and business conditions, particularly the current economic downturn;
- Fluctuations in raw material prices and energy costs;
- Downturns in industrial production, housing and construction and the consumption of durable and nondurable goods;
- The degree and nature of competition in the Debtors' markets;
- Fluctuations in demand for the Debtors' products;
- The degree of success achieved by the Debtors' new product initiatives;
- Increases in pension and insurance costs;
- Changes in government regulations, the application or interpretation of those regulations or in the systems, personnel, technologies or other resources the Debtors devote to compliance with regulations;
- The Debtors' ability to complete acquisitions and successfully integrate the operations of acquired businesses; and
- The Debtors' ability to obtain cash adequate to fund its needs, including the borrowings available under the Exit Facility Credit Agreements.

7. Cycles, Conditions and Problems Inherent in the Debtors' Industry May Adversely Affect Financial Results.

The Debtors' operating results tend to reflect the general cyclical nature of the business in which the Debtors operate. In addition, the Debtors' industry has suffered from excess capacity. The Debtors' industry also is capital intensive, which leads to high fixed costs and generally results in continued production as long as prices are sufficient to cover variable costs. These conditions have contributed to substantial price competition and volatility within the Debtors' industry. In a recession, demand and prices for the Debtors' products tend to drop substantially. Future decreases in prices for the Debtors' products could adversely affect the Debtors' operating results. These factors may adversely affect the Debtors' ability to respond to competition and to other market conditions or to otherwise take advantage of business opportunities.

8. Future Increases in Raw Material and Other Operating Costs May Adversely Affect Financial Results.

The Debtors' primary raw material is recycled paper, which is known in the Debtors' industry as "recovered fiber." The cost of recovered fiber has, at times, fluctuated greatly because of factors such as shortages or surpluses created by market or industry conditions. Although the Debtors have historically raised the selling prices of the Debtors' products in response to raw material price increases, sometimes raw material prices have increased so quickly or to such levels that the Debtors have been unable to pass the price increases through to the Debtors' customers on a timely basis, which has adversely affected the Debtors' operating margins. The Debtors cannot give assurances that they will be able to pass such price increases through to their customers on a timely basis and maintain the Debtors' margins in the face of raw material cost fluctuations in the future.

The Debtors have historically announced price increases on the Debtors' products to help offset increases in other operating costs as well, such as energy, freight, employee benefits and insurance. Although the Debtors seek to realize the full benefit of these announced price increases, the Debtors' ability to do so is dependent on numerous factors, such as customer acceptance of these increases, market dynamics including supply and demand, and contractual commitments that may prescribe the timing and amount of future price increases, without direct market correlation. For all these reasons, the Debtors may not be able to realize the full benefits of pricing increases that the Debtors announce and work to implement.

9. Rising Energy Costs May Adversely Affect Financial Results.

Excluding raw materials and labor, energy is the Debtors' most significant manufacturing cost. Energy consists of electrical purchases and fuel used to generate steam used in the paper-making process and to operate the Debtors' paperboard machines and the Debtors' other converting machinery. The Debtors' energy costs in 2009 increased 12.2% compared to 2008: in fiscal 2008, the average energy cost in the Debtors' North American mill system was approximately $90.00 per ton, and in fiscal 2009 it was approximately $101.00 per ton. Until the last several years, the Debtors' business had not been significantly affected by fluctuating energy costs, and the Debtors historically have not passed energy cost increases through to the Debtors'

customers. Although the Debtors have recently responded to energy cost increases by raising the Debtors' selling prices, the Debtors' ability to realize the full benefit of these price increases is dependent on and limited by dynamics such as pricing strategies of the Debtors' competitors and contractual commitments that affect the Debtors' ability to raise prices as fast as the Debtors' costs increase. Consequently, the Debtors may not be able to pass through to the Debtors' customers all of the energy cost increases the Debtors have incurred. As a result, the Debtors' operating margins could be adversely affected. Although the Debtors continue to evaluate their energy costs and consider ways to factor energy costs into its pricing, the Debtors cannot give assurances that their operating margins and results of operations will not continue to be adversely affected by fluctuating energy costs.

10. Cost of Compliance with Government Regulation, Including Environmental Laws, May Adversely Affect Financial Results.

The Debtors are subject to various foreign, federal, state and local laws and regulations that affect the conduct of their operations, including environmental laws. Among other things, these requirements regulate the discharge of materials into the water, air and land and govern the use and disposal of hazardous substances. These regulations are complex, and the Debtors' compliance with them can be affected by a myriad of factors, including rates of production, changes in applicable standards or interpretations, human error, equipment malfunction and other factors. From time to time, the Debtors have and may continue to find that they have inadvertently failed to meet specific regulations or standards despite the Debtors' efforts to comply with them. Under environmental laws, the Debtors also can be held strictly liable if hazardous substances are found on real property the Debtors previously owned, operated or used as a disposal site. Despite the Debtors' compliance efforts, risk of environmental liability is part of the nature of the Debtors' business. The Debtors maintain and generate hazardous substances at some facilities, and although the Debtors do not believe that any related liabilities or remedial costs will be material, the Debtors cannot give assurances that environmental liabilities, including compliance and remediation costs, will not have a material adverse effect on the Debtors' business. In addition, future events may lead to additional compliance or other costs that could have a material adverse effect on the Debtors' business. Such future events could include changes in, or new interpretations of, existing laws, regulations or enforcement policies, discoveries of past releases, failure of indemnitors to fulfill their obligations, or further investigation of the potential health hazards of certain products or business activities.

The Company has identified environmental contamination at three of its closed facilities that may require remediation upon retirement of these assets. However, no such liability has been recognized for these facilities, as the Company currently does not have sufficient information available to assess if remediation will be required or to reasonably estimate any potential obligation. For these three locations, any potential obligation cannot be reasonably estimated as the settlement date or potential settlement dates, the settlement method or potential settlement methods, and other relevant facts to determine a reasonable estimate for the obligation are unknown at this time. Due to uncertainties inherent in these matters, management is unable to estimate the Company's potential exposure, including possible remediation or other environmental responsibilities that may result from these matters at this time; such information is not expected to be known for a number of years These uncertainties primarily include the completion and outcome of the environmental study and the percentage of contamination/natural

resource damage, if any, ultimately determined to be attributable to the Company and other parties, It is possible that the Company's ultimate liability resulting from these issues could be material.

Among other laws, a change in the tax laws of the United States could materially affect the consequences of the Plan as described herein to the Debtors and the Holders of Claims. See Article XI herein, "Certain Federal Income Tax Consequences of the Plan."

11. Price Fluctuations and Volatility in the Debtors' Highly Competitive Industry May Adversely Affect Financial Results.

The industry in which the Debtors operate is highly competitive. The Debtors' competitors include other large, vertically integrated paperboard, packaging and gypsum wallboard manufacturing companies, along with numerous small paperboard and packaging companies. As a result of product substitution, the Debtors also compete indirectly with manufacturers selling to the same end-use markets, in which products are packaged with other materials, including flexible packaging. In addition, the Debtors face increasing competition from foreign paperboard and packaging producers as a result of the continued migration of U.S. manufacturing offshore to find lower labor cost and the emergence of new, foreign competitors in these countries. The industry in which the Debtors compete is particularly sensitive to price pressure, as well as other factors, including quality, service, innovation and design, with varying emphasis on these factors depending on the product line. To the extent that the Debtors' competitors become more successful with respect to any key competitive factors, the Debtors' ability to attract and retain customers could be materially adversely affected. Some of the Debtors' competitors are less leveraged than the Debtors are, and have access to greater resources. These companies may be able to adapt more quickly to new or emerging technologies, may respond more quickly to changes in customer requirements and may better withstand industry-wide pricing pressures. If the Debtors' facilities are not as cost-efficient as those of the Debtors' competitors or if the Debtors' competitors lower prices, the Debtors may need to temporarily or permanently close certain facilities, which could negatively affect the Debtors' sales volume and revenues.

12. The Debtors May Encounter Difficulties Restructuring Operations or Closing or Disposing of Facilities.

The Debtors have closed certain higher-cost facilities and otherwise restructured operations in an effort to improve cost effectiveness and profitability. Some of these activities are on-going, and there is no guarantee that any such activities will achieve the Debtors' goals and not divert the attention of management or disrupt the Debtors' ordinary operations. Moreover, production capacity, or the actual amount of products produced, may be reduced as a result of these activities.

13. Revenue and Operating Results would be Adversely Affected if Operations at the Fitchburg Paperboard Mill Were to Be Reduced.

The Debtors rely on the Fitchburg paperboard mill to produce graphicboard that they sell to third parties in North America. The Debtors' reliance on the Fitchburg paperboard mill will

increase to the extent sales of graphicboard increase. If production at this facility was significantly reduced or was to became unavailable as a result of a natural or man-made disaster, labor dispute or any other reason, the Debtors may not be able to supply their graphicboard to their North American customers on a timely basis or at all. As a result, the Debtors' operating results and its relationships with its customers would be materially adversely affected.

14. The Debtors' Revenues and Earnings Could be Adversely Affected by Foreign Regulations and Changes in Economic Conditions in the Foreign Countries in Which the Debtors Operate their Business.

The Debtors have manufacturing operations in Europe where they generated approximately 21% and 18% of their net sales in 2008 and 2007, respectively. Conducting an international business inherently involves a number of difficulties and risks that could adversely affect the Debtors' ability to generate revenues and could subject the Debtors to increased costs. Significant factors that may adversely affect the Debtors' revenues and increase their costs include:

- currency fluctuations, which could cause an increase in the price of the raw materials used in the Debtors' products and a decrease in the selling price of their products, both of which would decrease profits;
- more stringent restrictions on the Debtors' ability to invest or adjust their work force levels; and
- economic downturns which could adversely affect the Debtors' ability to deliver their products to their customers for a profit.

The Debtors have experienced, and may in the future experience, many of these risks and cannot predict the effect of any particular risk on their operations. However, any of these factors may materially adversely affect the Debtors' revenues or increase their operating expenses. In addition, many of the Debtors' customers operate in foreign countries and are subject to these and other risks, all of which may adversely affect their production and their need for the Debtors' products. In the event the Debtors' customers reduce the amount of the Debtors' products that they purchase, the Debtors' revenues and operating results would be adversely affected.

15. Terrorist Attacks/Other Military Disruptions

Additional terrorist attacks in the U.S. or against U.S. targets, or threats of war or the escalation of current hostilities involving the U.S. or its allies, or military or trade disruptions impacting the Company's domestic or foreign suppliers and/or customers may impact the Reorganized Debtors' operations, including, but not limited to, causes supply chain disruptions and decreased sales of the Company's products. These events could also cause an increase in oil or other commodity prices, which could adversely affect the Company's raw materials and transportation costs. More generally, any of these events could cause consumer confidence and spending to decrease. These events could also exacerbate the economic recession in the U.S. or abroad. Any of these occurrences could have a significant impact on the Reorganized Debtors' business, financial condition, or results of operations.

16. Some of The Debtors' Business is Seasonal and Weather Conditions Could Have an Adverse Effect on Revenues and Operating Results.

Certain of the Debtors' products are used by customers in the packaging of food products, primarily fruits and vegetables. Due principally to the seasonal nature of certain of these products, sales of the Debtors' products to these customers have varied from quarter to quarter. Natural disasters such as hurricanes, tornadoes, fires, ice storms, wind storms, floods and other weather conditions may materially and adversely affect the Debtors' business and their earnings. In addition, poor weather conditions that reduce crop yields, packaged food products and reduced customer demand for food containers can adversely affect the Debtors' revenues and their operating results. The volumes of certain of the Debtors' converted products can also vary from quarter to quarter, partly due to the increased production of textbooks and binders before the beginning of the school year, as well as the production of board games and other products before the start of the Christmas season. The Debtors' overall level of sales and operating profit have historically been lower in the third quarter, ending January 31, due in part to the cyclicality of the demand for the Debtors' products as well as closures by the Debtors and their customers for the Thanksgiving, Christmas and New Year's holidays.

17. If Negotiations For Renewals of The Debtors' Various Labor Agreements Are Not Successful, The Debtors' Operations Could Be Subject to Interruptions, Which Would Adversely Affect their Results of Operations and Cash Flows.

A significant number of the Debtors' employees in North America are governed by collective bargaining agreements that cover 16 facilities that have either already expired or will do so before January 15, 2014. Three of these agreements will expire by the end of fiscal 2010, and four additional agreements will expire by the end of fiscal 2011. Expired North American contracts are in the process of renegotiation. Substantially all of the Debtors' employees at their facilities outside of North America are governed by agreements that have either already expired or will do so within the next fiscal year. Those that have already expired are for locations covered by either local or national labor agreements and are currently being renegotiated If the Debtors are unable to successfully renegotiate the terms of any of their agreements, or if an industry association is unable to successfully negotiate a national agreement when it expires, or if the Debtors experience any extended interruption of operations at any of their facilities as a result of strikes or other work stoppages, the Debtors' results of operations and cash flows could be adversely affected**.**

C. RISKS TO CREDITORS AND INTEREST HOLDERS WHO WILL RECEIVE SECURITIES

The ultimate recoveries under the Plan to Holders of Claims in Class 6 and Interests in Classes 8 and 9 that receive New Common Stock pursuant to the Plan will depend on the realizable value of the New Common Stock. The securities to be issued pursuant to the Plan are subject to a number of material risks, including, but not limited to, those specified below. Prior to voting on the Plan, each Holder of Claims in Class 6 and Interests in Classes 8 and 9 should carefully consider the risk factors specified or referred to below, as well as all of the information contained in the Plan and the Disclosure Statement.

1. Lack of Established Market for the Securities May Adversely Affect Liquidity.

The New Common Stock will be illiquid securities without a trading market. There can be no assurance that an active trading market for the New Common Stock will develop, nor can any assurance be given as to the prices at which such stock might be traded, should an active trading market develop. The Debtors and the Reorganized Debtors do not anticipate that the New Common Stock to be issued under the Plan will be listed on or traded on any nationally recognized market or exchange. Further, the New Common Stock to be issued under the Plan will not be registered under the Securities Act of 1933 (as amended, together with the rules and regulations promulgated hereunder, the "**Securities Act**"), any state securities laws or the laws of any other jurisdiction. Absent such registration, the New Common Stock may be offered or sold only in transactions that are not subject to or that are exempt from the registration requirements of the Securities Act and other applicable securities laws. As explained in more detail in Article XII herein, "Certain Federal and State Securities Law Considerations," most recipients of New Common Stock will be able to resell such securities without registration pursuant to the exemption provided by Section 4(1) of the Securities Act.

2. Significant Contractual Transfer Restrictions

The New Common Stock is not freely transferable and is subject to significant contractual transfer restrictions that may affect the development of an active trading market for the New Common Stock and/or the future trading prices of the New Common Stock.

3. Lack of Dividends on Securities May Adversely Affect Liquidity.

The Debtors do not anticipate that cash dividends or other distributions will be made by the Reorganized Company with respect to the New Common Stock in the foreseeable future. In addition, covenants in certain debt instruments to which the Reorganized Company will be a party may restrict the ability of the Reorganized Company to pay dividends and make certain other payments. Further, such restrictions on dividends may have an adverse impact on the market demand for New Common Stock as certain institutional investors may invest only in dividend-paying equity securities or may operate under other restrictions that may prohibit or limit their ability to invest in the securities issued pursuant to the Plan.

ARTICLE XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain United States federal income tax aspects of the Plan. It is for general information purposes only and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "**IRC**"), final, temporary, and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or

administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the federal income tax consequences of the Plan.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. No ruling has been requested or obtained from the Internal Revenue Service (the "**IRS**") with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. Thus, no assurance can be given as to whether the IRS will agree with the assertions and conditions discussed herein. No representations or assurances are being made to the Holders of Claims or Interests with respect to the federal income tax consequences described herein.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE IRC; (II) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

The Company files a consolidated federal income tax return which takes into account the income and losses of the Debtors and certain of its subsidiaries. The consolidated net operating losses ("**NOLs**") of the Company for federal income tax purposes were $219 million as of April 30, 2009, and are expected to exceed that amount by the time the Plan is implemented. The amount of the Company's consolidated NOLs may be reduced if the IRS were to make adjustments to The Newark Group's taxable income or loss in connection with an examination of its consolidated federal income tax return. As a general rule, an NOL incurred by a member of The Newark Group during a taxable year can be carried back and deducted from The Newark Group's taxable income generated within the two preceding taxable years, (or, in the case of NOLs incurred in any single fiscal year beginning or ending in 2008 or 2009, can be carried back and deducted (subject to certain limitations) from The Newark Group's taxable income generated within the three, four or five preceding years, at the election of The Newark Group), and the remainder can be carried forward and deducted from taxable income over the 20 succeeding taxable years.

As discussed below, as a result of the implementation of the Plan, The Newark Group's NOL carry forwards and the tax basis of The Newark Group's assets may be reduced or eliminated. In addition, the Reorganized Debtors' ability to use any remaining NOL carry forwards, built-in losses and certain other tax attributes may be materially limited or effectively

eliminated following the Effective Date due to the changes in ownership of stock that occur either prior to, or in connection with, the implementation of the Plan.

1. Bankruptcy Exclusion for Cancellation of Indebtedness Income and Tax Attribute Reduction

Under the IRC, a taxpayer generally must include in gross income the amount of any cancellation of indebtedness income ("**COD Income**") realized during the taxable year. COD Income generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum of (i) the amount of cash, (ii) the issue price of any new debt, and (iii) the fair market value of any other property transferred by the debtor in satisfaction of such discharged indebtedness (including stock). COD Income also includes any interest that has been previously accrued and deducted but remains unpaid at the time the indebtedness is discharged.

IRC section 108(a)(1)(A) provides an exception to the general rule of inclusion, however, where a taxpayer is in bankruptcy and the discharge is granted, or is effected pursuant to a plan approved, by the bankruptcy court. In this case, unless the taxpayer makes a special election provided in IRC section 108(i) (discussed below), the taxpayer excludes the COD Income from taxable income and is required under IRC section 108(b) to reduce certain of its tax attributes by the amount of excluded COD Income. The attributes of the taxpayer are to be reduced in the following order: net operating losses, general business and minimum tax credit carry forwards, capital loss carry forwards, the basis of the taxpayer's assets, and finally, foreign tax credit carry forwards (collectively, "**Tax Attributes**"). A taxpayer is permitted to elect to first apply the reduction to the basis of the taxpayer's depreciable assets, with any remaining balance applied to the taxpayer's other Tax Attributes in the order stated above. The reduction of Tax Attributes occurs after the determination of the taxpayer's tax liability for the taxable year in which the COD Income is realized, and any downward adjustment to asset basis is made to the taxpayer's assets on the first day of the taxable year following such taxable year. To the extent the amount of COD Income exceeds the taxpayer's available Tax Attributes, the excess is still excludable from the taxpayer's gross income under the bankruptcy exclusion.

Pursuant to the Plan, the Prepetition Notes will be exchanged for New Common Stock. In general, The Newark Group will realize COD Income to the extent that the adjusted issue price of the Prepetition Notes exceeds the fair market value of the New Common Stock issued in exchange for the Prepetition Notes. Also pursuant to the Plan, the Von Zuben Subordinated Unsecured Note will be exchanged for $250,000 cash and the Von Zuben New Subordinated Notes. In general, The Newark Group will realize COD Income to the extent that the adjusted issue price of the Von Zuben Subordinated Unsecured Note exceeds $250,000 plus the issue price of the Von Zuben New Subordinated Notes issued in exchange for the Von Zuben Subordinated Unsecured Note. The Newark Group will be able to exclude such COD Income under IRC section 108(a) to the extent it does not elect under IRC section 108(i) to defer such COD Income. If The Newark Group does exclude its COD Income under IRC section 108(a), however, certain Tax Attributes of The Newark Group will be reduced or eliminated.

The mechanics of such attribute reduction will be governed by Treasury Regulation §1.1502-28, which contains rules that apply where the debtor corporation is a member of a group filing a consolidated return. These rules generally provide that the Tax Attributes attributable to

the corporation whose debt is discharged are the first to be reduced. For this purpose, Tax Attributes attributable to the debtor member include consolidated Tax Attributes (such as consolidated NOLs) that are attributable to the debtor member pursuant to the consolidated return regulations, and also include the basis of property of the debtor (including subsidiary stock and the basis of intercompany loans made by the debtor to its subsidiaries), all of which are reduced in the order described above. To the extent that the COD Income of the debtor member exceeds the Tax Attributes attributable to it, the consolidated Tax Attributes attributable to other members of the consolidated group must be reduced (but not the tax basis of assets). In the case of a consolidated group with multiple debtor members, each debtor member's Tax Attributes must be reduced before such member's COD Income can be reduced by Tax Attributes attributable to other members of the consolidated group. In addition, to the extent that the debtor corporation is required to reduce its basis in the stock of another consolidated group member, the lower-tier member also must reduce its Tax Attributes, including the consolidated Tax Attributes attributable to that lower-tier member, to the extent of the stock basis reduction. As noted, a debtor may elect to reduce the tax basis of depreciable assets before reducing other Tax Attributes, and may also elect to treat the stock of its subsidiaries as a depreciable asset for this purpose, provided that each such subsidiary reduces the tax basis of its depreciable assets by the amount by which the debtor reduces the basis of its subsidiary's stock. The Newark Group has not yet determined whether to make such elections should it determine to exclude COD Income rather than making the COD deferral election under IRC section 108(i). Any required Tax Attribute reduction will take place after The Newark Group determines its taxable income, and any federal income tax liability, for the taxable year in which the Effective Date occurs.

The amount of COD Income realized by The Newark Group, and accordingly the amount of The Newark Group's Tax Attributes required to be reduced, will depend on the fair market value of the New Common Stock issued in exchange for the Prepetition Notes and the issue price of the Von Zuben New Subordinated Notes. This amount cannot be known with certainty until after the Effective Date. To the extent The Newark Group excludes COD Income under the bankruptcy exclusion, The Newark Group's consolidated NOLs (and other Tax Attributes) will be subject to reduction as of the beginning of the taxable year following the year in which the Effective Date occurs as a result of the COD Income realized on the Effective Date. In that event, The Newark Group may not have NOL carryforwards to the year following the year in which the Effective Date occurs unless The Newark Group (i) makes the COD deferral election (described below) as to all or a portion of the COD Income, or (ii) excludes the COD Income under the bankruptcy exclusion but makes the election under IRC section 108(b)(5) to reduce the tax basis of depreciable assets before reducing other Tax Attributes.

2. Deferral Election for COD Income under IRC Section 108(i)

IRC section 108(i) permits a debtor to elect, on an instrument by instrument basis, to defer the recognition of COD Income that arises pursuant to a discharge of debt that occurs in 2009 and 2010 (the "**COD Deferral Election**"). Absent an "acceleration event" (discussed below), the deferred COD Income is recognized ratably over the five-year period commencing with the debtor's fourth or fifth tax year following the deferral (which period, for The Newark Group, would commence May 1, 2014 and end April 30, 2019 (the "**Amortization Period**")). A debtor cannot claim any exclusion under IRC section 108(a) with respect to any deferred COD

Income at the time the deferred COD Income is recognized. However, a debtor making such election is not required to reduce its Tax Attributes by the amount of COD Income deferred.

Upon the occurrence of certain "acceleration" events, the deferred COD Income is accelerated and taken into account in the taxable year in which the acceleration event occurs. These events include the liquidation or sale of substantially all of a debtor's assets (including in a title 11 or similar case, unless the debtor reorganizes and emerges from bankruptcy as an operating company), and the cessation of business by the debtor. The Newark Group may determine, in consultation with its tax advisors, that it is more tax-efficient to make the COD Deferral Election as to all or a portion of its COD Income (thereby deferring recognition of such COD Income until the Amortization Period) in order to maximize the value of its Tax Attributes following the Effective Date.

3. Annual IRC Section 382 Limitation on Use of NOLs

IRC section 382 contains certain rules limiting the amount of losses and tax credits that a corporate taxpayer can utilize in the years following an "ownership change." These rules are relevant only if (i) the loss corporation has NOLs and tax credits to carry forward to years after the date of the ownership change and/or (ii) the loss corporation has a "net unrealized built-in loss" ("**NUBIL**") in its assets as of the date of the ownership change. The built-in losses included in NUBIL ("**Built-In Losses**") are losses that have economically accrued but which are unrecognized as of the date of the ownership change and which exceed a specified threshold amount. The Newark Group will undergo an ownership change on the Effective Date, and, unless the "Bankruptcy Exception" (discussed below) applies, the amount of its pre-change losses that may be used to offset future taxable income will become subject to an annual use limitation (the "**Section 382 Limitation**").

Pursuant to the Plan, all of the Outstanding Common Stock Interests of The Newark Group will be cancelled, and 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, will be issued to the Holders of the Prepetition Notes, thereby resulting in an ownership change. Consequently, any NOLs, tax credits and Built-In Losses (to the extent there is a NUBIL) will become subject to a Section 382 Limitation equal to the fair market value of the New Common Stock immediately after such ownership change (after giving effect to the discharge of the Prepetition Notes pursuant to the Plan and taking into account certain other adjustments) multiplied by the federal "long-term tax-exempt rate."

In addition, transfers of Common Stock that take place during the pendency of the bankruptcy proceeding could also cause an ownership change prior to the Effective Date. In that event, The Newark Group's NOLs, tax credits and Built-In Losses (to the extent there is a NUBIL) would become subject to a Section 382 Limitation based on the pre-discharge value of The Newark Group's equity. This would likely deny The Newark Group most, if not all, of the tax benefit of such losses.

Under a special exception contained in IRC section 382(l)(5) (the "**Bankruptcy Exception**"), if (i) immediately after the ownership change that will occur upon implementation

of the Plan, at least 50% of the vote and value of its stock is held by its historic shareholders and creditors who have held their Prepetition Notes for at least 18 months, (ii) certain other requirements are met, and (iii) The Newark Group does not elect out of the Bankruptcy Exception, the ownership change will not cause The Newark Group to be subject to a Section 382 Limitation. If The Newark Group relies on the Bankruptcy Exception, it would be required to reduce its pre-change losses by the amount of any interest paid or accrued by it during the three taxable years preceding the taxable year in which the ownership change occurs, and during the pre-change portion of the current taxable year, with respect to the portion of the Prepetition Notes that is converted to New Common Stock. Moreover, if the Bankruptcy Exception applies, an ownership change of The Newark Group within a two year period after the Effective Date will preclude The Newark Group from utilizing any of the pre-change losses at the time of the Effective Date in taxable years following the second ownership change. The Newark Group has not yet decided whether to use the Bankruptcy Exception (assuming it satisfies the substantive requirements of such exception).

4. Accrued Interest

To the extent that the consideration issued to Holders of Prepetition Notes or to the Holder of the Von Zuben Subordinated Unsecured Note pursuant to the Plan is attributable to accrued but unpaid interest, The Newark Group should be entitled to interest deductions in the amount of such accrued interest, but only to the extent it has not already deducted such amount.

5. Federal Alternative Minimum Tax

In general, a federal alternative minimum tax ("**AMT**") is imposed on a corporation's alternative minimum taxable income at a 20% rate to the extent that such tax exceeds the corporation's regular federal income tax. For purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation may otherwise be able to offset all of its taxable income for regular tax purposes by available NOL carryforwards, only 90% of a corporation's alternate minimum taxable income may be offset by available NOL carryforwards as computed for AMT purposes.

In addition, if a corporation (or consolidated group) undergoes an "ownership change" within the meaning of IRC section 382, and the corporation has a NUBIL, the corporation's (or consolidated group's) aggregate tax basis in its assets would be reduced for certain AMT purposes to reflect the fair market value of such assets as of the date of the ownership change. This could increase the amount of The Newark Group's federal income tax liability following the Effective Date. Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against its regular federal income tax liability in future years when the corporation is not subject to the AMT. Any unused credit is carried forward indefinitely.

6. Federal Income Tax Consequences to The Newark Group from the Exchange of New Common Stock for the Prepetition Notes

The Newark Group will not recognize any gain or loss in connection with issuance of the New Common Stock in exchange for the Prepetition Notes, but will realize COD Income as a

result of such exchange, and will have the resulting federal income tax consequences described in Article XI.A.1. herein.

7. Federal Income Tax Consequences to The Newark Group from the Exchange of the Von Zuben New Subordinated Notes for the Von Zuben Subordinated Unsecured Note

The Newark Group will not recognize any gain or loss in connection with issuance of the Von Zuben New Subordinated Notes in exchange for the Von Zuben Subordinated Unsecured Note, but will realize COD Income as a result of such exchange, and will have the resulting federal income tax consequences described in Article XI.A.1. herein.

B. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF PREPETITION NOTES

1. General Tax Considerations for Holders of Prepetition Notes

The federal income tax consequences of the Plan to Holders of Prepetition Notes that are United States persons ("**U.S. Persons**") will depend upon a number of factors. For purposes of the following discussion, a U.S. Person is any Person or Entity (1) who is a citizen or resident of the United States, (2) that is a corporation (or Entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof, (3) that is an estate, the income of which is subject to United States federal income taxation regardless of its source or (4) that is a trust (a) the administration over which a United States person can exercise primary supervision and all of the substantial decisions of which one or more United States persons have the authority to control; or (b) that has elected to continue to be treated as a United States person for federal income tax purposes. In the case of a partnership, the federal income tax treatment of its partners will depend on the status of the partner and the activities of the partnership. U.S. Persons who are partners in a partnership should consult their tax advisors. A "Non-U.S. Person" is any person or Entity (other than a partnership) that is not a U.S. Person. The following discussion refers only to Holders that are U.S. Persons, unless otherwise indicated.

The federal income tax consequences to Holders of Prepetition Notes and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for thereby will depend upon, among other things, (1) the manner in which a Holder acquired a Prepetition Note; (2) the length of time the Prepetition Note has been held; (3) whether the Prepetition Note was acquired at a discount; (4) whether the Holder has taken a bad debt deduction with respect to the Prepetition Note (or any portion thereof) in the current or prior years; (5) whether the Holder has previously included in income accrued but unpaid interest with respect to the Prepetition Note; (6) the Holder's method of tax accounting; and (7) whether the Prepetition Note is an installment obligation for federal income tax purposes. Certain Holders of Prepetition Notes (such as Non-U.S. Persons, S corporations, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers, tax-exempt organizations, and persons holding a Prepetition Note as an installment obligation) may be subject to special rules not addressed in this summary. There also may be state, local, and/or foreign income or other tax considerations or federal estate and gift tax considerations applicable to Holders of Prepetition Notes, which are not addressed herein.

EACH HOLDER OF A PREPETITION NOTE AFFECTED BY THE PLAN IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

2. Federal Income Tax Consequences if the Exchange Qualifies as a "Recapitalization"

Pursuant to the Plan, The Newark Group will issue New Common Stock to Holders of Prepetition Notes to discharge their Prepetition Notes Claims. The federal income tax consequences arising from the Plan to the Holders of Prepetition Notes will vary depending on, among other things, whether the Prepetition Notes constitute "securities" for federal income tax purposes. Neither the IRC nor the Treasury Regulations promulgated thereunder define the term "security." The determination of whether a debt instrument constitutes a "security" depends upon an evaluation of the nature of the debt instrument, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. Generally, corporate debt instruments with maturities when issued of less than five years are not considered securities, and corporate debt instruments with maturities when issued of ten years or more are considered securities. The Prepetition 2014 Notes were issued in March 2004 and mature on March 12, 2014. The Prepetition 2014 Notes therefore may constitute securities. The Mullen Note was issued on April 15, 2008, and matured on April 15, 2009, and therefore likely does not constitute a security. Each Holder of a Prepetition Note is urged to consult its own tax advisor regarding the status of the Prepetition Notes, both the Prepetition 2014 Notes and the Mullen Note, as securities.

Assuming the Prepetition 2014 Notes constitute "securities" for federal income tax purposes, the exchange of Prepetition 2014 Notes for New Common Stock (the "**Exchange**") should constitute a "recapitalization" for federal income tax purposes. As a result, except as discussed below with respect to Claims for accrued interest and accrued market discount, a Holder of Prepetition 2014 Notes should not recognize gain or loss on the Exchange (other than with respect to any Claim for accrued interest). The adjusted tax basis for the New Common Stock will be equal to the Holder's adjusted tax basis for the Prepetition 2014 Notes exchanged therefor. The holding period for the New Common Stock will include the Holder's holding period for the Prepetition 2014 Notes exchanged therefor.

Pursuant to the Plan, The Newark Group anticipates allocating for federal income tax purposes all distributions in respect of any Prepetition Notes Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. Certain legislative history indicates that an allocation of consideration between principal and interest provided for in a bankruptcy plan of reorganization is binding for federal income tax purposes. No assurance can be given, however, that the IRS will not challenge such allocation. If a distribution with respect to a Prepetition Note is entirely allocated to the principal amount thereof, a Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Prepetition Notes that was previously included in the Holder's gross income. If a distribution with respect to a Prepetition Note is received in satisfaction of interest accrued during the holding period of such Prepetition Note, such amount will be taxable to the Holder as interest income (if not previously included in the Holder's gross income). Holders of Prepetition Notes are urged to consult their own tax

advisors regarding the particular federal income tax consequences to them of the treatment of accrued but unpaid interest, as well as the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

The market discount provisions of the IRC may apply to Holders of Prepetition Notes. In general, a debt obligation (other than a debt obligation with a fixed maturity of one year or less that is acquired by a Holder in the secondary market (or, in certain circumstances, upon original issuance)) is a "market discount bond" as to that Holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, the revised issue price) exceeds the adjusted tax basis of the bond in the Holder's hands immediately after its acquisition. However, a debt obligation will not be a "market discount bond" if such excess is less than a statutory *de minimis* amount. A Holder should not be required to recognize any accrued but unrecognized market discount upon the disposition of its Prepetition Notes for New Common Stock pursuant to the Plan if such disposition is treated as a recapitalization for federal income tax purposes, although it may be required to recognize any accrued but unrecognized market discount as ordinary income upon a subsequent taxable disposition of its New Common Stock.

3. Federal Income Tax Consequences if the Exchange Does Not Qualify as a "Recapitalization"

If the Prepetition Notes do not constitute "securities" for federal income tax purposes, the Exchange will be a taxable exchange. As a result, a Holder of Prepetition Notes would generally recognize gain or loss in an amount equal to the difference between (1) the fair market value of the New Common Stock received in exchange for Prepetition Notes, and (2) the Holder's adjusted tax basis in its Prepetition Notes.

The character of such recognized gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Prepetition Notes in such Holder's hands, whether the Prepetition Notes constitute a capital asset in the hands of the Holder, whether the Prepetition Notes were purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Prepetition Notes. Any such gain recognized would generally be treated as ordinary income to the extent that the New Common Stock is received in respect of accrued but unpaid interest or accrued market discount that, in either case, have not been previously taken into account under the Holder's method of accounting. A Holder of Prepetition Notes recognizing a loss as a result of the Plan may be entitled to a bad debt deduction, either in the taxable year of the Effective Date or a prior taxable year. A Holder's tax basis in the New Common Stock received in exchange for its Prepetition Notes would generally be equal to the fair market value of such New Common Stock on the Effective Date. The holding period for the New Common Stock received pursuant to the Plan would begin on the day after the Effective Date.

4. Non-U.S. Persons

A Holder of a Prepetition Note that is a Non-U.S. Person generally will not be subject to United States federal income tax with respect to New Common Stock received in exchange for such Prepetition Note pursuant to the Plan, unless (i) such Holder is engaged in a trade or

business in the United States to which income, gain or loss from the exchange is "effectively connected" for United States federal income tax purposes, or (ii) if such Holder is an individual, such Holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

C. FEDERAL INCOME TAX CONSEQUENCES OF OWNERSHIP AND DISPOSITION OF NEW COMMON STOCK

The gross amount of any distribution of cash or property made to a Holder with respect to New Common Stock generally will be includible in a Holder's gross income as dividend income to the extent such distributions are paid out of The Newark Group's current or accumulated earnings and profits as determined under federal income tax principles. A distribution which is treated as a dividend for federal income tax purposes may qualify for the 70% dividends received deduction if such amount is distributed to a Holder that is a corporation and certain holding period and taxable income requirements are satisfied. Any dividend received by a corporate Holder may be subject to the "extraordinary dividend" provisions of the IRC. A distribution in excess of The Newark Group's current and accumulated earnings and profits will be treated as a return of capital to the extent of the Holder's adjusted tax basis in its New Common Stock and will be applied against and reduce such basis dollar-for-dollar (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent taxable disposition of the New Common Stock). To the extent that such distribution exceeds the Holder's adjusted tax basis in its New Common Stock, the distribution will be treated as capital gain, which will be treated as long-term capital gain if such Holder's holding period in its New Common Stock exceeds one year as of the date of the distribution. Dividends received by non-corporate Holders in taxable years beginning before January 1, 2011 may qualify for a reduced rate of taxation if certain holding period and other requirements are met.

A Holder generally will recognize capital gain or loss on the sale, exchange or other taxable disposition of any of its New Common Stock in an amount equal to the difference, if any, between the amount realized for the New Common Stock and the Holder's adjusted tax basis in the New Common Stock. To the extent that the Holder had accrued market discount with respect to its Prepetition Notes exchanged for the New Common Stock, and if such exchange constitutes a recapitalization, the Holder will recognize ordinary income on the sale, exchange or other taxable disposition of its New Common Stock. Capital gains of non-corporate Holders derived with respect to a sale, exchange or other disposition of New Common Stock held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Holders are urged to consult their own tax advisors regarding such limitations.

The ESOP may be subject to special tax rules. The ESOP and the ESOP Participants are urged to consult with their own tax advisors regarding such rules.

D. FEDERAL INCOME TAX CONSEQUENCES TO HOLDER OF VON ZUBEN SUBORDINATED UNSECURED NOTE

Because the Von Zuben New Subordinated Notes likely do not constitute "securities" for federal income tax purposes, the issuance of the Von Zuben New Subordinated Notes in

exchange for the Von Zuben Subordinated Unsecured Note will likely be a taxable exchange. As a result, the holder of the Von Zuben Subordinated Unsecured Note would generally recognize gain or loss in an amount equal to the difference between (1) the fair market value of the Von Zuben New Subordinated Notes plus the amount of cash received in exchange for the Von Zuben Subordinated Unsecured Note, and (2) the Holder's adjusted tax basis in the Von Zuben Subordinated Unsecured Note.

The character of any recognized gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, whether the Von Zuben Subordinated Unsecured Note constitutes a capital asset in the hands of the Holder, whether the Von Zuben Subordinated Unsecured Note was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Von Zuben Subordinated Unsecured Note. Any such gain recognized would generally be treated as ordinary income to the extent that the Von Zuben New Subordinated Notes and cash are received in respect of accrued but unpaid interest or accrued market discount that, in either case, have not been previously taken into account under the Holder's method of accounting. A Holder's tax basis in the Von Zuben New Subordinated Notes received in exchange for the Von Zuben Subordinated Unsecured Note would generally be equal to the fair market value of such Von Zuben New Subordinated Notes on the Effective Date. The holding period for the Von Zuben New Subordinated Notes received pursuant to the Plan would begin on the day after the Effective Date.

In general, the Holder of the Von Zuben New Subordinated Notes will be required to include interest with respect to the Von Zuben New Subordinated Notes in taxable income as ordinary income at the time it accrues or is received, in accordance with the Holder's regular method of accounting for federal income tax purposes.

The sale, exchange, redemption, retirement or other taxable disposition of the Von Zuben New Subordinated Notes generally will result in the recognition of gain or loss to the Holder in an amount equal to the difference between (a) the amount of cash and fair market value of property received in exchange therefor (except to the extent attributable to the payment of accrued but unpaid stated interest) and (b) the Holder's adjusted tax basis in the Von Zuben New Subordinated Notes.

Any gain or loss on the sale or other taxable disposition of the Von Zuben New Subordinated Notes generally will be capital gain or loss and will be long-term capital gain or loss if the Von Zuben New Subordinated Notes had been held for more than one year and otherwise will be short-term capital gain or loss. Payments on such disposition for accrued interest not previously included in income will be treated as ordinary interest income.

E. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF OUTSTANDING COMMON STOCK INTERESTS

1. General Tax Considerations for Holders of Interests

Pursuant to the Plan, (i) all Equity Interests will be cancelled, annulled and extinguished on the Effective Date and each Holder of an Equity Interest will receive its Pro Rata Share of (A)

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 (B) 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, and (ii) all ESOP Interests will be cancelled, annulled and extinguished on the Effective Date and each ESOP Participant will receive 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 6 Claim, a Class 8 Interest, or Class 9 Interest (other than the ESOP), will be required to execute a counterpart of the Reorganized Company Stockholders' Agreement.

The exchange of existing stock for New Common Stock and Warrants, or exclusively for New Common Stock, as applicable, should constitute a "recapitalization" for federal income tax purposes. As a result, a Holder generally should not recognize any gain or loss upon the exchange. The adjusted tax basis to a Holder who receives both New Common Stock and Warrants will, in the aggregate, be equal to the Holder's adjusted tax basis for the existing stock exchanged therefor; such adjusted tax basis will be allocated between the New Common Stock and the Warrants based on their relative fair market values at the time of the exchange. The adjusted tax basis to a Holder who receives only New Common Stock will be equal to the Holder's adjusted tax basis for the existing stock exchanged therefor. The holding period for the New Common Stock and the Warrants will include the Holder's holding period for the existing stock exchanged therefor.

If the exchange of existing stock for New Common Stock and the Warrants does not qualify as a "recapitalization," a Holder should recognize gain or loss equal to the fair market value of New Common Stock and Warrants received, less the Holder's adjusted tax basis in its existing stock that is surrendered therefor. In a taxable transaction, a Holder's tax basis in the New Common Stock and Warrants generally should equal their fair market value.

2. Federal Income Tax Consequences Associated with Warrants

There is no taxable event for federal income tax purposes if the Warrants are exercised and New Common Stock is received. A Holder's adjusted basis in the New Common Stock received upon exercise of the Warrants will equal the Holder's adjusted tax basis in the Warrants immediately prior to exercise, increased by the exercise price paid. The holding period of the New Common Stock received upon the exercise of the Warrants would begin on the date of exercise and would not include the period during which the Warrants were held.

If the Warrants are sold or expire unexercised, then the Holder will recognize capital gain or loss. Such capital gain or loss would be long term capital gain or loss if the Warrants are held for more than one year.

F. INFORMATION REPORTING AND BACKUP WITHHOLDING

Certain payments, including payments in respect of accrued interest, are generally subject to information reporting by the payor to the IRS. Moreover, such reportable payments are subject to backup withholding (currently at a rate of 28%) under certain circumstances. Under the IRC's backup withholding rules, a United States Holder may be subject to backup withholding at the applicable rate with respect to certain distributions or payments pursuant to the Plan, unless the Holder (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (ii) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the Holder is a United States person, that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's United States federal income tax liability, and a Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

G. IMPORTANCE OF OBTAINING PROFESSIONAL TAX ADVICE

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE, LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.

ARTICLE XII. CERTAIN FEDERAL AND STATE SECURITIES LAW CONSIDERATIONS

A. EXEMPTION FROM REGISTRATION REQUIREMENTS FOR NEW SECURITIES

Upon consummation of the Plan, the Debtors will rely on section 1145 of the Bankruptcy Code to exempt the issuance of the New Common Stock, Warrants and additional shares of New Common Stock issuable upon exercise of the Warrants from the registration requirements of the Securities Act and of any state securities or "blue sky" laws. Section 1145 of the Bankruptcy Code exempts from registration the offer or sale of securities of the debtor or a successor to a debtor under a chapter 11 plan if such securities are offered or sold in exchange for a claim against, or equity interest in, or a claim for an administrative expense in a case concerning, the debtor or a successor to the debtor under the Plan. The Debtors believe that the Reorganized Company is a successor to The Newark Group under the Plan for purposes of section 1145 of the

Bankruptcy Code and that the offer and sale of the New Common Stock, Warrants and additional shares of New Common Stock issuable upon exercise of the Warrants under the Plan satisfy the requirements of section 1145 and are therefore exempt from the registration requirements of the Securities Act and state securities laws.

B. SUBSEQUENT TRANSFERS OF NEW SECURITIES

In general, recipients of New Common Stock, Warrants and additional shares of New Common Stock issuable upon exercise of the Warrants will be able to resell such securities without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by Section 4(1) of the Securities Act, unless the holder of such securities is an "underwriter" within the meaning of section 1145(b) of the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of new securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Section 1145(b) of the Bankruptcy Code defines "underwriter" as one who (a) purchases a claim with a view to distribution of any security to be received in exchange for such claim, (b) offers to sell securities issued under a plan for the holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution, or (d) is an "issuer" of the relevant security, as such term is used in Section 2(11) of the Securities Act. Under Section 2(11) of the Securities Act, an "issuer" includes any "affiliate" of the issuer, which means any person directly or indirectly through one or more intermediaries controlling, controlled by or under common control with the issuer.

To the extent that recipients of New Common Stock, Warrants and/or additional shares of New Common Stock issuable upon exercise of the Warrants under the Plan are deemed to be "underwriters," the resale of such securities by such persons would not be exempted from registration by Section 4(1) of the Securities Act. Accordingly, the resale of such securities by such persons could only be made upon the registration of such securities in the future or an available exemption from such registration.

GIVEN THE COMPLEX NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN "UNDERWRITER" WITH RESPECT TO NEW COMMON STOCK, WARRANTS AND/OR ADDITIONAL SHARES OF NEW COMMON STOCK ISSUABLE UPON EXERCISE OF THE WARRANTS, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE SUCH SECURITIES UNDER THE PLAN. THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

ARTICLE XIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the alternatives include (a) continuation of the Chapter 11 Cases and formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code. Each of these possibilities is discussed in turn below.

A. CONTINUATION OF THE CHAPTER 11 CASES

If the Debtors remain in chapter 11, the Debtors could continue to operate their businesses and manage their properties as debtors-in-possession, but they would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether the Debtors could continue as viable going concerns in protracted Chapter 11 Cases. The Debtors could have difficulty operating with the high operating and financing costs and the eroding confidence of their customers and trade vendors, if the Debtors remained in chapter 11. It is unlikely that the Debtors would be able to find alternative bank financing if the DIP Facility Credit Agreements were terminated. If the Debtors were able to obtain financing and continue as viable going concerns, the Debtors (or other parties in interest) could ultimately propose another plan or attempt to liquidate the Debtors under chapter 7 or chapter 11. Such alternative plans might involve either a reorganization and continuation of the Debtors' businesses, or an orderly liquidation of their assets, or a combination of both.

B. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11

If the Plan is not confirmed, the Debtors' Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the assets of the Debtors.

Although it is impossible to predict precisely how the proceeds of a liquidation would be distributed to the respective Holders of Claims against or Interest in the Debtors, the Debtors believe that in a liquidation under chapter 7, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of unsecured Claims that would be expected, would cause a substantial diminution in the value of the Estates. The assets available for distribution to creditors and Interest Holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of the Debtors' operations and the failure to realize the greater going concern value of the Debtors' assets.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher

administrative costs. Because a trustee is not required in a chapter 11 liquidation, expenses for professional fees could be lower than in a chapter 7 liquidation, in which a trustee must be appointed. Any distributions to the Holders of Claims under a chapter 11 liquidation plan probably would be delayed substantially.

It is highly unlikely that Interest Holders would receive any distribution in a liquidation under either chapter 7 or chapter 11.

Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that any liquidation is a much less attractive alternative for creditors than the Plan because of the greater return the Debtors anticipate will be provided by the Plan. THE DEBTORS BELIEVE THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER BENEFITS TO HOLDERS OF IMPAIRED CLAIMS THAN WOULD ANY OTHER REASONABLY CONFIRMABLE REORGANIZATION PLAN OR LIQUIDATION UNDER ANY CHAPTER OF THE BANKRUPTCY CODE.

The Liquidation Analysis, prepared by the Debtors with their financial advisors, is premised upon a liquidation in a chapter 7 case and is attached hereto as Exhibit Q. In the Liquidation Analysis, the Debtors have taken into account the nature status, and underlying vale of the assets of the Debtors, the ultimate realizable value of such assets, and the extent to which the assets are subject to liens and security interests. Based on this analysis, it is likely that a liquidation of the Debtors' assets would produce less value for distribution to creditors than that recoverable in each instance under the Plan.

ARTICLE XIV. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation of the Plan is preferable to the alternatives described above because it provides the greatest distributions and opportunity for distributions to Holders of Claims against and Interests in the Debtors. In addition, any alternative to confirmation of the Plan could result in extensive delays and substantially increased administrative expenses.

Accordingly, the Debtors urge all Holders of Claims and Interests entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they are received no later than 5:00 P.M., prevailing Eastern Time, on June 7, 2010.

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

Dated: May 7, 2010

Prepared by:

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EXHIBIT A

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In re:	**Chapter 11**
THE NEWARK GROUP, INC., *et al.*,[1]	**Case No. 10-_____**
Debtors	**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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Proposed Counsel to the Debtors and Debtors-in-Possession

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).

* * * * * * * * *

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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TABLE OF CONTENTS

PAGE

EXHIBIT A.....1

INTRODUCTION.....2

SECTION I DEFINED TERMS AND RULES OF INTERPRETATION.....2

1.1 Defined Terms 2
1.2 Rules of Interpretation 18
1.3 Exhibits 19

SECTION II CLASSIFICATION OF CLAIMS AND INTERESTS 19

2.1 Unclassified Claims 19
2.2 Classified Claims 19
2.3 Classes of Interests..... 20

SECTION III TREATMENT OF CLAIMS AND INTERESTS 21

3.1 Unclassified Claims 21
3.2 Classes of Claims..... 23
3.3 Classes of Interests..... 25
3.4 Special Provision Regarding Unimpaired and Reinstated Claims..... 26
3.5 Intercompany Claims and Intercompany Interests; Treasury Interests..... 27
3.6 Claims and Interests Entitled to Vote 27

SECTION IV ACCEPTANCE OR REJECTION OF THE PLAN 28

4.1 Acceptance by an Impaired Class..... 28
4.2 Presumed Acceptances by Unimpaired Classes 28
4.3 Summary of Classes Voting on this Plan..... 28
4.4 Non-Consensual Confirmation 28

SECTION V MEANS FOR IMPLEMENTATION OF THE PLAN.....29

5.1 Authorization and Issuance of New Common Stock..... 29
5.2 Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors 30
5.3 Corporate Governance, Directors, Officers and Corporate Action..... 31
5.4 Termination of Liens..... 33
5.5 Exit Financing..... 33
5.6 Intercreditor Agreement..... 33
5.7 Management Incentive Plan..... 33
5.8 Warrants..... 33
5.9 Deferred Compensation Agreement 34
5.10 Management Bonus 34

5.11 Additional Transactions Authorized Under this Plan 34

SECTION VI PROVISIONS GOVERNING DISTRIBUTIONS 34

6.1 Distributions for Claims in Classes 6 and 7 and Interests in Classes 8 and 9..... 34
6.2 Interest on Claims 35
6.3 Distributions by Disbursing Agent 35
6.4 Delivery of Distributions and Undeliverable or Unclaimed Distributions 35
6.5 Record Date for Distributions..... 36
6.6 Allocation of Plan Distributions between Principal and Interest..... 37
6.7 Means of Cash Payment..... 37
6.8 Sources of Cash for Plan Distributions..... 37
6.9 Withholding and Reporting Requirements 37
6.10 Setoffs 38
6.11 Fractional Shares..... 38
6.12 Exemption from Securities Laws..... 38
6.13 Preservation of Rights of Action..... 38

SECTION VII TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND SAVINGS AND PENSION PLANS.....39

7.1 Assumption of Executory Contracts and Unexpired Leases..... 39
7.2 Cure of Defaults of Assumed Executory Contracts and Unexpired Leases 39
7.3 Rejection Claims..... 40
7.4 Survival of Indemnification Obligations. 40
7.5 Insurance Policies 40
7.6 Post-Petition Contracts and Leases..... 40
7.7 Savings and Pension Plans..... 41
7.8 Compensation and Benefit Programs..... 41

SECTION VIII PROVISIONS FOR RESOLVING DISPUTED CLAIMS AND DISPUTED INTERESTS.....41

8.1 Resolution of Disputed Claims 41
8.2 Objections to Claims..... 42
8.3 Estimation of Claims..... 42
8.4 Preservation of Rights to Settle Claims 42
8.5 No Distributions Pending Allowance 42
8.6 Distributions on Account of Disputed Claims Once they are Allowed..... 42

SECTION IX CONFIRMATION AND CONSUMMATION OF THE PLAN 43

9.1 Conditions to Confirmation 43
9.2 Conditions to Effective Date..... 43
9.3 Waiver of Conditions..... 44
9.4 Effect of Non-Occurrence of Conditions to Effective Date..... 45

SECTION X EFFECT OF PLAN CONFIRMATION 45

10.1 Binding Effect 45
10.2 Exculpation and Releases 45
10.3 Discharge of Claims and Termination of Interests 47
10.4 Injunctions 48
10.5 Term of Bankruptcy Injunction or Stays 48

SECTION XI RETENTION OF JURISDICTION 49

11.1 Retention of Jurisdiction 49

SECTION XII MISCELLANEOUS PROVISIONS 51

12.1 Surrender of Instruments 51
12.2 Dissolution of Committees 51
12.3 Post-Confirmation Date Retention of Professionals 51
12.4 Bar Date for Certain Administrative Expense Claims 52
12.5 Effectuating Documents and Further Transactions 52
12.6 Corporate Action 52
12.7 Exemption from Transfer Taxes 52
12.8 Payment of Statutory Fees 52
12.9 Amendment or Modification of this Plan 53
12.10 Severability of Plan Provisions 53
12.11 Successors and Assigns 54
12.12 Revocation, Withdrawal or Non-Consummation of the Plan 54
12.13 Time 54
12.14 Notice 54
12.15 Governing Law 55
12.16 Tax Reporting and Compliance 55
12.17 Exhibits 55
12.18 Filing of Additional Documents 55
12.19 Reservation of Rights 56

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 revest 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 depositary 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 depositary 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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Proposed Counsel to the Debtors and Debtors-in-Possession

Dated: May 7, 2010
Roseland, New Jersey

EXHIBIT B

PLAN SUPPORT AGREEMENT

THIS AGREEMENT (the "Plan Support Agreement"), dated as of May 7, 2010, is made among ORIX Finance Corp. ("ORIX"), for itself; the noteholders party hereto (the "Prepetition Noteholders," each a "Plan Support Party," and collectively, the "Plan Support Parties" (for purposes of this definition, ORIX is a Plan Support Party only in its capacity as a Prepetition Noteholder and not in any capacity related to the ORIX DIP Financing Facility)); The Newark Group, Inc. ("The Newark Group"); each of the domestic subsidiaries of The Newark Group (the "TNG Subsidiaries"); and the equity holders party hereto (the "Shareholders").

W H E R E A S:

A. Prior to the date hereof, The Newark Group and the TNG Subsidiaries (collectively, "Newark") and representatives of the Prepetition ABL Lenders, ORIX and certain Prepetition Noteholders have discussed the possibility of consummating a financial restructuring (the "Restructuring") of the Prepetition Notes (defined below) and certain other of Newark's institutional indebtedness.

B. The principal terms of the Restructuring are set forth in the Joint Prepackaged Plan of Reorganization (the "Plan") attached hereto as Exhibit A and the Disclosure Statement (the "Disclosure Statement"), attached hereto as Exhibit B, each of which is expressly incorporated by reference and made part of this Plan Support Agreement (the Plan and Disclosure Statement, including all exhibits thereto, are collectively referred to as the "Attachments"). In the event that the terms and conditions set forth in the Attachments and this Plan Support Agreement are inconsistent, the terms and conditions set forth in this Plan Support Agreement shall govern.

C. Newark, ORIX, the Shareholders, and each Plan Support Party (each a "Party" and collectively, the "Parties") anticipate that the Restructuring will be implemented through a solicitation of votes for the Plan pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended, and Sections 1125, 1126 and 1145 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

1. Definitions. The following terms shall have the following definitions:

"ABL DIP Financing" means that certain debtor-in-possession financing being provided to The Newark Group by the ABL DIP Facility Lenders, as described in the Attachments.

"ABL Exit Facility" means the credit facility being provided by the ABL Exit Facility Lenders on substantially the terms set forth in the Attachments, to be used to repay in part the ABL DIP Facility as part of the Restructuring.

"Attachments" has the meaning set forth in the recitals hereto.

"Automatic Termination Event" has the meaning set forth in paragraph 7(a) hereof.

"Ballot" means the ballot distributed with the Disclosure Statement for voting on the Plan.

"Bankruptcy Code" means chapter 11 of title 11 of the United States Code, 11 U.S.C. §§101 et seq.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of New Jersey.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in New York City.

"Chapter 11 Cases" means the voluntary chapter 11 proceedings to be commenced by the Debtors for the principal purpose of consummating the Plan.

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

"Closing/Filing Deadline Date" has the meaning set forth in paragraph 7(a)(iii) hereof.

"CL Lenders" means, collectively, the certain lenders and other financial institutions from time to time party to the Prepetition CL Credit Facility.

"Debtors" means, collectively, The Newark Group, 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."

"Definitive Documents" means, all Attachments, including the Disclosure Statement and the Plan, the ABL DIP Facility Credit Agreement, the ABL Exit Facility Credit Agreement, the ORIX Exit Facility Credit Agreement, a term sheet for the ORIX DIP Facility Credit Agreement and all related documents, exhibits, annexes and schedules attached thereto (it being understood that there are no attachments to date for the ORIX Exit Facility Credit Agreement), in the form, as applicable, provided in the Attachments, as such documents may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof and with such grammatical changes as may be necessary to give them force and effect.

"DIP Financing" means the ABL DIP Financing and the ORIX DIP Financing.

"Disclosure Statement" means the definitive final solicitation and disclosure statement in respect of the Section 3(a) (9) Solicitation describing, among other things, the Restructuring, attached hereto as Exhibit B.

"Effective Date" has the meaning set forth in paragraph 2 hereof.

"Existing Credit Agreements" means the Prepetition ABL Credit Facility and the Prepetition CL Credit Facility.

"First Day Motions" means the motions contemplated to be filed by the Debtors in the initial days of these cases, as set forth in the Disclosure Statement.

"Foreign Subsidiaries" means each of the foreign subsidiaries of The Newark Group.

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

"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; provided, however, that for the purposes of treatment under the Plan, "Interest" shall not include any Intercompany Interests.

"Majority Plan Support Parties" means Plan Support Parties holding a majority in principal amount of the Prepetition Notes held by the Prepetition Noteholders party hereto of the date of any determination requiring Majority Plan Support Parties.

"Newark" has the meaning set forth in the recitals hereto.

"The Newark Group" has the meaning set forth in the recitals hereto.

"ORIX DIP Financing" means the debtor-in-possession financing being provided by ORIX (in an amount up to $38,000,000) and certain of the other Prepetition Noteholders (for the remainder) as described in the Attachments, which will repay the Prepetition CL Credit Facility.

"ORIX Exit Facility" means that certain financing facility being provided by ORIX (in an amount up to $38,000,000) and certain of the Prepetition Noteholders (for the remainder) on substantially the terms set forth in the Attachments.

"Outside Commencement Date" has the meaning set forth in paragraph 7(a)(i) hereof.

"Outside Termination Date" has the meaning set forth in paragraph 7(a)(vii) hereof.

"Party" has the meaning set forth in the recitals hereto.

"Permissive Termination Event" has the meaning set forth in paragraph 7(c) hereof.

"Person" means and includes an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization, a group or any legal entity or association.

"Plan Support Party" has the meaning set forth in the recitals hereto.

"Plan" means the Debtors' definitive joint prepackaged plan of reorganization, including all exhibits and supplements thereto, attached hereto as Exhibit A.

"Plan Support Agreement" has the meaning set forth in the recitals hereto.

"Prepetition ABL Credit Facility" means that certain Loan and Security Agreement, dated as of March 9, 2007, relating to Newark's prepetition asset-based loan facility, 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 and documents 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 Credit Facility" means that certain Loan and Security Agreement dated as of March 9, 2007 relating to Newark's credit-linked facility, 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 the indenture governing the 9.75% Senior Subordinated Notes due 2014 among The Newark Group, the subsidiary guarantors named therein, and The Bank of New York, as trustee, dated March 12, 2004, as subsequently amended, modified or supplemented, and the agreements entered into and documents delivered in connection therewith.

"Prepetition Noteholders" means the holders of the Prepetition Notes.

"Prepetition Notes" means The Newark Group's $175 million principal amount of 9.75% Senior Subordinated Notes due 2014 issued under the Prepetition Indenture.

"Reinstatement" has the meaning set forth in 7(e) hereof.

"Requisite Plan Support Parties" means Plan Support Parties holding 66-⅔% of the principal amount of the Prepetition Notes held by the Prepetition Noteholders Party hereto as of the date of any determination requiring Requisite Plan Support Parties.

"Restructuring" has the meaning set forth in the recitals hereto.

"Solicitation Period" means that certain period during which Newark will distribute for voting the Plan, the Ballot and the Disclosure Statement to, among others, holders of the Prepetition Notes and the Shareholders.

"Termination Date" has the meaning set forth in paragraph 7(e) hereof.

"Termination Event" means an Automatic Termination Event and a Permissive Termination Event.

"TNG Subsidiaries" has the meaning set forth in the recitals hereto.

"Transfer" has the meaning set forth in paragraph 8 hereof.

"Transfer Notice" has the meaning set forth in paragraph 8 hereof.

"Waiver Period" has the meaning set forth in paragraph 7(a) hereof.

Capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the Term Sheet.

2. Effective Date. This Plan Support Agreement shall be effective at 12:01 a.m. prevailing Eastern Time on May 7, 2010 (the "Effective Date") if the following conditions have been satisfied on such date, (a) Newark shall have executed and delivered counterpart signature pages to this Plan Support Agreement, (b) no fewer than 10 Holders of Prepetition Notes holding, in the aggregate, at least 66-2/3% of the outstanding principal amount of the Prepetition Notes shall have delivered to The Newark Group an executed counterpart of this Plan Support Agreement, (c) ORIX shall have delivered to The Newark Group an executed counterpart of this Plan Support Agreement, and (d) Holders of 66-2/3% of The Newark Group's issued and outstanding common stock shall have delivered to The Newark Group an executed counterpart of this Plan Support Agreement, and (e) copies of each signature page executed by a Plan Support Party have been delivered in an unredacted form as "advisors eyes only" to each of the advisors identified in Section 25 of the Plan Support Agreement.

3. Commitment of Plan Support Parties and ORIX. Each Plan Support Party and ORIX shall, subject to the conditions that (i) the terms of any applicable agreements implementing the Restructuring embody the terms set forth in this Plan Support Agreement, including the Attachments, and such other additional provisions not materially inconsistent with the terms hereof and thereof that are mutually agreed upon by the Requisite Plan Support Parties and ORIX, (ii) all required documents, including without limitation, the Definitive Documents are in form and substance reasonably satisfactory to the Majority Plan Support Parties and ORIX, and (iii) no Termination Event shall have occurred that has not been waived in writing by (x) the Majority Plan Support Parties or Requisite Plan Support Parties (as applicable) and (y) ORIX:

(a) vote, or cause to be voted, all Prepetition Notes beneficially owned by ORIX or such Plan Support Party or for which it is the nominee, investment manager or advisor for beneficial holders thereof in favor of the Plan in accordance with the applicable procedures set forth in the Disclosure Statement and accompanying voting

materials, and return a duly-executed Ballot in connection therewith during the Solicitation Period; provided, however, that such vote shall be immediately revoked and deemed void ab initio upon termination of this Plan Support Agreement pursuant to the terms hereof;

(b) not withdraw or revoke its tender, consent or vote;

(c) forbear from the exercise of any rights or remedies it may have under the Prepetition Indenture, the Prepetition Notes, applicable law or otherwise with respect to any defaults existing as of the date hereof under the Prepetition Indenture, the Prepetition Notes and any future default under the Prepetition Indenture or the Prepetition Notes;

(d) following the commencement of the Chapter 11 Cases, not (i) object to the terms, conditions, nature or amount of the Debtors' proposed debtor-in-possession financing, except to the extent that such terms are materially inconsistent with the Attachments and not approved by the Majority Plan Support Parties and ORIX; (ii) object to the terms, conditions, nature or amounts included in any of the First Day Motions, (iii) object to the Plan, the Disclosure Statement or the vote solicitation procedure, except to the extent that the Plan, the Disclosure Statement or the vote solicitation procedure is altered, modified or amended hereafter in a manner that is not approved by the Requisite Plan Support Parties and ORIX and is materially inconsistent with the Attachments; (iv) directly or indirectly seek, solicit, support or encourage (x) any objection to the Plan or (y) any other plan of reorganization or liquidation; (v) file a motion or application to modify or to terminate the Debtors' exclusive time periods pursuant to Section 1121(c) of the Bankruptcy Code; or (vi) file a motion or application for the appointment of a trustee or an examiner, support the granting of such a motion or application or fail to oppose the granting of such a motion or application; and

(e) agree to not take any other action, including, without limitation, initiating any legal proceeding that is inconsistent with, or that would delay consummation of, the Restructuring or the transactions embodied in the Definitive Documents, except to the extent that such transactions are altered, amended or modified hereafter, without the approval of the Majority Plan Support Parties and ORIX, so as to be materially inconsistent with those set forth in the Attachments.

Notwithstanding the foregoing, nothing in this Plan Support Agreement shall be construed as to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases so long as such appearance and the positions advocated in connection therewith are not materially inconsistent with this Plan Support Agreement.

4. Commitments of Newark and the Shareholders.

(a) Newark agrees and covenants that it shall:

(i) consummate the Restructuring in a manner and in accordance with the timeline contemplated by this Plan Support Agreement,

(ii) contemporaneously with the filing of a bankruptcy petition, file a motion or application seeking the entry of an order of the Bankruptcy Court authorizing the assumption of this Agreement under Section 365 of the Bankruptcy Code (the "Assumption Order"), and use commercially reasonable efforts to obtain the Assumption Order within twenty (20) days of the Petition date;.

(iii) provide the Plan Support Parties and ORIX notice of not less than five (5) business days of any modification of the Attachments, whether material or immaterial, and five (5) business days to review any contemplated First Day Motions, including but not limited to any motion for authority to provide adequate protection, such First Day Motions to be in form and substance satisfactory to the Plan Support Parties and ORIX;

(iv) take, or cause to be taken, all reasonable and appropriate actions in furtherance of the Restructuring, including, without limitation (i) commencing the Section 3(a)(9) Solicitation by May 12, 2010, (ii) completing the Section 3(a)(9) Solicitation by June 12, 2010, (iii) filing the Chapter 11 Cases by June 16, 2010, (iv) taking all steps reasonably necessary and desirable to obtain an order of the Bankruptcy Court confirming the Plan on or before August 15, 2010, and (v) taking all steps reasonably necessary and desirable to cause the consummation of the Plan to occur on or before August 30, 2010, obtain any and all required regulatory and/or third-party approvals for the Restructuring;

(v) use commercially reasonable efforts to avoid the occurrence of any of the Termination Events set forth in paragraph 6 hereof;

(vi) pay all reasonable fees and disbursements of (i) Milbank, Tweed, Hadley & McCloy LLP, legal counsel to the Prepetition Noteholders, (ii) PricewaterhouseCoopers LLP, financial advisor to certain Prepetition Noteholders, and (iii) Goldberg Kohn Ltd., legal counsel to ORIX, in each case within thirty (30) days of submitting an invoice; provided that all outstanding fees and disbursements will be paid prior to the commencement of the Chapter 11 Cases;

(vii) not take any other action, including, without limitation, initiating any legal proceeding that is inconsistent with, or that would delay consummation of, the Restructuring or the transactions embodied in the Definitive Documents, except to the extent that such transactions are materially consistent with those set forth in the Attachments; and

(viii) except as otherwise contemplated in the Attachments, do all things reasonably necessary and appropriate to (i) maintain all assets of

Newark separate and distinct from the assets of the Foreign Subsidiaries, (ii) ensure that all assets of Newark that are currently unencumbered remain unencumbered (unless pledged or encumbered in connection with new financing provided to Newark in accordance with this Plan Support Agreement) and (iii) ensure that all assets of the Foreign Subsidiaries that are currently unencumbered remain unencumbered (unless pledged or encumbered in connection with new financing provided to the Foreign Subsidiaries or to Newark for the benefit of the Foreign Subsidiaries).

(b) The Shareholders agree and covenant that they shall:

(i) subject to the conditions that (i) the terms of any applicable agreements implementing the Restructuring embody the terms set forth in this Plan Support Agreement, including the Attachments and (ii) all required documents, including without limitation, the Definitive Documents, are not materially inconsistent with the Attachments, vote, or cause to be voted, all shares of The Newark Group stock beneficially owned by such Shareholders in favor of the Plan in accordance with the applicable procedures set forth in the Disclosure Statement and accompanying voting materials, and return a duly-executed Ballot in connection therewith during the Solicitation Period;

(ii) not withdraw or revoke its tender, consent or vote;

(iii) following the commencement of the Chapter 11 Cases, not (i) object to the terms, conditions, nature or amount of the Debtors' proposed debtor-in-possession financing, except to the extent that such terms are either (x) materially inconsistent with the terms contained in the Attachments or (y) not approved by the Requisite Plan Support Parties, ORIX and The Newark Group; (ii) object to the terms, conditions, nature or amounts included in any of the First Day Motions; (iii) object to the Plan, the Disclosure Statement or the vote solicitation procedure, except to the extent that the Plan, the Disclosure Statement or the vote solicitation procedure is materially inconsistent with the Attachments; (iv) directly or indirectly seek, solicit, support or encourage (x) any objection to the Plan or (y) any other plan of reorganization or liquidation;

(iv) not take any other action, including, without limitation, initiating any legal proceeding that is inconsistent with, or that would delay consummation of, the Restructuring or the transactions embodied in the Definitive Documents, except to the extent that such transactions are materially inconsistent with those set forth in the Attachments; and

(v) take, or cause to be taken, all reasonable actions to satisfy the timeline set forth in paragraph 4(a)(v) hereof.

Notwithstanding the foregoing, nothing in this Plan Support Agreement shall be construed as to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases so long as such appearance and the positions advocated in connection therewith are not materially inconsistent with this Plan Support Agreement.

5. [Intentionally Omitted]

6. Means for Effectuating the Restructuring. The Debtors will effectuate the Restructuring by filing voluntary petitions under chapter 11 of the Bankruptcy Code after a solicitation of votes for the Restructuring conducted in accordance with applicable law. The Chapter 11 Cases shall be filed in the United States Bankruptcy Court for the District of New Jersey.

7. Termination.

(a) This Plan Support Agreement, and the obligations of all Plan Support Parties and ORIX hereunder shall terminate automatically and be of no further force or effect without any further action or notice upon the first to occur of the following events (each an "Automatic Termination Event"), unless such automatic termination is waived, amended or modified in writing by the Majority Plan Support Parties, ORIX and Newark, as applicable, within five (5) Business Days of such occurrence ("Waiver Period"); provided, however, that, upon the written consent of the Majority Plan Support Parties and ORIX effected at any time prior to the applicable dates to be extended, any or all of the dates set forth in paragraphs 7(a)(i) – (vii) may be extended and such later dates agreed to in lieu thereof shall be of the same force and effect as the dates provided herein:

(i) If the Section 3(a)(9) Solicitation has not been commenced by 11:59 p.m. prevailing Eastern Time on May 12, 2010 (the "Outside Commencement Date");

(ii) if the Section 3(a)(9) Solicitation has not been concluded by 11:59 p.m. prevailing Eastern Time on June 12, 2010;

(iii) if the Debtors fail to commence the Chapter 11 Cases by 11:59 p.m. prevailing Eastern Time on June 16, 2010 (the "Closing/Filing Deadline Date");

(iv) If the Debtors fail to obtain approval to assume the Plan Support Agreement by 11:59 p.m. prevailing Eastern Time on July 11, 2010;

(v) If an order confirming the Plan is not entered by 11:59 p.m. prevailing Eastern Time on August 15, 2010;

(vi) if the effective date of the Plan does not occur by 11:59 p.m. prevailing Eastern Time on August 30, 2010 (the "Outside Termination Date");

(vii) if the Debtors unilaterally withdraw or publicly announce their intention not to support the Plan,

(viii) if the Debtors (1) move to voluntarily dismiss the Chapter 11 Cases, (2) move for conversion of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code, or (3) move for appointment of an examiner pursuant to Section 1104 of the Bankruptcy Code in the Chapter 11 Cases; or

(ix) if (1) a trustee or an examiner with expanded powers is appointed in the Chapter 11 Cases or (2) any of the Chapter 11 Cases is converted to a case under chapter 7 of the Bankruptcy Code;

(x) if, prior to any bankruptcy filing, (i) the Debtors amend, modify, or supplement the Plan in a manner that is materially inconsistent with the terms of the Plan as annexed to this Plan Support Agreement or (ii) make a payment to any party (whether in cash or other property or whether as adequate protection, settlement of a dispute, or otherwise) that would be materially inconsistent with the treatment of such party under the Plan, provided, however, that the Debtors must provide five (5) business days notice to the Plan Support Parties and ORIX of any change to the Attachments, whether material or immaterial;

(xi) if, after the bankruptcy filing, the Debtors (i) file a motion with respect to an amendment, modification or supplement to the Plan that is materially inconsistent with the terms of the Plan or to any order relating to the DIP Financing that is materially inconsistent with the terms of such order, or (ii) file a motion to make or makes a payment to any other party (whether in cash or other property or whether as adequate protection, settlement of a dispute, or otherwise) that would be materially inconsistent with the treatment of such party under the Plan, provided, however, that the Debtors must provide five (5) business days notice to the Plan Support Parties and ORIX of any change to the Attachments, whether material or immaterial;

(xii) if any amendment, modification or supplement to the Plan confirmed by the Bankruptcy Court contains terms that are materially inconsistent with the terms set forth in the Plan and the Disclosure Statement and such amendment, modification or supplement is not consented to by the Majority Plan Support Parties and ORIX;

(xiii) the Bankruptcy Court grants relief terminating, annulling, or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with regarding to any assets having an aggregate value in excess of $500,000;

(xiv) if with respect to one or more Foreign Subsidiaries (i) an involuntary petition is commenced, or (ii) a voluntary petition is filed or any proceeding is commenced seeking relief under the Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law and such proceeding is not dismissed within thirty (30) days of the commencement thereof;

(xv) if any court shall enter a final, non-appealable judgment or order declaring this Plan Support Agreement or any material portion hereof to be unenforceable or, prohibits assumption of this Plan Support Agreement by any Debtor in the Chapter 11 Cases; or

(xvi) on the Effective Date.

(b) Upon the occurrence of an Automatic Termination Event (unless the Majority Plan Support Parties and ORIX deliver an executed waiver, the effective date of which must occur during the Waiver Period), the Parties agree that, during the Waiver Period, (i) no Party shall be required to perform any affirmative obligations set forth in this Plan Support Agreement or the Term Sheet except to the extent that the performance of any such affirmative obligation, other than the obligation to vote affirmatively upon solicitation, is required to prevent the rights of any other Party under this Plan Support Agreement from being materially impaired or the obligations of any other Party under this Plan Support Agreement from being materially and adversely altered upon Reinstatement of this Plan Support Agreement and (ii) no Party shall take any actions that would cause the rights of any other Party under this Plan Support Agreement to be materially impaired or the obligations of any other Party under this Plan Support Agreement to be materially and adversely altered upon Reinstatement of this Plan Support Agreement.

(c) This Plan Support Agreement may be terminated and thereafter shall be of no further force or effect upon the occurrence of one or more of the following events (each a "Permissive Termination Event"):

(i) Prior to commencement of the Chapter 11 Cases, upon the occurrence of the acceleration of all indebtedness under the Prepetition ABL Credit Facility or the Prepetition CL Credit Facility, or a termination of any commitment letter in effect on the date of this Plan Support Agreement with respect to the ABL DIP Financing, ABL Exit Facility, ORIX DIP Financing and/or ORIX Exit Facility, or a termination of the letter dated May 7, 2010 provided to Newark by the ABL DIP Facility Lenders indicating their support for the Plan (the "ABL Support Letter"); or

(ii) if there shall be a breach by Newark of any material representation, warranty, covenant or agreement contained in this Plan Support Agreement which breach has not been cured within five (5) business days of receipt of written notice from (i) Newark to the Plan Support Parties and ORIX or (ii) notice from one or more Plan Support Parties or ORIX to Newark, in each case of one or more breaches of the Plan Support Agreement.

(d) Upon a termination of this Plan Support Agreement in accordance with this paragraph 7, no Party hereto shall have any continuing liability or obligation to any other Party hereunder and the provisions of this Plan Support Agreement shall have no further force or effect, except for the provisions in paragraphs 13, 14, 19, 20 and 24 to 26, each of which shall survive termination of this Plan Support Agreement; provided that no such termination shall relieve any Party from liability for its breaches or non-performance of its obligations prior to the date of such termination. For the avoidance of doubt, upon the occurrence of any termination of this Plan Support Agreement any and all agreements tendered by the Plan Support Parties and ORIX prior to such termination shall be deemed, for all purposes, to be null and void from the first instance and shall not be considered or otherwise used in any manner by the parties in connection with the Restructuring and this Plan Support Agreement.

(e) The date on which the Waiver Period expires with respect to any Termination Event shall be referred to as the "Termination Date;" provided, however, that if, during the Waiver Period, a consent, waiver, amendment or other modification is approved in accordance with paragraph 7(a), this Plan Support Agreement and all rights and obligations (except to the extent such rights and obligations have been altered solely by the occurrence of the applicable Termination Event) of all Parties shall be reinstated as of the effective date of such consent, waiver, amendment or other modification as if such Termination Event had not occurred (a "Reinstatement") and no Termination Date shall be deemed to have occurred. For the avoidance of doubt, the Waiver Period for an Automatic Termination Event shall expire immediately upon the effective date of a waiver, amendment or modification of such Automatic Termination Event.

8. Transfer of Obligations. Except as expressly provided herein, this Plan Support Agreement shall not in any way restrict the right or ability of any Plan Support Party or ORIX to sell, use, assign, transfer or otherwise dispose of ("Transfer") any of the Prepetition Notes, its interest in the ORIX DIP Financing, provided, however, that for a period commencing as of the date such Plan Support Party or ORIX executes this Plan Support Agreement until the termination of this Plan Support Agreement pursuant to the terms hereof, no Plan Support Party or ORIX shall Transfer any Prepetition Notes or interest in the ORIX DIP Financing unless the transferee is a Plan Support Party or ORIX, or if the transferee is not a Plan Support Party or ORIX, such transferee delivers to Newark when it delivers its Transfer Notice, an assumption in substantially the form set forth hereto as Exhibit C. A Plan Support Party or ORIX shall notify each of the notice parties set forth in Section 25 of this Plan Support Agreement in writing ("Transfer Notice") of any Transfer by it of Prepetition Notes within two (2) Business Days after the execution of an agreement (or trade confirmation) in respect of such Transfer.

9. Plan Support Party and ORIX Representations. (a) Each Plan Support Party and ORIX represents and warrants, severally and not jointly, to each other Party that:

(i) as of the date of this Plan Support Agreement, it is the beneficial owner of the face amount of the Prepetition Notes, or is the nominee, investment manager or advisor for beneficial holders of the Prepetition Notes in the principal amount set forth on its signature page hereto;

(ii) other than pursuant to this Plan Support Agreement, such Prepetition Notes are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal or other limitation on disposition or encumbrances of any kind, that would adversely affect in any way such Plan Support Party's performance of its obligations contained in this Plan Support Agreement at the time such obligations are required to be performed;

(iii) it has all requisite corporate, partnership or limited liability company power and authority to enter into this Plan Support Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Plan Support Agreement;

(iv) assuming the due execution and delivery of this Plan Support Agreement by Newark, this Plan Support Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws, or by equitable principles relating to or limiting creditors' rights generally;

(v) as of the date of this Plan Support Agreement, it is not aware of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Plan Support Agreement;

(vi) it has been afforded the opportunity to discuss this Plan Support Agreement, including the Attachments, and other information concerning Newark with representatives of Newark, and to consult with its legal counsel and financial advisors with respect to its decision to execute this Plan Support Agreement, and has otherwise investigated this matter to its full satisfaction and will not seek rescission or revocation of this Plan Support Agreement; and

(vii) it understands that no consideration shall be due or paid to any of the Plan Support Parties or ORIX for their agreement to support the Plan in accordance with the terms and conditions of this Plan

Support Agreement other than Newark's agreement to the terms and conditions of this Plan Support Agreement.

(b) ORIX also represents and warrants that following the execution and delivery of the documents relating to the ORIX DIP Financing it will be duly authorized to act as agent for the lenders under the ORIX DIP Financing pursuant to the terms of such documents. ORIX further represents and warrants that this Plan Support Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws, or by equitable principles relating to or limiting creditors' rights generally.

10. Cooperation. Subject to the occurrence of the Effective Date and until the occurrence of the Termination Date, any ancillary documentation necessary to implement the Restructuring shall be, in all material respects, in accordance with the terms and conditions contained in the Attachments or in form and substance satisfactory to Majority Plan Support Parties and ORIX. Without limiting the generality of the foregoing, prior to the commencement of and during the Chapter 11 Cases, the Debtors shall, except in an emergency where it is not reasonably practicable, provide draft copies of all motions or applications and other documents the Debtors intend to file with the Bankruptcy Court to counsel for the Plan Support Parties and ORIX at least five (5) Business Days prior to the date when Newark intends to file any such document and shall consult in good faith with counsel and the financial advisor to the Plan Support Parties and ORIX regarding any such proposed filing with the Bankruptcy Court and any such proposed filing would need to be in form and substance satisfactory to the Majority Plan Support Parties and ORIX.

11. Service on Official Committee. Notwithstanding anything herein to the contrary, if a Plan Support Party or ORIX is appointed to and serves on an official committee in the Chapter 11 Cases, the terms of this Plan Support Agreement shall not be construed to limit such Party's exercise of its fiduciary duties in its role as a member of such committee, and any exercise of such fiduciary duties shall not be deemed to constitute a breach of the terms of this Plan Support Agreement; provided, however, that serving as a member of such committee shall not relieve the Plan Support Party or ORIX of any obligations to vote in favor of the Plan; provided, further, that nothing in this Plan Support Agreement shall be construed as requiring any Plan Support Party or ORIX to serve on any official committee in the Chapter 11 Cases.

12. Newark Representations. Each Newark Party represents and warrants, jointly and severally, to each other Party that:

(a) as of the date of this Plan Support Agreement, it is duly organized, validly existing, and in good standing under the laws of the state of its organization, and has all requisite corporate power and authority to enter into this Plan Support Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Plan Support Agreement;

(b) assuming the due execution and delivery of this Plan Support Agreement by the Plan Support Parties and ORIX, this Plan Support Letter is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as may

be limited by bankruptcy, insolvency, or similar laws, or by equitable principles relating to or limiting creditors' rights generally; and

(c) as of the date of this Plan Support Agreement, it is not aware of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Plan Support Agreement.

(d) The ABL Plan Support Letter is in full force and effect.

Each Newark Party covenants, jointly and severally, to each other Party that:

(a) It shall provide each other Party with notice of any modifications made to the ABL Plan Support Letter or any breach by any party thereunder;

(b) Prior to the effectiveness of each of the documentation evidencing the ABL DIP Facility and the ABL Exit Financing, it shall deliver or cause to be delivered to ORIX a copy, certified by the chief financial officer of The Newark Group as true and complete, of the Credit Agreement governing each of the ABL DIP Facility and the ABL Exit Financing and related ABL DIP Facility and ABL Exit Financing documentation as originally executed and delivered, together with all exhibits and schedules thereto, substantially in the form attached to the ABL Plan Support Agreement, or to the extent not so attached, each in form and substance satisfactory to ORIX (it being understood and agreed that in any event, the closing and funding conditions, the representations and warranties, the covenants and events of default set forth in the documentation governing the ORIX DIP Facility and the ORIX Exit Financing may be expanded if required by ORIX so that they are at least as extensive, as restrictive to the Newark Parties, and as favorable to ORIX as are such provisions set forth in documentation governing the ABL DIP Facility and the ABL Exit Financing (other than (1) with respect to closing conditions, conditions which are unique to an asset-based revolving loan facility predicated on accounts receivable and inventory set forth in the [ABL documentation] and are not applicable to the ORIX documentation, (2) with respect to covenants, financial covenants, use of proceeds covenants and reporting covenants pertaining to borrowing base reporting and (3) with respect to events of default, grace periods for interest payments).

13. Entire Agreement. This Plan Support Agreement, including the Attachments constitutes the entire agreement of the Parties with respect to the subject matter of this Plan Support Agreement, and supersedes all other prior negotiations, agreements and understandings, whether written or oral, among the Parties with respect to the subject matter of this Plan Support Agreement; provided, however, that any confidentiality agreement executed by any Plan Support Party or ORIX shall survive this Plan Support Agreement and shall continue to be in full force and effect, in accordance with the terms thereof (other than as to termination date) until the Termination Date; provided, further, that the Parties shall enter into various definitive documents upon the effective date of the Plan to give effect to the transactions contemplated in this Plan Support Agreement.

14. Survival of Agreement. Each of the Parties acknowledges and agrees that this Plan Support Agreement is being executed in connection with negotiations concerning a possible

financial restructuring of Newark and in contemplation of a possible bankruptcy filing by the Debtors, and (a) the rights granted in this Plan Support Agreement are enforceable by each signatory hereto without approval of the Bankruptcy Court, (b) the exercise of such rights will not violate the automatic stay provisions of the Bankruptcy Code and (c) Newark hereby waives its right to assert a contrary position in the Debtors' bankruptcy cases, if any, with respect to the foregoing.

15. Acquisition of Additional Prepetition Notes or Obligations. This Plan Support Agreement shall in no way be construed to preclude or limit any Plan Support Party or ORIX from acquiring or taking assignments of additional Prepetition Notes; provided, however, that any such additional Prepetition Notes automatically shall be deemed to be subject to the terms of this Plan Support Agreement and the representation contained in paragraph 9 hereof shall be deemed to have been made with respect to any Prepetition Notes acquired by a Plan Support Party or ORIX after the date hereof.

16. Acknowledgment. This Plan Support Agreement is not and shall not be deemed a solicitation for consents to the Plan.

17. Public Announcements. Except as required by applicable law or regulation, or the rules of any applicable stock exchange or regulatory body, or under the Bankruptcy Code or as required in the Bankruptcy Cases, as determined in each instance by outside counsel to the Debtors and with reasonable prior notice to the Plan Support Parties and ORIX, neither Newark nor the Plan Support Parties nor ORIX shall, nor shall they permit any of their respective affiliates to, (i) use the name of any Plan Support Party or ORIX in any public manner (including the signature pages hereto) without such Party's prior written consent, (ii) disclose to any person other than advisors to the Debtors the principal amount or percentage of any Prepetition Notes held by any Plan Support Party or (iii) make any public announcement or otherwise communicate with any news media in respect of this Plan Support Agreement or the transactions contemplated hereby or by the Definitive Documents without the prior written consent of the other Parties hereto except with respect to (iii), as required pursuant to the terms of the Plan Support Agreement; provided, however, that the Debtors shall be permitted to disclose at any time the aggregate principal amount of and aggregate percentage of Prepetition Notes held by Plan Support Parties agreeing to participate in the Section 3(a)(9) Solicitation; provided further, however, that notwithstanding the foregoing, Newark may issue one or more press releases related to the execution and delivery of this Plan Support Agreement and the transactions contemplated hereby and shall provide an advance draft copy in each instance that shall prior to being issued be in form and substance satisfactory to the Majority Plan Support Parties and ORIX with respect to the text thereof; and provided further, however, that the foregoing shall not operate to restrict ORIX in its capacity as agent from advertising the transactions contemplated by the ORIX DIP Financing or the ORIX Exit Facility, in each case following the effectiveness thereof and after reasonable prior notice to Newark.

18. Conduct of Business Pending the Consummation Date of Restructuring. Newark agrees that, prior to the effective date of the Plan and prior to termination of this Plan Support Agreement, unless (x) otherwise expressly permitted by this Plan Support Agreement or (y) consented to by the Requisite Plan Support Parties and ORIX, which consent shall not be unreasonably withheld or delayed:

(a) Newark shall not directly or indirectly do or permit to occur any of the following: (i) issue, sell, pledge, dispose of or encumber any additional shares of, or any options, warrants, conversion privileges or rights of any kind to acquire any shares of, any of its equity interests including, without limitation, capital stock or partnership interests; (ii) amend or propose to amend its respective articles of incorporation, bylaws or comparable organizational documents, except pursuant to the Restructuring; (iii) split, combine or reclassify any outstanding shares of its capital stock or other equity interests, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of its equity interests; (iv) redeem, purchase or acquire or offer to acquire any of its equity interests, including, without limitation, capital stock or partnership interests; (v) acquire or divest (by merger, exchange, consolidation, acquisition of stock or assets or otherwise) any corporation, partnership, limited liability company, joint venture or other business organization or division; (vi) incur any indebtedness for borrowed money or issue any debt securities, except (A) indebtedness incurred in the ordinary course of business, (B) pursuant to the Restructuring, (C) the ABL DIP Financing, the ORIX DIP Financing, or any other use of cash collateral reasonably acceptable to the Requisite Plan Support Parties and ORIX, or (D) intercompany indebtedness incurred in the ordinary course of business; (vii) enter into any new executive employment agreements other than the Management Incentive Plan and Management Incentive Bonus specified in the Attachments, which plans or grants shall become effective no earlier than the Effective Date; (viii) enter into any non-executive employment agreements other than employment agreements consistent with past practice including in terms of compensation and duration; (ix) settle any pending litigation; or (x) enter into or modify any agreement with respect to any of the matters set forth in this paragraph 18; and

(b) Newark shall (i) maintain good standing under the laws of each state or other jurisdiction in which The Newark Group or any of the TNG Subsidiaries is incorporated or organized, and (ii) notify the Plan Support Parties and ORIX of any governmental or third party complaints, litigations, investigations or hearings (or communications indicating that the same may be contemplated or threatened), in either case of clause (i) or clause (ii), which could reasonably be anticipated to have a material adverse effect.

19. Waiver. If (i) this Plan Support Agreement fails to become effective or (ii) the Termination Date occurs, nothing shall be construed herein as a waiver by any Party of any or all of such Party's rights and the Parties expressly reserve any and all of their respective rights. Pursuant to Federal Rule of Evidence 408 and any other applicable rules of evidence, this Plan Support Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

20. Counterparts. This Plan Support Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument and the counterparts may be delivered by facsimile transmission or by electronic mail in portable document format (.pdf).

21. Amendments. Except as otherwise provided herein, this Plan Support Agreement may not be amended, modified or supplemented, and compliance with any provision hereof by

any Party shall not be waived, without the prior written consent of The Newark Group and the Majority Plan Support Parties and ORIX; provided further that any amendment, waiver or other modification of a provision hereof that requires the consent of the Requisite Plan Support Parties must be approved by the Requisite Plan Support Parties and ORIX. Any consent, waiver, amendment or other modification requiring the approval by The Newark Group and the Majority Plan Support Parties or the Requisite Plan Support Parties, as applicable, and ORIX and shall be binding upon (i) each of the TNG Subsidiaries, (ii) each of the Plan Support Parties, (iii) ORIX; and (iv) each of the equity holder Parties, as if each such Party had executed and delivered such consent, waiver, amendment or other modification.

22. Headings. The headings of the sections, paragraphs, subsections and subparagraphs of this Plan Support Agreement are inserted for convenience only and shall not affect the interpretation hereof.

23. Relationship Among Parties.

(a) Notwithstanding anything herein to the contrary, the duties and obligations of the Plan Support Parties and ORIX under this Plan Support Agreement shall be several, not joint. Furthermore, it is understood and agreed that no Plan Support Party nor ORIX has any duty of trust or confidence in any form with any other Plan Support Party, and there are no commitments among or between them. In this regard, it is understood and agreed that, except pursuant to paragraph 8 above, any Plan Support Party or ORIX may trade in the Prepetition Notes or other debt or equity securities of Newark without the consent of Newark or any other Plan Support Party or ORIX, subject to applicable securities laws and paragraphs 8 and 15 of this Plan Support Agreement. No Plan Support Party nor ORIX shall have any responsibility for any such trading by any other entity by virtue of this Plan Support Agreement. No prior history, pattern or practice of sharing confidences among or between Plan Support Parties or ORIX shall in any way affect or negate this understanding and agreement.

(b) Each of the Parties acknowledges and agrees that it will not assert, or support any other Party in asserting, that either (i) participation in the "noteholders committee", (ii) participation in discussions with Newark following the execution of a confidentiality agreement with Newark or (iii) execution of this Plan Support Agreement, results in such Party being a member of a "group" for any purpose. Each of the Parties acknowledges and agrees that it will not seek to compel the filing of a Bankruptcy Rule 2019 statement by any one or more of the Parties or otherwise through such Parties counsel.

24. Governing Law. This Plan Support Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to such state's choice of law provisions which would require the application of the law of any other jurisdiction. By its execution and delivery of this Plan Support Agreement, each of the Parties irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter arising under or arising out of or in connection with this Plan Support Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in the United States District Court for the District of New York, and by execution and delivery of this Plan Support Agreement, each of the Parties irrevocably accepts

and submits itself to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction, if the Chapter 11 Cases are commenced, each Party agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Plan Support Agreement.

25. Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the Parties at the following addresses or facsimile numbers:

If to a Plan Support Party, to the address set forth beneath such Plan Support Party's name below, with a copy to:

if a Prepetition Noteholder:

Milbank Tweed Hadley & McCloy LLP
1850 K Street, NW, Suite 1100
Washington, D.C. 20006
Attn: Debra Alligood White, Esq.
Telephone: (202) 835-7516
Facsimile: (202) 835-7586
Electronic mail: DWhite@milbank.com

If to ORIX, to the address set forth beneath ORIX's name below, with a copy to:

Goldberg Kohn Ltd
55 East Monroe, Suite 3300
Chicago, IL 60603
Attn: Jonathan M. Cooper, Esq.
Telephone: 312-201-3980
Facsimile: 312-863-7480
Electronic mail: jonathan.cooper@goldbergkohn.com

If to Newark:

The Newark Group, Inc.
20 Jackson Drive
Cranford, NJ 07016
Attn: Mr. Joseph Byrne
Telephone: (908) 276-4000 ext. 266
Facsimile: (908) 276-2888
Electronic mail: jbyrne@tngus.com

with a copy to:

Lowenstein Sandler PC

65 Livingston Avenue
Roseland, NJ 07068
Attn: Kenneth A. Rosen, Esq.
Telephone: (973) 597-2548
Facsimile: (973) 597-2549
Electronic mail: krosen@lowenstein.com

26. No Third-Party Beneficiaries. The terms and provisions of this Plan Support Agreement are intended solely for the benefit of the Parties hereto and their respective successors and permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

[remainder of the page intentionally blank]

IN WITNESS WHEREOF, the undersigned have executed this Plan Support Agreement as of the date first set forth above.

THE NEWARK GROUP, INC. for itself
and each of its domestic subsidiaries

By:_____
Name: Robert H. Mullen
Title: President

ORIX FINANCE CORP., in its capacity as
Prepetition Noteholder

By:_____ Claim Amount: $_____
Name:
Title:

_____ Claim Amount: $_____
Name of Prepetition Noteholder

_____
Authorized Signatory of Prepetition Noteholder

_____
Type or Print Name and Title of Authorized Signatory

_____ Number of Shares_____
Shareholder Name

_____ Number of Shares_____
Shareholder Name

_____ Number of Shares_____
Shareholder Name

Exhibit C

Assumption Agreement

Reference is hereby made to that certain plan support agreement (as such agreement may be amended, modified or supplemented from time to time, the "Plan Support Agreement") among The Newark Group, Inc., the TNG Subsidiaries, the Prepetition Noteholders, ORIX, the Prepetition ABL Lenders and the equity holders Party thereto. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Plan Support Agreement. As a condition precedent to becoming the beneficial holder or owner of [_____] dollars ($_____) in [_____] Prepetition Notes (as defined in the Plan Support Agreement), the undersigned _____ (the "Transferee"), hereby agrees to become bound by the terms, conditions and obligations set forth in the Plan Support Agreement. This Assumption Agreement shall take effect and shall become an integral part of the Plan Support Agreement immediately following its execution, and the Transferee shall be deemed to be bound by all of the terms, conditions and obligations of the Plan Support Agreement as of the date thereof.

IN WITNESS WHEREOF, the ASSUMPTION AGREEMENT has been duly executed by each of the undersigned as of the date specified below.

Date: _____, 2010

_____	_____
Name of Transferor	Name of Transferee
_____	_____
Authorized Signatory of Transferor	Authorized Signatory of Transferee
_____	_____
(Type or Print Name and Title of Authorized Signatory)	(Type or Print Name and Title of Authorized Signatory)

Address of Plan Support Party:

_____
_____
_____
Attn: _____
Tel: _____
Fax: _____
Email: _____

EXHIBIT C

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

by and among

THE NEWARK GROUP, INC.
Debtor and Debtor-In-Possession,
as a Borrower

NEWARK GROUP INTERNATIONAL B.V.,
as a Borrower

and

CERTAIN DOMESTIC SUBSIDIARIES OF THE NEWARK GROUP, INC.
FROM TIME TO TIME PARTIES HERETO,
as Borrowers

and

THE OTHER SUBSIDIARIES OF THE NEWARK GROUP, INC.
FROM TIME TO TIME PARTIES HERETO,
as Guarantors

THE LENDERS AND ISSUING BANK FROM TIME TO TIME PARTY HERETO

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent and Collateral Agent

[----------],
as Syndication Agent

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Sole Lead Arranger and Sole Bookrunner

Dated as of _____, 2010

TABLE OF CONTENTS

		Page
SECTION 1.	DEFINITIONS	2
SECTION 2.	CREDIT FACILITIES	34
2.1	Loans.	34
2.2	Letters of Credit.	36
2.3	Commitments.	39
2.4	[Intentionally Deleted.]	39
2.5	Swingline Loan Subfacility.	39
2.6	Mandatory Repayments.	41
SECTION 3.	INTEREST AND FEES	42
3.1	Interest.	42
3.2	Fees.	43
3.3	Changes in Laws and Increased Costs of Loans.	44
SECTION 4.	CONDITIONS PRECEDENT	46
4.1	Conditions Precedent to Initial Loans and Letters of Credit.	46
4.2	Conditions Precedent to All Loans and Letters of Credit.	52
SECTION 5.	GRANT AND PERFECTION OF SECURITY INTEREST	53
5.1	Grant of Security Interest.	53
5.2	Perfection of Security Interests.	55
5.3	Control Collateral Held by Control Agent.	59
5.4	Intercreditor Provisions.	59
5.5	Effect of Financing Order.	59
SECTION 6.	COLLECTION AND ADMINISTRATION	61
6.1	Borrowers' Loan Accounts.	61
6.2	Statements.	61
6.3	Collection of Accounts.	62
6.4	Payments.	63
6.5	Taxes.	64
6.6	Authorization to Make Loans.	67
6.7	Use of Proceeds.	67
6.8	Appointment of Company as Administrative Agent for Requesting Loans and Receipts of Loans and Statements.	68

6.9	Pro Rata Treatment	68
6.10	Sharing of Payments, Etc.	69
6.11	Settlement Procedures.	70
6.12	Obligations Several; Independent Nature of Lenders' Rights.	74
6.13	Exchange Rates; Currency Equivalents.	74
SECTION 7.	COLLATERAL REPORTING AND COVENANTS	75
7.1	Collateral Reporting.	75
7.2	Accounts Covenants.	77
7.3	Inventory Covenants.	78
7.4	Equipment Covenants.	79
7.5	Power of Attorney.	79
7.6	Right to Cure.	80
7.7	Access to Premises.	81
SECTION 8.	REPRESENTATIONS AND WARRANTIES	81
8.1	Corporate Existence, Power and Authority.	81
8.2	Name; State of Organization; Chief Executive Office; Collateral Locations.	82
8.3	Financial Statements; No Material Adverse Change	82
8.4	Priority of Liens; Title to Properties.	83
8.5	Tax Returns.	83
8.6	Litigation.	83
8.7	Compliance with Other Agreements and Applicable Laws	84
8.8	Environmental Compliance.	84
8.9	Employee Benefits	85
8.10	Bank Accounts.	86
8.11	Intellectual Property.	86
8.12	Subsidiaries; Affiliates; Capitalization; Solvency	87
8.13	Labor Disputes.	87
8.14	Restrictions on Subsidiaries.	87
8.15	Material Contracts.	88
8.16	Payable Practices.	88
8.17	Accuracy and Completeness of Information	88
8.18	Survival of Warranties; Cumulative.	88
8.19	Investment Company Act.	88
8.20	Indebtedness.	89
8.21	Investments.	89
8.22	No Burdensome Restrictions.	89
8.23	Brokers' Fees.	89
8.24	Security Documents.	89
8.25	Classification of Senior Indebtedness	89
8.26	Anti-Terrorism Laws.	90
8.27	Compliance with OFAC Rules and Regulations.	90
8.28	Compliance with FCPA.	90
8.29	Commercial Activity; Absence of Immunity.	90

8.30 Assets Owned by Certain Subsidiaries. 91
8.31 Budget 91
8.32 Engagement of Financial Advisor. 92
8.33 Retention of Investment Banker 93
8.34 Financing Order 93
8.35 Super-Priority Administrative Expense. 93

SECTION 9. AFFIRMATIVE AND NEGATIVE COVENANTS 94

9.1 Maintenance of Existence. 94
9.2 New Collateral Locations. 94
9.3 Compliance with Laws, Regulations, Etc. 94
9.4 Payment of Taxes and Claims. 95
9.5 Insurance. 96
9.6 Financial Statements and Other Information. 97
9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc. 99
9.8 Encumbrances. 101
9.9 Indebtedness. 103
9.10 Loans, Investments, Etc. 104
9.11 Restricted Payments. 106
9.12 Transactions with Affiliates. 106
9.13 Compliance with ERISA. 107
9.14 End of Fiscal Years. 107
9.15 Change in Business. 108
9.16 Limitation of Restrictions Affecting Subsidiaries. 108
9.17 Minimum Excess Availability. 108
Borrowers shall, at all times during each period set forth below, maintain Excess Availability (after giving effect to, and subtracting an amount equal to, the Special Availability Reserve) of not less than the amount set forth below opposite such period: 108
9.18 Consolidated EBITDA 109
9.19 [Reserved]. 109
9.20 License Agreements. 109
9.21 Foreign Assets Control Regulations, Etc. 110
9.22 Costs and Expenses. 110
9.23 Additional Borrowers and Guarantors. 111
9.24 Pledged Assets. 111
9.25 Amendment of Subordinated Debt; CL Financing Agreements. 112
9.26 Limitations on Activities of NP Cogen. 112
9.27 Sale Leasebacks. 112
9.28 No Further Negative Pledges. 112
9.29 Limitation on Excluded Subsidiaries. 113
9.30 Bankruptcy Covenants. 113
9.31 Prepetition Payables. Each Borrower and Guarantor shall be permitted to pay any prepetition claim arising under Section 503(b)(9) of the Bankruptcy Code or otherwise without the prior written consent of Administrative Agent and Lenders so long as such payments are consistent with the Budget and are

approved by an order of the Bankruptcy Court in form and substance satisfactory to Administrative Agent. 114
9.32 Further Assurances. 114
9.33 Classification of Senior Indebtedness. 114
Each Borrower and Guarantor shall cause the Obligations to constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement to be legally valid and enforceable against the parties thereto. 114
9.34 Post Closing Covenants. 114

SECTION 10. EVENTS OF DEFAULT AND REMEDIES 115

10.1 Events of Default. 115
10.2 Remedies. 119

SECTION 11. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW 123

11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver. 123
11.2 Waiver of Notices. 124
11.3 Amendments and Waivers. 125
11.4 Waiver of Counterclaims. 127
11.5 Indemnification. 127

SECTION 12. THE AGENT 128

12.1 Appointment, Powers and Immunities. 128
12.2 Reliance by Administrative Agent. 128
12.3 Events of Default. 129
12.4 Wells Fargo in its Individual Capacity. 129
12.5 Indemnification. 130
12.6 Non-Reliance on Administrative Agent and Other Lenders. 130
12.7 Failure to Act. 130
12.8 Additional Loans. 131
12.9 Concerning the Collateral and the Related Financing Agreements. 131
12.10 Field Audit, Examination Reports and other Information; Disclaimer by Lenders. 131
12.11 Collateral Matters. 132
12.12 Agency for Perfection. 134
12.13 Successor Administrative Agent. 134
12.14 Other Agent Designations. 135
12.15 Intercreditor Agreement. 135
12.16 Parallel Debts and Administrative Agent. 135

SECTION 13. TERM OF AGREEMENT; MISCELLANEOUS 136

13.1 Term. 136

13.2 Interpretative Provisions. 137
13.3 Notices. 138
13.4 Partial Invalidity. 140
13.5 Confidentiality. 140
13.6 Successors. 141
13.7 Assignments; Participations. 141
13.8 Entire Agreement. 143
13.9 USA Patriot Act. 144
13.10 Counterparts, Etc. 144
13.11 Dutch Obligations. 144
13.12 [Intentionally Omitted]. 144
13.13 Parallel Debts. 144
13.14 Concerning Joint and Several Liability of Borrowers. 146
13.15 Judgment Currency. 148
If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Financing Agreement in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrowers in respect of any such sum due from it to Administrative Agent or any Lender hereunder or under the other Financing Agreements shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by Administrative Agent or such Lender of any sum adjudged to be so due in the Judgment Currency, Administrative Agent or such Lender may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Administrative Agent or such Lender in the Agreement Currency, Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify Administrative Agent or such Lender or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Administrative Agent or such Lender in such currency, Administrative Agent or such Lender agrees to return the amount of any excess to Borrowers (or to any other Person who may be entitled thereto under applicable law). 148
13.16 Waiver. 148

SECTION 14. GUARANTY OF U.S. OBLIGATIONS 148

14.1 The Domestic Guaranty. 148
14.2 Bankruptcy. 149
14.3 Nature of Liability. 149
14.4 Independent Obligation. 150
14.5 Authorization. 150

14.6 Reliance. 150
14.7 Waiver. 150
14.8 Limitation on Enforcement. 151
14.9 Confirmation of Payment. 152

SECTION 15. GUARANTY OF THE DUTCH BORROWER OBLIGATIONS 152

15.1 The DO Guaranty. 152
15.2 Bankruptcy. 152
15.3 Nature of Liability. 153
15.4 Independent Obligation. 153
15.5 Authorization. 153
15.6 Reliance. 153
15.7 Waiver. 154
15.8 Limitation on Enforcement. 155
15.9 Confirmation of Payment. 155

SECTION 16. RELEASE 155

16.1 Release of Pre-Petition Claims. 155
16.2 Release of Post-Petition Claims. Upon (a) the receipt by Administrative Agent, on behalf of itself and the other Lenders, of payment in full of all Obligations in cash or other immediately available funds, plus cash collateral or other collateral security acceptable to Administrative Agent to secure any Obligations that survive or continue beyond the termination of the Financing Agreements, and (b) the termination of the Financing Agreements (the "Payment Date"), in consideration of the agreements of Administrative Agent and Lenders contained herein and the making of any Loans by Administrative Agent and Lenders, each Borrower and Guarantor hereby covenants and agrees to execute and deliver in favor of Administrative Agent and Lenders a valid and binding termination and release agreement, in form and substance satisfactory to Administrative Agent. If any Borrower or Guarantor violates such covenant, Borrowers and Guarantor agree to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation. 156
16.3 Releases Generally. 156

SECTION 17. ACKNOWLEDGMENT AND RESTATEMENT 156

17.1 Existing Obligations. 156
17.2 Acknowledgment of Security Interests. 157
17.3 Existing Loan Agreement. 157
17.4 Restatement. 157

INDEX
TO
EXHIBITS AND SCHEDULES

Exhibit A	Form of Assignment and Acceptance
Exhibit B	Information Certificate
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Borrower Joinder Agreement
Exhibit E	Form of Guarantor Joinder Agreement
Exhibit F	Authorized Officers
Exhibit G	Form of Borrowing Base Certificate
Exhibit H	Budget
Exhibit I	Projections
Schedule 1(a)	Lenders and Commitments
Schedule 9.34	Post Closing Collateral Access Agreements
Schedule 13.16	Existing Defaults

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Amended and Restated Loan and Security Agreement dated as of _____, 2010 is entered into by and among THE NEWARK GROUP, INC., Debtor and Debtor-in-Possession, a New Jersey corporation (the "Company"), NEWARK GROUP INTERNATIONAL B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands and a wholly-owned subsidiary of the Company (the "Dutch Borrower"), those certain Domestic Subsidiaries of the Company from time to time party hereto pursuant to Section 9.22 (the "Subsidiary Borrowers"; and together with the Company and the Dutch Borrower, each individually a "Borrower" and collectively, "Borrowers" as hereinafter further defined), those certain Domestic Subsidiaries of the Company, each as Debtor and Debtor-in-Possession, from time to time party hereto as guarantors (each individually a "Guarantor" and collectively, "Guarantors" as hereinafter further defined), the parties hereto from time to time as lenders, whether by execution of this Agreement or an Assignment and Acceptance (each individually, a "Lender" and collectively, "Lenders" as hereinafter further defined) and WELLS FARGO BANK, NATIONAL ASSOCIATION, successor by merger to Wachovia Bank, National Association, a national banking association, in its capacity as administrative agent and collateral agent for Lenders (in such capacity, "Administrative Agent" and "Collateral Agent" as hereinafter further defined) and as Control Agent.

WITNESSETH:

WHEREAS, Borrowers, Guarantors, Administrative Agent, Collateral Agent and the parties thereto as lenders, are parties to the Loan and Security Agreement, dated as of March 9, 2007, as heretofore amended or otherwise modified (the "Existing Loan Agreement");

WHEREAS, Borrowers (other than Dutch Borrower) and Guarantor have filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of New Jersey;

WHEREAS, Borrowers and Guarantors have requested that Administrative Agent, Collateral Agent and Lenders amend and restate the Existing Loan Agreement pursuant to and in accordance with the terms and conditions set forth herein;

WHEREAS, Borrowers and Guarantors have requested that Administrative Agent and Lenders enter into financing arrangements with Borrowers pursuant to which Lenders may make loans and provide other financial accommodations to Borrowers in the aggregate amount of up to $50,000,000; and

WHEREAS, each Lender is willing to agree (severally and not jointly) to amend and restate the Existing Loan Agreement and to make such loans and provide such financial accommodations to Borrowers on a pro rata basis according to its Commitment (as defined below) on the terms and conditions set forth herein and Administrative Agent is willing to act as agent for Lenders on the terms and conditions set forth herein and the other Financing Agreements;

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

1.1 "Account Control Agreement" shall mean an agreement in writing, in form and substance reasonably satisfactory to Administrative Agent, by and among the applicable Control Agent (or Collateral Agent and CLTL Agent), the applicable Borrower or Guarantor with an account at any depository institution and such depository institution at which such account is at any time maintained which provides that such depository institution will comply with instructions originated by such Control Agent (or Collateral Agent and CLTL Agent, as the case may be) directing disposition of the funds in the deposit account without further consent by such Borrower or Guarantor and has such other terms and conditions as Administrative Agent or Collateral Agent may reasonably require (for the avoidance of doubt, the Account Control Agreement (in one agreement or in separate agreements, as such depository institution may require) may be entered into for the benefit of the Administrative Agent and the CL Administrative Agent.

1.2 "Accounts" shall mean, as to each Borrower and Guarantor, all of the following now owned or hereafter arising or acquired (a) present and future rights of such Borrower and Guarantor to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a secondary obligation incurred or to be incurred, or (iv) arising out of the use of a credit or charge card or information contained on or for use with the card and (b) other "accounts" (as defined in the UCC) of such Borrower or Guarantor.

1.3 "Adjusted Eurodollar Rate" shall mean, with respect to each Interest Period for any Eurodollar Rate Loan comprising part of the same borrowing (including conversions, extensions and renewals), the greater of (a) the rate per annum determined by dividing (i) the London Interbank Offered Rate for such Interest Period by (ii) a percentage equal to: (A) one (1) minus (B) the Reserve Percentage or (b) two (2%) percent. For purposes hereof, "Reserve Percentage" shall mean for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as such regulation may be amended from time to time or any successor regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to Eurocurrency liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of Eurodollar Rate Loans is determined), whether or not any Lender has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Rate Loans shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to a Lender. The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Percentage.

1.4 "Administrative Agent" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its capacity as administrative agent on behalf of Lenders pursuant to the terms hereof and any replacement or successor administrative agent hereunder.

1.5 "Administrative Details Form" shall mean, with respect to any Lender, a document containing such Lender's contact information for purposes of notices provided under this Agreement and account details for purposes of payments made to such Lender under this Agreement.

1.6 "Affiliate" shall mean, with respect to a specified Person, any other Person which directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person, and without limiting the generality of the foregoing, includes (a) any Person which beneficially owns or holds ten (10%) percent or more of any class of Voting Stock of such Person or other equity interests in such Person and (b) any Person of which such Person beneficially owns or holds ten (10%) percent or more of any class of Voting Stock or in which such Person beneficially owns or holds ten (10%) percent or more of the equity interests. For the purposes of this definition, the term "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise. Notwithstanding anything to the contrary contained in this definition, in no event shall Wells Fargo Bank, N.A. be considered an Affiliate of any Borrower or Guarantor.

1.7 "Agent Payment Account" shall mean account no. 5000000149830 of Administrative Agent at Wells Fargo, or such other account of Administrative Agent as Administrative Agent may from time to time designate as the Agent Payment Account for purposes of this Agreement and the other Financing Agreements.

1.8 "Amended Environmental Permit" shall mean the amended and/or new "Comprehensive Plan Approval(s)" required to be obtained under the Settlement Agreement.

1.9 "Agreement" shall mean this Amended and Restated Loan and Security Agreement, as amended, modified or supplemented from time to time in accordance with its terms.

1.10 "Arranger" shall mean Wells Fargo Bank, National Association, in its capacity as sole lead arranger.

1.11 "Assignment and Acceptance" shall mean an Assignment and Acceptance substantially in the form of Exhibit A attached hereto (with blanks appropriately completed) delivered to Administrative Agent in connection with an assignment of a Lender's interest hereunder in accordance with the provisions of Section 13.7 hereof.

1.12 "Authorized Officers" shall mean the officers listed on the attached Exhibit F or such replacement Exhibit that any Authorized Officer may in the future provide to the Administrative Agent in writing.

1.13 "Bank Product" shall mean any of the following products, services or facilities extended to any Borrower or Subsidiary by any Hedge Agreement Provider (as defined in Section

5.1 hereof) or Bank Product Provider (as defined in Section 5.1 hereof), as applicable: (a) Cash Management Services; (b) products under any Hedge Agreement and not for speculative purposes; (c) commercial credit card and merchant card services; and (d) other banking products or services as may be requested by any Borrower or Subsidiary, other than Letters of Credit. For any of the foregoing to be included as an "Obligation", the applicable Secured Party must have previously provided written notice to Administrative Agent of (i) the existence of such Bank Product and (ii) the maximum dollar amount of obligations arising thereunder (the "Bank Product Amount"). The Bank Product Amount may be changed from time to time upon written notice to Administrative Agent by the Secured Party.

1.14 "Bank Product Debt" shall mean the Indebtedness and other obligations of a Borrower or Subsidiary relating to Bank Products.

1.15 "Bankruptcy Code" shall mean the United States Bankruptcy Code, being Title 11 of the United States Code (11 U.S.C. Sections 101-1330), as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all official rules and regulations thereunder.

1.16 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of New Jersey.

1.17 "Borrowers" shall mean, collectively, the following (together with their respective successors and assigns: (a) The Newark Group, Inc., Debtor and Debtor-in-Possession, a New Jersey corporation, (b) Newark Group International B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands, (c) those certain Domestic Subsidiaries of the Company from time to time party hereto pursuant to Section 9.22; each sometimes being referred to herein individually as a "Borrower".

1.18 "Borrowing Base Certificate" shall mean a borrowing base certificate in substantially the form of Exhibit G hereto or such other form as may be reasonably satisfactory to Administrative Agent.

1.19 "Budget" shall mean the initial budget delivered to Agent in accordance with Section 8.31 hereof (attached hereto as Exhibit H), setting forth the Projected Information (as such term is defined in Section 8.31 hereof) for the periods covered thereby, together with any subsequent or amended budgets thereto delivered to Administrative Agent and Lenders, in form and substance reasonably satisfactory to Administrative Agent, in accordance with the terms and conditions hereof.

1.20 "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of New York, the State of North Carolina, and a day on which Administrative Agent is open for the transaction of business; except, that, if a determination of a Business Day shall relate to any Eurodollar Rate Loans, the term Business Day shall also exclude any day on which banks are closed for dealings in dollar deposits in the London interbank market or other applicable Eurodollar Rate market.

1.21 "B.V. Intercompany Notes" has the meaning provided in Section 9.10.

1.22 "Capital Expenditures" shall mean expenditures for the acquisition (including the acquisition by capitalized lease) or improvement of capital assets, as determined in accordance with GAAP.

1.23 "Capital Lease" shall mean, as applied to any Person, any lease of (or any agreement conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee which in accordance with GAAP, is required to be reflected as a liability on the balance sheet of such Person.

1.24 "Capital Stock" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock or partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such capital stock).

1.25 "Carve-Out" shall have the meaning set forth in Section 5.5(c) hereof.

1.26 "Cash Equivalents" shall mean, at any time, (a) any evidence of Indebtedness with a maturity date of ninety (90) days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof; provided, that, the full faith and credit of the United States of America is pledged in support thereof; (b) certificates of deposit or bankers' acceptances with a maturity of 364 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $250,000,000; (c) commercial paper (including variable rate demand notes) with a maturity of ninety (90) days or less issued by a corporation (except an Affiliate of any Borrower or Guarantor) organized under the laws of any State of the United States of America or the District of Columbia and rated at least A-1 by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. or at least P-1 by Moody's Investors Service, Inc.; (d) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (a) above entered into with any financial institution having combined capital and surplus and undivided profits of not less than $250,000,000; (e) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or issued by any governmental agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within ninety (90) days or less from the date of acquisition; provided, that, the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985; and (f) investments in money market funds and mutual funds which invest substantially all of their assets in securities of the types described in clauses (a) through (e) above.

1.27 "Cash Management Services" shall mean any services provided from time to time by any Lender or any of its Affiliates to any Borrower or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services.

1.28 "Change of Control" shall mean the occurrence of any of the following events: (a) the failure of the Company to own, directly or indirectly, 100% of the combined voting power of all Voting Stock and the economic interests of the Dutch Borrower, (b) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of the Company then in office, or (c) any Person or group, other than the Permitted Holder. having beneficial ownership, directly or indirectly, of more than 40% of the Voting Stock of the Company, unless the Permitted Holder has beneficial ownership, directly or indirectly, of a greater percentage of Voting Stock of the Company than such Person or group. As used herein, "beneficial ownership" and "group" shall have the meanings provided in Rule 13d-3 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934.

1.29 "Chapter 11 Cases" shall mean the Chapter 11 cases of the Company and Guarantors under the Bankruptcy Code referred to as In re Newark Group, Inc., et al., Chapter 11 Case No. _____ (Jointly Administered), currently pending in the Bankruptcy Court.

1.30 "CL Administrative Agent" shall mean Orix Finance Corp., in its capacity as administrative agent under the CL Credit Agreement and the other CL Financing Agreements.

1.31 "CL Cap Amount" shall have the meaning provided in the Intercreditor Agreement.

1.32 "CL Credit Agreement" shall mean the Loan and Security Agreement, dated of even date herewith, by and among the Company, the guarantors from time to time party thereto, the CL Lenders and the CL Administrative Agent pursuant to which the CL Lenders agree to provide a term loan facility to the Company, as the same now exists.

1.33 "CL Financing Agreements" shall have the meaning specified for the term "Financing Agreements" in the CL Credit Agreement.

1.34 "CL Lenders" shall mean those certain lenders and other financial institutions from time to time party to the CL Credit Agreement.

1.35 "CL Obligations" shall have the meaning specified for the term "Obligations" in the CL Credit Agreement.

1.36 "CL Priority Collateral" shall have the meaning specified for the term "Term Loan Priority Collateral" in the Intercreditor Agreement.

1.37 "Closing Date" shall mean the date hereof.

1.38 "Code" shall mean the Internal Revenue Code of 1986, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

1.39 "Collateral" shall mean a collective reference to all real and personal property pledged to Collateral Agent and/or Administrative Agent pursuant to the terms of this Agreement, the other Financing Agreements or otherwise, as is more specifically described in Section 5.1 hereof and in such Financing Agreements and including, without limitation, the Priority Collateral and the CL Priority Collateral.

1.40 "Collateral Access Agreement" shall mean an agreement in writing, in form and substance reasonably satisfactory to Administrative Agent, from any lessor of premises to any Borrower or Guarantor, or any other person to whom any Collateral is consigned or who has custody, control or possession of any such Collateral or is otherwise the owner or operator of any premises on which any of such Collateral is located, in favor of Collateral Agent with respect to the Collateral at such premises or otherwise in the custody, control or possession of such lessor, consignee or other person.

1.41 "Collateral Agent" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its capacity as collateral agent on behalf of Lenders pursuant to the terms hereof and any replacement or successor collateral agent hereunder.

1.42 "Commitment" shall mean the Revolving Commitments and the Swingline Commitment, individually or collectively, as appropriate.

1.43 "Company" shall have the meaning set forth in the first paragraph of this Agreement.

1.44 "Compliance Certificate" shall have the meaning provided in Section 9.6(a)(i).

1.45 "Consigned Inventory Loan Limit" shall mean, at any time, the amount equal to ten 10% percent of the aggregate Dollar Amount of Eligible Inventory at such time.

1.46 "Consolidated EBITDA" shall mean, for any period, the sum (without duplication) of (a) Consolidated Net Income for such period, plus (b) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (i) interest expense, (ii) total federal, state, local and foreign income, value added and similar taxes, (iii) depreciation and amortization expense, (iv) other non cash charges (excluding non-cash charges that are expected to become cash charges in a future period or that are reserves for future cash charges, but including non-cash charges related to foreign currency translation and remeasurement), (v) non-cash charges related to stock-related compensation, (vi) non-capitalized fees and expenses related to reorganization and refinancing and other cash restructuring charges in an aggregate amount not to exceed thirty-four ($34,000,000) million dollars over the term of this Agreement; provided, that, the actual amount of restructuring charges will be updated each month end prior to the Closing Date and each month thereafter, (vii) pension plan expenses, all as determined in accordance with GAAP, minus (c) actuarially determined minimum pension funding obligations, minus (d) to the extent included in determining such Consolidated Net Income, all non-cash income and any gains related to foreign currency translation and remeasurement. For the avoidance of doubt, Consolidated EBITDA shall not include any cancellation of indebtedness income arising in connection with the cancellation and discharge of any of the Indebtedness of Borrowers and Guarantors and other liabilities in connection with the Chapter 11 Case.

1.47 "Consolidated Net Income" shall mean, for any period, net income (excluding extraordinary items and excluding income received from joint venture investments to the extent not received in cash) after taxes for such period of the Company and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

1.48 "Consultant" shall have the meaning set forth in Section 8.34 hereof.

1.49 "Continuing Directors" shall mean during any period of 24 consecutive months commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Company (together with any new director (i) whose election by the Company's board of directors or whose nomination for election by the Company's shareholders was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved or (ii) who was designated or appointed by the Permitted Holder pursuant to a designation or appointment right of the Permitted Holder contained in the certificate of incorporation and/or bylaws of the Company).

1.50 "Control Accounts" shall have the meaning set forth in Section 6.3 hereof.

1.51 "Control Agent" shall have the meaning provided in the Intercreditor Agreement.

1.52 "Control Collateral" shall have the meaning provided in the Intercreditor Agreement.

1.53 "Credit Facility" shall mean the Revolving Loans and Letters of Credit provided to or for the benefit of any Borrower pursuant to Sections 2.1, 2.2, 2.3 and 2.4 hereof.

1.54 "Default" shall mean an act, condition or event which with notice or passage of time or both would constitute an Event of Default.

1.55 "Defaulting Lender" shall have the meaning set forth in Section 6.11 hereof.

1.56 "DO Guarantors" shall mean the U.S. Borrowers and the Guarantors.

1.57 "DO Guaranty" shall mean the guaranty of the DO Guarantors set forth in Section 15.

1.58 "Dollar Amount" shall mean, at any time, (a) with respect to Dollars or an amount denominated in Dollars, such amount and (b) with respect to an amount of Euros or an amount denominated in Euros, the equivalent amount thereof in Dollars as determined by Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with Euros.

1.59 "Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

1.60 "Domestic Guaranty" shall mean the guaranty of Guarantors set forth in Section 14.

1.61 "Domestic Obligations" shall mean the Obligations owing by any or all of U.S. Borrowers to Administrative Agent, any Lender, any of their Affiliates or any Issuing Bank.

1.62 "Domestic Subsidiaries" shall mean, with respect to any Person, any Subsidiary of such Person which is incorporated or organized under the laws of any state of the United States or the District of Columbia.

1.63 "Dutch Borrower" shall have the meaning set forth in the first paragraph of this Agreement.

1.64 "Dutch Deed of Pledge" shall mean the Deed of Pledge, dated as of _____, 2010, by and among the Company, the Dutch Borrower and Collateral Agent providing for a right of pledge over the shares in the capital of the Dutch Borrower, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.65 "Dutch Revolving Loan Limit" shall mean, as to the Dutch Borrower, at any time, the Dollar Amount equal to (a) the lesser of (i) €15,000,000 or (ii) the Maximum Credit at such time minus (b) the aggregate Dollar Amount of any outstanding investments, loans or advances made by any Borrower or Guarantor to Foreign Subsidiaries (other than Newark Paperboard Products, Ltd.) excluding (i) the intercompany loans made by the Company to the Dutch Borrower pursuant to the B.V. Intercompany Notes and (ii) any investment, loan or advance by the Company to the Dutch Borrower from the proceeds of Loans made to the Company on the Closing Date, in order to repay outstanding indebtedness of the Dutch Borrower on the Closing Date.

1.66 "Dutch Subsidiary" shall mean a Subsidiary organized under Dutch law.

1.67 "Eligible Accounts" shall mean Accounts created by a Borrower that in each case satisfy the criteria set forth below as reasonably determined in accordance with Administrative Agent's customary practices. In general, Accounts shall be Eligible Accounts if:

(a) such Accounts arise from the actual and bona fide sale and delivery of goods by such Borrower or rendition of services by such Borrower in the ordinary course of its business which transactions are completed in accordance with the terms and provisions contained in any documents related thereto;

(b) such Accounts are not unpaid more than (i) ninety (90) days after the date of the original invoice therefor or (ii) more than sixty (60) days after the date of the original due date therefor; provided, that, Administrative Agent may in its discretion deem Accounts for which the applicable Borrower has granted extended trade terms to be Eligible Accounts;

(c) such Accounts comply with the terms and conditions contained in Section 7.2(b) of this Agreement;

(d) such Accounts do not arise from sales on consignment, guaranteed sale, sale and return, sale on approval, or other terms under which payment by the account debtor may be conditional or contingent;

(e) the chief executive office of the account debtor with respect to such Accounts is located in the United States of America or Canada (provided, that, at any time promptly upon Administrative Agent's request, such Borrower shall execute and deliver, or cause to be executed and delivered, such other agreements, documents and instruments as may be required by Administrative Agent to perfect the security interests of Administrative Agent in those Accounts of an account debtor with its chief executive office or principal place of business in Canada in accordance with the applicable laws of the Province of Canada in which such chief executive office or principal place of business is located and take or cause to be taken such other and further actions as Administrative Agent may request to enable Administrative Agent as secured party with respect thereto to collect such Accounts under the applicable Federal or Provincial laws of Canada) or, at Administrative Agent's option, if the chief executive office and principal place of business of the

account debtor with respect to such Accounts is located other than in the United States of America or Canada, then if either: (i) the account debtor has delivered to such Borrower an irrevocable letter of credit issued or confirmed by a bank satisfactory to Administrative Agent and payable only in the United States of America and in U.S. dollars, sufficient to cover such Account, in form and substance satisfactory to Administrative Agent and if required by Administrative Agent, the original of such letter of credit has been delivered to Administrative Agent or Administrative Agent's agent and the issuer thereof, and such Borrower has complied with the terms of Section 5.2(f) hereof with respect to the assignment of the proceeds of such letter of credit to Administrative Agent or naming Administrative Agent as transferee beneficiary thereunder, as Administrative Agent may specify, or (ii) such Account is subject to credit insurance payable to Administrative Agent issued by an insurer and on terms and in an amount reasonably acceptable to Administrative Agent, or (iii) such Account is otherwise acceptable in all respects to Administrative Agent; provided, that, the aggregate face amount of all Accounts deemed Eligible Accounts pursuant to this clause (iii) shall not exceed $500,000;

(f) such Accounts do not consist of progress billings (such that the obligation of the account debtors with respect to such Accounts is conditioned upon such Borrower's satisfactory completion of any further performance under the agreement giving rise thereto), bill and hold invoices or retainage invoices, except as to bill and hold invoices, if Administrative Agent shall have received an agreement in writing from the account debtor, in form and substance satisfactory to Administrative Agent, confirming the unconditional obligation of the account debtor to take the goods related thereto and pay such invoice;

(g) the account debtor with respect to such Accounts has not asserted a counterclaim, defense or dispute and is not owed or does not claim to be owed any amounts that may give rise to any right of setoff or recoupment against such Accounts (but the portion of the Accounts of such account debtor in excess of the amount at any time and from time to time owed by such Borrower to such account debtor or claimed owed by such account debtor shall be deemed Eligible Accounts);

(h) there are no facts, events or occurrences which would impair the validity, enforceability or collectability of such Accounts or reduce the amount payable or delay payment thereunder;

(i) such Accounts are subject to the first priority, valid and perfected security interest of Collateral Agent and any goods giving rise thereto are not, and were not at the time of the sale thereof, subject to any liens except those permitted in this Agreement that are subject to an intercreditor agreement in form and substance satisfactory to Administrative Agent between the holder of such security interest or lien and Administrative Agent or Collateral Agent;

(j) neither the account debtor nor any officer or employee of the account debtor with respect to such Accounts is an officer, employee, agent or other Affiliate of any Borrower or Guarantor;

(k) the account debtors with respect to such Accounts are not any foreign government, the United States of America, any State, political subdivision, department, agency or instrumentality thereof, unless, if the account debtor is the United States of America, any State,

political subdivision, department, agency or instrumentality thereof, upon Administrative Agent's request, the Federal Assignment of Claims Act of 1940, as amended or any similar State or local law, if applicable, has been complied with in a manner satisfactory to Administrative Agent;

(l) there are no proceedings or actions which are threatened or pending against the account debtors with respect to such Accounts which might result in any material adverse change in any such account debtor's financial condition (including, without limitation, any bankruptcy, dissolution, liquidation, reorganization or similar proceeding);

(m) the aggregate amount of such Accounts owing by a single account debtor do not constitute more than ten (10%) percent of the aggregate amount of all otherwise Eligible Accounts (but the portion of the Accounts not in excess of the applicable percentages may be deemed Eligible Accounts);

(n) such Accounts are not owed by an account debtor who has Accounts unpaid more than the periods permitted in clause (b) of this definition which constitute more than fifty (50%) percent of the total Accounts of such account debtor;

(o) the account debtor is not located in a state requiring the filing of a Notice of Business Activities Report or similar report in order to permit such Borrower to seek judicial enforcement in such State of payment of such Account, unless such Borrower has qualified to do business in such state or has filed a Notice of Business Activities Report or equivalent report for the then current year or such failure to file and inability to seek judicial enforcement is capable of being remedied without any material delay or material cost;

(p) such Accounts are owed by account debtors whose total indebtedness to such Borrower does not exceed the credit limit with respect to such account debtors as determined by such Borrower from time to time, to the extent such credit limit as to any account debtor is established consistent with the current practices of such Borrower as of the date hereof and such credit limit is acceptable to Administrative Agent (but the portion of the Accounts not in excess of such credit limit may be deemed Eligible Accounts); and

(q) such Accounts are owed by account debtors deemed creditworthy at all times by Administrative Agent in its Permitted Discretion.

The criteria for Eligible Accounts set forth above may only be changed and any new criteria for Eligible Accounts may only be established by Administrative Agent in good faith based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii) an event, condition or other circumstance existing on the date hereof to the extent Administrative Agent has no written notice thereof from a Borrower prior to the date hereof, in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Accounts in the good faith determination of Administrative Agent. Any Accounts that are not Eligible Accounts shall nevertheless be part of the Collateral.

1.68 "Eligible Consigned Inventory" shall mean Inventory which otherwise constitutes Eligible Inventory except for the fact that it is on consignment and with respect to which (a) Administrative Agent has received evidence reasonably satisfactory to Administrative Agent that the applicable Borrower has a valid and effective consignment agreement in place with the consignee of

such Inventory, (b) Administrative Agent has received evidence reasonably satisfactory to Administrative Agent that the applicable Borrower has filed a precautionary UCC-1 financing statement in the appropriate jurisdiction naming the consignee as consignee or debtor, (c) Administrative Agent has received current UCC searches against the consignee in the consignee's jurisdiction of organization, (d) Administrative Agent has received evidence reasonably satisfactory to Administrative Agent that the applicable Borrower has provided notice to the consignee's secured parties of the consignment arrangement and (e) Administrative Agent shall have received a Collateral Access Agreement from the owner and lessor of the premises on which such Inventory is held and/or such other documentation as it shall reasonably require.

1.69 "Eligible Inventory" shall mean Inventory of each Borrower consisting of finished goods held for resale in the ordinary course of the business of a Borrower and raw materials for such finished goods, that in each case satisfy the criteria set forth below as reasonably determined by Administrative Agent in accordance with Administrative Agent's customary practices. In general, Eligible Inventory shall not include: (a) work-in-process; (b) components which are not part of finished goods; (c) spare parts for equipment; (d) packaging and shipping materials; (e) supplies used or consumed in such Borrower's business; (f) Inventory at premises other than those owned or leased and controlled by any Borrower, except (i) Inventory at premises leased to a Borrower by a third party that has executed and delivered to Administrative Agent a Collateral Access Agreement, (ii) Inventory at premises leased to a Borrower by a third party with respect to which a Reserve satisfactory to Administrative Agent has been established and (iii) Eligible Consigned Inventory in an amount not to exceed the Consigned Inventory Loan Limit; (g) Inventory subject to a security interest or lien in favor of any Person other than Collateral Agent except those permitted in this Agreement that are subject to an intercreditor agreement in form and substance satisfactory to Administrative Agent between the holder of such security interest or lien and Administrative Agent or Collateral Agent; (h) bill and hold goods; (i) unserviceable, obsolete or slow moving Inventory; (j) Inventory that is not subject to the first priority, valid and perfected security interest of Collateral Agent; (k) returned, damaged and/or defective Inventory; (l) Inventory purchased or sold on consignment, except Eligible Consigned Inventory and (m) Inventory located outside the United States of America. The criteria for Eligible Inventory set forth above may only be changed and any new criteria for Eligible Inventory may only be established by Administrative Agent in good faith based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii)an event, condition or other circumstance existing on the date hereof to the extent Administrative Agent has no written notice thereof from a Borrower prior to the date hereof, in either case under clause (i) or (ii) which materially and adversely affects or could reasonably be expected to materially and adversely affect the Inventory in the good faith determination of Administrative Agent. Any Inventory that is not Eligible Inventory shall nevertheless be part of the Collateral.

The amount of Eligible Inventory of any Borrower shall, at Administrative Agent's option, be determined based on the lesser of the amount of Inventory set forth in the general ledger of such Borrower or the perpetual inventory record maintained by such Borrower.

1.70 "Eligible Transferee" shall mean (a) any Lender; (b) the parent company of any Lender and/or any Affiliate of such Lender which is at least fifty (50%) percent owned by such Lender or its parent company; (c) any person (whether a corporation, partnership, trust or otherwise) that is engaged in the business of making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed

by a Lender or with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor, and in each case is approved by Administrative Agent; and (d) any other commercial bank, financial institution or "accredited investor" (as defined in Regulation D under the Securities Act of 1933) approved by Administrative Agent; provided, that, in each case, (i) except as Administrative Agent and Required Lenders may otherwise specifically agree, (A) neither any Borrower nor any Guarantor or any Affiliate of any Borrower or Guarantor shall qualify as an Eligible Transferee, (B) no Person to whom any Indebtedness which is in any way subordinated in right of payment to any other Indebtedness of any Borrower or Guarantor shall qualify as an Eligible Transferee and (C) no Person in substantially the same line of business as the Borrowers shall qualify as an Eligible Transferee and (ii) a Person shall qualify as an Eligible Transferee in respect of Loans made to the Dutch Borrower, only if it is a PMP.

1.71 "EMU" shall mean Economic and Monetary Union as contemplated in the Treaty on European Union.

1.72 "EMU Legislation" shall mean legislative measures of the European Council (including without limitation European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

1.73 "Environmental Laws" shall mean all foreign, federal, state and local laws (including common law), legislation, rules, codes, licenses, permits (including any conditions imposed therein), authorizations, judicial or administrative decisions, injunctions or agreements between any Borrower or Guarantor and any Governmental Authority, (a) relating to pollution and the protection, preservation or restoration of the environment (including air (outdoor and indoor), water vapor, surface water, ground water, drinking water, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource), or to human health or safety, (b) relating to the exposure to, or the use, storage, recycling, treatment, generation, manufacture, processing, distribution, transportation, handling, labeling, production, release or disposal, or threatened release, of Hazardous Materials, or (c) relating to all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials. The term "Environmental Laws" includes (i) the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, including the federal Superfund Amendments and Reauthorization Act, the federal Water Pollution Control Act of 1972, the federal Clean Water Act, the federal Clean Air Act, the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984), the federal Toxic Substances Control Act, the federal Insecticide, Fungicide and Rodenticide Act, and the Federal Safe Drinking Water Act of 1974, (ii) applicable foreign, state or local counterparts to such laws and (iii) any common law or equitable doctrine that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Materials.

1.74 "Equipment" shall mean, as to each Borrower and Guarantor, all of such Borrower's and Guarantor's now owned and hereafter acquired (a) equipment, wherever located, including machinery, data processing and computer equipment (whether owned or licensed and including embedded software), vehicles, tools, furniture, fixtures, all attachments, accessions and property now

or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located and (b) other "equipment" (as defined in the UCC) and all attachments, accessions and property now or hereafter affixed to any of the foregoing or used in connection therewith, and substitutions and replacements thereof, wherever located.

1.75 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, together with all rules, regulations and interpretations thereunder or related thereto.

1.76 "ERISA Affiliate" shall mean any person, trades or businesses (whether or not incorporated) required to be aggregated with any Borrower, any Guarantor or any of its or their respective Subsidiaries under Sections 414(b), 414(c), 414(m) or 414(o) of the Code.

1.77 "ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Pension Plan, other than events as to which the requirement of notice has been waived in regulations issued by the Pension Benefit Guaranty Corporation; (b) the adoption of any amendment to a Pension Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) a complete or partial withdrawal by any Borrower, Guarantor or any ERISA Affiliate from a Multiemployer Plan or a cessation of operations which is treated as such a withdrawal or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Pension Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (f) the imposition of any liability under Title IV of ERISA, other than the Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower, Guarantor or any ERISA Affiliate in excess of $1,000,000 and (g) any other event or condition with respect to a Plan including any Pension Plan subject to Title IV of ERISA maintained, or contributed to, by any ERISA Affiliate that could reasonably be expected to result in liability of any Borrower in excess of $1,000,000 and (h) an event or transaction which might reasonably be expected to give rise to liability under Sections 4069 or 4212(c) of ERISA.

1.78 "ESOP Plan" shall mean The Newark Group, Inc. Employees' Stock Ownership Plan dated as of April 22, 2002, as such ESOP Plan may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

1.79 "Euro" and "EUR" mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

1.80 "Eurodollar Rate Loans" shall mean any Revolving Loans or portion thereof on which interest is payable based on the Adjusted Eurodollar Rate in accordance with the terms hereof.

1.81 "Event of Default" shall mean the occurrence or existence of any event or condition described in Section 10.1 hereof.

1.82 "Excess Availability" shall mean the amount, as determined by Administrative Agent, calculated at any date, equal to: (a) the lesser of: (i) the U.S. Borrowing Base and (ii) the Maximum

Credit (in each case under (i) or (ii) after giving effect to any Reserves (other than any Reserves in respect of Letter of Credit Obligations and other than the Special Availability Reserve)), minus (b) the sum of: (i) the amount of all then outstanding and unpaid Obligations (but not including for this purpose Obligations arising pursuant to any guarantees in favor of Administrative Agent and Lenders of the Obligations of the other Borrowers or any outstanding Letter of Credit Obligations), plus (ii) the amount of all Reserves then established in respect of Letter of Credit Obligations, plus (iii) the aggregate amount of all then outstanding and unpaid trade payables and other obligations of Borrowers which are outstanding more than sixty (60) days past due as of the end of the immediately preceding month or at Administrative Agent's option, as of a more recent date based on such reports as Administrative Agent may from time to time specify (other than trade payables or other obligations being contested or disputed by the applicable Borrower in good faith), plus (iv) without duplication, the amount of checks issued by any Borrower to pay trade payables and other obligations which are more than sixty (60) days past due as of the end of the immediately preceding month or at Administrative Agent's option, as of a more recent date based on such reports as Administrative Agent may from time to time specify (other than trade payables or other obligations being contested or disputed by the applicable Borrower in good faith) (but only such past due payables and other obligations that arose after the commencement of the Chapter 11 Cases or are otherwise required to be paid during the Chapter 11 Cases), but not yet sent.

1.83 "Exchange Act" shall mean the Securities Exchange Act of 1934, together with all rules, regulations and interpretations thereunder or related thereto.

1.84 "Excluded Deposit Accounts" shall have the meaning given to such term in Section 5.2(d).

1.85 "Excluded Subsidiaries" shall mean NP Cogen, Inc.

1.86 "Existing Financing Agreements" shall mean, collectively (each as amended, supplemented, amended and restated, replaced or otherwise modified from time to time): (a) the Existing Loan Agreement, and (b) all documents, certificates, instruments, notes, guarantees and agreements executed and delivered by Borrowers and Guarantors in connection therewith, whether or not specifically mentioned herein or therein.

1.87 "Existing Letters of Credit" shall mean each of the letters of credit issued by Wachovia Bank, National Association to or for the account of Borrowers pursuant to the Existing Loan Agreement.

1.88 "Existing Loan Agreement" shall have the meaning set forth in the recitals hereto.

1.89 "Extension of Credit" shall mean, as to any Lender, the making of a Loan by such Lender or the issuance of, or participation in, a Letter of Credit by such Lender.

1.90 "Fee Letter" shall mean the letter agreement, dated as of October 22, 2009, by and among the Company, Administrative Agent and Wachovia Bank, National Association setting forth certain fees payable by Borrowers to Administrative Agent for the benefit of itself and Lenders, as amended as of [_____], 2010, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.91 "Final Judgment" shall mean the final judgment issued or to be issued by the Superior Court of Suffolk County, Massachusetts or other applicable court with respect to the Settlement Agreement and/or the agreements set forth therein.

1.92 "Final Order" shall mean an order or judgment of the Bankruptcy Court duly entered on the docket of the Bankruptcy Court that (a) has not been modified or amended without the consent of the Administrative Agent, or vacated, reversed, revoked, rescinded, stayed or appealed from, except as Administrative Agent may otherwise specifically agree, (b) with respect to which the time to appeal, petition for certiorari, application or motion for reversal, rehearing, reargument, stay, or modification has expired, (c) no petition, application or motion for reversal, rehearing, reargument, stay or modification thereof or for a writ of certiorari with respect thereto has been filed or granted or the order or judgment of the Bankruptcy Court has been affirmed by the highest court to which the order or judgment was appealed and (d) is no longer subject to any or further appeal or petition, application or motion for reversal, rehearing, reargument, stay or modification thereof or for any writ of certiorari with respect thereto or further judicial review in any form.

1.93 "Financial Markets Supervision Act" shall mean the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

1.94 "Financial Advisor" shall have the meaning set forth in Section 8.32 hereof.

1.95 "Financing Agreements" shall mean, collectively, this Agreement, the Existing Financing Agreements (other than the Existing Loan Agreement), the Intercreditor Agreement, the Fee Letter, the Security Documents, the Revolving Notes, the Swingline Notes, all Letter of Credit Documents, all other notes, guarantees, Account Control Agreements, investment property control agreements, intercreditor agreements and all other agreements, documents and instruments now or at any time hereafter executed and/or delivered by any Borrower or Guarantor in connection with this Agreement; provided, that, in no event shall the term Financing Agreements be deemed to include any Hedge Agreement. For the avoidance of doubt, Financing Agreements shall not include the CL Financing Agreements, other than the Intercreditor Agreement.

1.96 "Financing Order" shall mean the INTERIM ORDER (A) AUTHORIZING DEBTORS TO OBTAIN INTERIM POST-PETITION FINANCING AND GRANT SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS PURSUANT TO 11 U.S.C. §§ 105 AND 364(c); (B) MODIFYING THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362; (C) AUTHORIZING DEBTORS TO ENTER INTO DIP ABL AGREEMENTS WITH WELLS FARGO BANK, N.A., AS AGENT; (D) AUTHORIZING DEBTORS TO USE PRE-PETITION CASH COLLATERAL AND GRANT PRE-PETITION TERM LOAN LENDERS ADEQUATE PROTECTION PURSUANT TO 11 U.S.C. §§ 361 AND 363; (E) AUTHORIZING DEBTORS TO ENTER INTO AGREEMENTS WITH [TBD], AS AGENT FOR CERTAIN HOLDERS OF DIP FLOATING RATE SENIOR SECURED NOTES; (F) AUTHORIZING REPAYMENT OF PRE-PETITION SECURED DEBT OWING TO WELLS FARGO BANK, N.A., AS EXISTING AGENT; AND (G) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001 entered by the United States Bankruptcy Court for the District of New Jersey in the Chapter 11 Cases after notice pursuant to Section 364 of the Bankruptcy Code and any other supplemental orders relating thereto, which Financing Order, in form and substance satisfactory to Administrative Agent in its sole discretion, shall authorize post-petition financing

under the terms set forth in this Agreement, and shall contain such other terms or provisions as Administrative Agent and its counsel shall require.

1.97 "Foreign Currency Equivalent" shall mean, with respect to any amount denominated in Dollars, the equivalent amount thereof in Euros as determined by Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Euros with Dollars.

1.98 "Foreign Currency Loan" shall mean any Loan denominated in Euros.

1.99 "Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which a Borrower is resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

1.100 "Foreign Subsidiary" shall mean, with respect to any Person, any Subsidiary of such Person which is not a Domestic Subsidiary.

1.101 "Funded Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices, but including, without limitation, all earn-outs and similar deferred payment obligations); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) except with respect to the ESOP Plan, all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law, (i) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where

such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP, and (j) in respect of letters of credit issued on behalf of the Borrowers and Guarantors (and/or in connection with the Borrowers and Guarantors have reimbursement obligations) and (k) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements, hedging agreements, collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values.

1.102 "Funding Bank" shall have the meaning given to such term in Section 3.3 hereof.

1.103 "GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied; except, that, subject to the second sentence of Section 13.2(g) hereof, for purposes of Sections 9.17 and 9.18 hereof, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements delivered to Administrative Agent prior to the date hereof.

1.104 "Governmental Authority" shall mean any nation or government, any state, province, or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

1.105 "Guarantors" shall mean, collectively, the following (together with their successors and assigns: (a) NP Cogen, Inc., Debtor and Debtor-in-Possession, a California corporation, and (b) any other Person that at any time after the date hereof becomes party to a guarantee in favor of Agent or otherwise liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations (other than Borrowers); each sometimes referred to herein individually as a "Guarantor".

1.106 "Guaranty Obligations" shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting security therefor, (b) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (c) to lease or purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (d) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

1.107 "Hazardous Materials" shall mean any hazardous, toxic or dangerous substances, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, mold, fungi, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

1.108 "Hedge Agreement" shall mean an agreement between any Borrower or Guarantor and Administrative Agent, Collateral Agent, any Hedge Agreement Provider (as defined in Section 5.1) or any Bank Product Provider (as defined in Section 5.1) that is a rate swap agreement, basis swap, forward rate agreement, commodity swap, interest rate option, forward foreign exchange agreement, spot foreign exchange agreement, rate cap agreement rate, floor agreement, rate collar agreement, currency swap agreement, cross-currency rate swap agreement, currency option, any other similar agreement (including any option to enter into any of the foregoing or a master agreement for any the foregoing together with all supplements thereto) for the purpose of protecting against or managing exposure to fluctuations in interest or exchange rates, currency valuations or commodity prices; sometimes being collectively referred to herein as "Hedge Agreements".

1.109 "Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices, but including, without limitation, all earn-outs and similar deferred payment obligations); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements and collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity

values; (i) all obligations owed by such Person under License Agreements with respect to non-refundable, advance or minimum guarantee royalty payments; (j) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law and (k) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP.

1.110 "Independent Financial Advisor" shall mean a firm (a) that does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in any Borrower or Guarantor and (b) that, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

1.111 "Information Certificate" shall mean, collectively, the Information Certificates of Borrowers and Guarantors constituting Exhibit B hereto containing material information with respect to Borrowers and Guarantors, their respective businesses and assets provided by or on behalf of Borrowers and Guarantors to Administrative Agent in connection with the preparation of this Agreement and the other Financing Agreements and the financing arrangements provided for herein.

1.112 "Intellectual Property" shall mean, as to each Borrower and Guarantor, such Borrower's and Guarantor's now owned and hereafter arising or acquired: patents, patent rights, patent applications, copyrights, works which are the subject matter of copyrights, copyright applications, copyright registrations, trademarks, servicemarks, trade names, trade styles, trademark and service mark applications, and licenses and rights to use any of the foregoing and all applications, registrations and recordings relating to any of the foregoing as may be filed in the United States Copyright Office, the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country or jurisdiction, together with all rights and privileges arising under applicable law with respect to any Borrower's or Guarantor's use of any of the foregoing; all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing; all rights to sue for past, present and future infringement of any of the foregoing; inventions, trade secrets, formulae, processes, compounds, drawings, designs, blueprints, surveys, reports, manuals, and operating standards; goodwill (including any goodwill associated with any trademark or servicemark, or the license of any trademark or servicemark); customer and other lists in whatever form maintained; trade secret rights, copyright rights, rights in works of authorship, domain names and domain name registration; software and contract rights relating to computer software programs, in whatever form created or maintained.

1.113 "Intercreditor Agreement" shall mean the Intercreditor Agreement, dated as of the Closing Date, by and among Administrative Agent, the CL Administrative Agent and the Control Agent, as amended, restated, supplemented and/or modified from time to time in accordance with the provisions thereof.

1.114 "Interest Period" shall mean for any Eurodollar Rate Loan, a period of approximately one (1), two (2), or three (3) months duration as any Borrower (or Company on behalf of such

Borrower) may elect, the exact duration to be determined in accordance with the customary practice in the applicable Eurodollar Rate market; provided, that, such Borrower (or Company on behalf of such Borrower) may not elect an Interest Period which will end after the Termination Date.

1.115 "Interest Rate" shall mean:

(a) Subject to clause (b) of this definition below:

(i) as to Prime Rate Loans, a rate equal to four (4%) percent per annum in excess of the Prime Rate,

(ii) as to Eurodollar Rate Loans, a rate equal to five (5%) percent per annum in excess of the Adjusted Eurodollar Rate (in each case, based on the London Interbank Offered Rate applicable for the Interest Period selected by a Borrower, as in effect two (2) Business Days prior to the commencement of the Interest Period, whether such rate is higher or lower than any rate previously quoted to any Borrower or Guarantor).

(b) Notwithstanding anything to the contrary contained in clause (a) of this definition, the Interest Rate shall mean the rate two (2%) percent per annum in excess of the Prime Rate as to Prime Rate Loans and the rate of two (2%) percent per annum in excess of the Adjusted Eurodollar Rate as to Eurodollar Rate Loans, at Administrative Agent's option, without notice, (i) either (A) for the period on and after the date of termination hereof until such time as all Obligations are indefeasibly paid and satisfied in full in immediately available funds, or (B) for the period from and after the date of the occurrence of any Event of Default, and for so long as such Event of Default is continuing as determined by Administrative Agent, (ii) on the Loans at any time outstanding in excess of the U.S. Borrowing Base (whether or not such excess arises or is made with or without Administrative Agent's or any Lender's knowledge or consent and whether made before or after an Event of Default) and (iii) on the Loans to the Dutch Borrower at any time outstanding in excess of the Dutch Revolving Loan Limit (whether or not such excess arises or is made with or without Administrative Agent's or any Lender's knowledge or consent and whether made before or after an Event of Default).

1.116 "Inventory" shall mean, as to each Borrower and Guarantor, all of such Borrower's and Guarantor's now owned and hereafter existing or acquired (a) goods, wherever located, which (i)are leased by such Borrower or Guarantor as lessor; (ii)are held by such Borrower or Guarantor for sale or lease or to be furnished under a contract of service; (iii)are furnished by such Borrower or Guarantor under a contract of service; or (iv) consist of raw materials, work in process, finished goods or materials used or consumed in its business and (b) other "inventory" (as defined in the UCC wherever located.

1.117 "Inventory Loan Limit" shall mean $17,000,000.

1.118 "Investment Banker" shall have the meaning set forth in Section 8.33 hereof.

1.119 "Investment Property Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Administrative Agent, by and among Collateral Agent, any Borrower or Guarantor (as the case may be) and any securities intermediary, commodity intermediary or other person who has custody, control or possession of any investment property of

such Borrower or Guarantor acknowledging that such securities intermediary, commodity intermediary or other person has custody, control or possession of such investment property on behalf of Collateral Agent, that it will comply with entitlement orders originated by Collateral Agent with respect to such investment property, or other instructions of Collateral Agent, and has such other terms and conditions as Administrative Agent or Collateral Agent may require.

1.120 "Issuing Bank" shall mean Wells Fargo or any Lender that is approved by Administrative Agent that shall issue a Letter of Credit for the account of a Borrower and has agreed in a manner satisfactory to Administrative Agent to be subject to the terms hereof as an Issuing Bank.

1.121 "Jackson Drive Real Property" shall have the meaning set forth in Section 8.30.

1.122 "JD Corp." shall mean Jackson Drive Corp.

1.123 "Lenders" shall have the meaning set forth in the first paragraph of this Agreement.

1.124 "Letter of Credit Documents" shall mean, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any application therefor, and any agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk or (b) any collateral security for such obligations.

1.125 "Letter of Credit Fee" shall have the meaning set forth in Section 3.2.

1.126 "Letter of Credit Limit" shall mean $15,000,000.

1.127 "Letter of Credit Obligations" shall mean, at any time, the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time, plus (b) the aggregate amount of all drawings under Letters of Credit for which Issuing Bank has not at such time been reimbursed, plus (c) without duplication, the aggregate amount of all payments made by each Lender to Issuing Bank with respect to such Lender's participation in Letters of Credit as provided in Section 2.2 for which Borrowers have not at such time reimbursed the Lenders, whether by way of a Revolving Loan or otherwise.

1.128 "Letters of Credit" shall mean all letters of credit (whether documentary or stand-by and whether for the purchase of inventory, equipment or otherwise) issued by an Issuing Bank for the account of any Borrower pursuant to this Agreement, and all amendments, renewals, extensions or replacements thereof and including, but not limited to, the Existing Letters of Credit.

1.129 "License Agreements" shall have the meaning set forth in Section 8.11 hereof.

1.130 "Loans" shall mean (a) Revolving Loans and (b) Swingline Loans, as appropriate.

1.131 "London Interbank Offered Rate" shall mean, with respect to any Eurodollar Rate Loan for the Interest Period applicable thereto, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such

service, providing rate quotations comparable to those currently provided on such page of such service, as determined by Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to eurodollar deposits in dollars in the London interbank market) at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, that, if more than one rate is specified on such Page for such comparable period, the applicable rate shall be the arithmetic mean of all such rates (rounded to the nearest 1/100th of 1%). In the event that such rate is not available at such time for any reason, then the term "London Interbank Offered Rate" shall mean, with respect to any Eurodollar Rate Loan for the Interest Period applicable thereto, the rate of interest per annum at which dollar deposits of $5,000,000 and for a term comparable to such Interest Period are offered by the principal London office of Wells Fargo Bank, N.A., as specified by Administrative Agent (or, in the event there is a successor Administrative Agent at the time, any other commercial bank approved by the U.S. Borrower, Required Lenders and such successor Administrative Agent), in immediately available funds in the London interbank market at approximately 11:00 a.m. London time two (2) Business Days prior to the commencement of such Interest Period.

1.132 "Mandatory Swingline Borrowing" shall have the meaning set forth in Section 2.5(b)(ii).

1.133 "Material Adverse Effect" shall mean a material adverse effect on (a) the financial condition, business, performance or operations of Borrowers; (b) the legality, validity or enforceability of this Agreement or any of the other Financing Agreements; (c) the legality, validity, enforceability, perfection or priority of the security interests and liens of Collateral Agent upon the Collateral; (d) the Collateral or its value; (e) the ability of Borrowers to repay the Obligations or of Borrowers to perform their obligations under this Agreement or any of the other Financing Agreements as and when to be performed; or (f) the ability of Administrative Agent or any Lender to enforce the Obligations or realize upon the Collateral or otherwise with respect to the rights and remedies of Administrative Agent and Lenders under this Agreement or any of the other Financing Agreements.

1.134 "Material Contract" shall mean any contract or other agreement (other than the Financing Agreements), whether written or oral, to which any Borrower or Guarantor is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto would have a Material Adverse Effect.

1.135 "Maximum Credit" shall mean the amount of $50,000,000 (as such amount may be reduced from time to time as provided in the definition of "Reserves" or in Section 2.1(e)).

1.136 "Multiemployer Plan" shall mean a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by any Borrower, Guarantor or any ERISA Affiliate or with respect to which any Borrower, Guarantor or any ERISA Affiliate may incur any liability.

1.137 "Net Cash Proceeds" shall mean the aggregate cash proceeds received by any Borrower or Guarantor in respect of any insurance and condemnation recoveries, any sale, lease, transfer or other disposition of any assets or properties, or interest in assets and properties or as

proceeds from the issuance and/or sale of any Capital Stock or Indebtedness, in each case net of the reasonable and customary direct costs relating to such sale, lease, transfer or other disposition or issuance and/or sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and taxes paid or payable as a result thereof and in the case of a sale of any assets or properties or interest in assets and properties, amounts applied to the repayment of Indebtedness secured by a valid and enforceable lien (other than a lien created under the Financing Agreements) on the asset or assets that are the subject of such sale or other disposition required to be repaid in connection with such transaction, including any amounts paid or advanced for such costs or expenses with proceeds of Revolving Loans. Until the CL Obligations have been paid in full, any reference to "Net Cash Proceeds" herein relating solely to CL Priority Collateral and any mandatory prepayments of CL Obligations permitted to be made under Section 2.6 hereof shall have the meaning set forth in the CL Credit Agreement (as in effect on the date hereof).

1.138 "Net Recovery Percentage" shall mean the fraction, expressed as a percentage, (a) the numerator of which is the amount equal to the amount of the recovery in respect of the Inventory at such time on a "net orderly liquidation value" basis as set forth in the most recent appraisal of such inventory in form and containing assumptions and appraisal methods reasonably satisfactory to Administrative Agent by an appraiser reasonably acceptable to Administrative Agent, on which Administrative Agent and the Lenders are expressly permitted to rely, net of operating expenses, liquidation expenses and commissions, and (b) the denominator of which is the applicable original cost of the aggregate amount of the Inventory subject to such appraisal; provided, that, the Net Recovery Percentage established on the Closing Date will be mutually agreed upon by Administrative Agent and the Company.

1.139 "NP Cogen" shall mean NP Cogen, Inc., Debtor and Debtor-in-Possession, a California corporation, and its successors and assigns.

1.140 "Obligations" shall mean (a) any and all Loans, Letter of Credit Obligations and all other obligations, liabilities and indebtedness of every kind, nature and description owing by any or all of Borrowers to Administrative Agent, Collateral Agent, Control Agent or any Lender and/or any of their Affiliates or any Issuing Bank, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement or any of the other Financing Agreements or on account of any Letter of Credit and all other Letter of Credit Obligations, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of this Agreement or after the conversion or dismissal of the Chapter 11 Cases, or before, during or after the confirmation of any plan of reorganization in the Chapter 11 Cases (and including any principal, interest, fees, costs, expenses and other amounts owed to Administrative Agent, Collateral Agent, Control Agent or any Lender and/or any of their Affiliates or any Issuing Bank by any or all of Borrowers or Guarantors in the Chapter 11 Cases or any similar case or proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, or secured or unsecured (other than the Company's Parallel Debts) and (b) for purposes only of Section 5.1 hereof and subject to the priority in right of payment set forth in Section 6.4(a) hereof, all obligations, liabilities and indebtedness of every kind, nature and description owing by any or all of Borrowers to Administrative Agent or any Bank Product Provider or Hedge Agreement Provider arising under or pursuant to any Bank Products, whether now existing or hereafter arising (other than the Company's Parallel Debts); provided, that, (i) as to any such obligations, liabilities and

indebtedness arising under or pursuant to a Hedge Agreement, the same shall only be included within the Obligations if upon Administrative Agent's request, Administrative Agent shall have entered into an agreement, in form and substance satisfactory to Administrative Agent in good faith, with the Hedge Agreement Provider that is a counterparty to such Hedge Agreement, as acknowledged and agreed to by Borrowers, providing for the delivery to Administrative Agent by such counterparty of information with respect to the amount of such obligations and providing for the other rights of Administrative Agent and such Hedge Agreement Provider in connection with such arrangements, (ii) any Bank Product Provider or Hedge Agreement Provider, other than Wells Fargo Bank and its Affiliates, shall have delivered written notice to Administrative Agent that (A) such Bank Product Provider or Hedge Agreement Provider has entered into a transaction to provide Bank Products to a Borrower and (B) the obligations arising pursuant to such Bank Products provided to Borrowers constitute Obligations entitled to the benefits of the security interest of Collateral Agent granted hereunder, and Administrative Agent shall have accepted such notice in writing, and (iii) except as otherwise provided herein, in no event shall any Bank Product Provider or Hedge Agreement Provider acting in such capacity to whom such obligations, liabilities or indebtedness are owing be deemed a Lender for purposes hereof to the extent of and as to such obligations, liabilities or indebtedness and in no event shall the approval of any such person in its capacity as Bank Product Provider or Hedge Agreement Provider be required in connection with the release or termination of any security interest or lien of Collateral Agent..

1.141 "OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

1.142 "Other Taxes" shall have the meaning given to such term in Section 6.5 hereof.

1.143 "Parallel Debt" shall mean, in relation to an Underlying Debt (and subject to Section 13.13 herein), an obligation to pay to Collateral Agent an amount equal to (and in the same currency as) the amount of the such Underlying Debt.

1.144 "Participant" shall mean any financial institution that acquires and holds a participation in the interest of any Lender in any of the Loans and Letters of Credit in conformity with the provisions of Section 13.7 of this Agreement governing participations.

1.145 "Participating Member State" means the states of the European Union that have adopted the Euro as their lawful currency as of the Closing Date (being, Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia and Spain).

1.146 "Patriot Act" shall mean the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

1.147 "Pension Plan" shall mean a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which any Borrower or Guarantor sponsors, maintains, or to which any Borrower, Guarantor or ERISA Affiliate makes, is making, or is obligated to make contributions, has made contributions at any time during the immediately preceding six (6) plan years or may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during any preceding six (6) year period, or could reasonably

be expected to be deemed to be a contributing sponsor under Section 4069 of ERISA other than a Multiemployer Plan.

1.148 "Permitted Discretion" shall mean, as used in this agreement with references to Administrative Agent, a determination made in good faith in the exercise of its reasonable business judgment based on how an asset based lender with similar rights providing a credit facility of the type set forth herein would act in similar circumstances at the time with the information then available to it.

1.149 "Permitted Holder" shall mean any of Edward K. Mullen or Robert H. Mullen.

1.150 "Permitted Investments" shall have the meaning set forth in Section 9.10.

1.151 "Permitted Liens" shall have the meaning set forth in Section 9.8.

1.152 "Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.153 "Plan" shall mean an employee benefit plan (as defined in Section 3(3) of ERISA) which any Borrower or Guarantor sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiemployer Plan has made contributions at any time during the immediately preceding six (6) plan years or with respect to which any Borrower or Guarantor may incur liability.

1.154 "Pledge Agreement" shall mean the Pledge Agreement dated as of March 9, 2007, executed by Borrowers and Guarantors party thereto in favor of Collateral Agent, for the benefit of the Lenders, and the Control Agent, as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms.

1.155 "PMP" shall mean a professional market party (*professionele marktpartij*) as defined in the Financial Markets Supervision Act.

1.156 "Prime Rate" shall mean, for any day, a rate per annum equal to the greatest of (a) the prime rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) two (2%) percent. For purposes hereof: "prime rate" shall mean, at any time, the rate of interest per annum publicly announced or otherwise identified from time to time by Wells Fargo at its principal office in Charlotte, North Carolina as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by Wells Fargo as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks; and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by Administrative Agent from

three federal funds brokers of recognized standing selected by it. If for any reason Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of Administrative Agent to obtain sufficient quotations in accordance with the terms above, the prime rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the prime rate due to a change in the prime rate or the Federal Funds Effective Rate shall be effective on the opening of business on the date of such change.

1.157 "Prime Rate Loans" shall mean any Loans or portion thereof on which interest is payable based on the Prime Rate in accordance with the terms thereof.

1.158 "Priority Collateral" shall mean all "Working Capital Priority Collateral" as defined in the Intercreditor Agreement, including, upon the payment in full of the CL Obligations and the termination of the CL Commitment, all CL Priority Collateral other than Real Property.

1.159 "Pro Forma Basis" shall mean, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the twelve-month period ending as of the most recent month end preceding the date of such transaction.

1.160 "Pro Rata Share" shall mean as to any Lender, the fraction (expressed as a percentage) the numerator of which is such Lender's Revolving Commitment and the denominator of which is the aggregate amount of all of the Revolving Commitments of Lenders, as adjusted from time to time in accordance with the provisions of Section 13.7 hereof; provided, that, if the Revolving Commitments have been terminated, the numerator shall be the unpaid amount of such Lender's Loans and its interest in the Letter of Credit Obligations and the denominator shall be the aggregate amount of all unpaid Loans and Letter of Credit Obligations.

1.161 "Projected Information" shall have the meaning set forth in Section 8.31(a) hereof.

1.162 "Real Property" shall mean all now owned and hereafter acquired real property of each Borrower and Guarantor, including leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.

1.163 "Receivables" shall mean all of the following now owned or hereafter arising or acquired property of each Borrower and Guarantor: (a) all Accounts; (b) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any Account; (c) all payment intangibles of such Borrower or Guarantor; (d) letters of credit, indemnities, guarantees, security or other deposits and proceeds thereof issued payable to any Borrower or Guarantor or otherwise in favor of or delivered to any Borrower or Guarantor in connection with any Account; or (e) all other accounts, contract rights, chattel paper, instruments, notes, general intangibles and other forms of obligations owing to any Borrower or Guarantor, whether from the sale and lease of goods or other property, licensing of any property (including Intellectual Property or other general intangibles), rendition of services or from loans or advances by any Borrower or Guarantor or to or for the benefit of any third person (including loans or advances to any Affiliates or Subsidiaries of any Borrower or Guarantor) or otherwise associated with any

Accounts, Inventory or general intangibles of any Borrower or Guarantor (including, without limitation, choses in action, causes of action, tax refunds, tax refund claims, any funds which may become payable to any Borrower or Guarantor in connection with the termination of any Plan or other employee benefit plan and any other amounts payable to any Borrower or Guarantor from any Plan or other employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, casualty or any similar types of insurance and any proceeds thereof and proceeds of insurance covering the lives of employees on which any Borrower or Guarantor is a beneficiary).

1.164 "Records" shall mean, as to each Borrower and Guarantor, all of such Borrower's and Guarantor's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of any Borrower or Guarantor with respect to the foregoing maintained with or by any other person).

1.165 "Recovery Event" shall mean theft, loss, physical destruction or damage, taking or similar event with respect to any property or assets owned by Company, the Dutch Borrower or any of their Subsidiaries which results in the receipt by the Company, the Dutch Borrower or any of their Subsidiaries of any cash insurance proceeds or condemnation award payable by reason thereof.

1.166 "Register" shall have the meaning set forth in Section 13.7 hereof.

1.167 "Required Lenders" shall mean, at any time, those Lenders whose Pro Rata Shares are greater than fifty (50%) percent of the aggregate of the Revolving Commitments of all Lenders, or if the Revolving Commitments shall have been terminated, Lenders to whom at least fifty (50%) percent of the then outstanding Loans and Letter of Credit Obligations are owing; provided, that, at any time that there are two (2) or more Lenders, "Required Lenders" must include at least two (2) Lenders.

1.168 "Reserves" shall mean as of any date of determination, such amounts as Administrative Agent may from time to time establish and revise in its Permitted Discretion reducing the amount of Loans and Letters of Credit which would otherwise be available to any Borrower under the lending formula(s) provided for herein: (a) to reflect events, conditions, contingencies or risks which, as determined by Administrative Agent in good faith, adversely affect, or would have a reasonable likelihood of adversely affecting, either (i) the Collateral or any other property which is security for the Obligations, its value or the amount that might be received by Administrative Agent from the sale or other disposition or realization upon such Collateral, or (ii) the assets, business or prospects of any Borrower or Guarantor or (iii) the security interests and other rights of Collateral Agent and Administrative Agent or any Lender in the Collateral (including the enforceability, perfection and priority thereof), including, without limitation, the maximum amount of any indebtedness or claim which may have a lien or administrative claim upon property of the estate of any Borrower or Guarantor superior to or on a parity with the lien and security interest or administrative claim of Collateral Agent and Administrative Agent or any Lender therein or thereon (including, without limitation, the fees and expenses of the Clerk of the Bankruptcy Court and the Office of the United States Trustee pursuant to Section 1920(a) of the Bankruptcy Code and fees and

expenses of professionals whose retention is approved by Bankruptcy Court during the Chapter 11 Cases pursuant to Section 327 or Section 1103 of the Bankruptcy Code, including the Carve-Out to the extent provided in clause (vii) below) or (b) to reflect Administrative Agent's good faith belief that any collateral report or financial information furnished by or on behalf of any Borrower or Guarantor to Administrative Agent is or may have been incomplete, inaccurate or misleading in any material respect or (c) to reflect outstanding Letters of Credit pursuant to and in accordance with Section 2.2(c) hereof (which Reserve shall be reduced by the amount of cash collateral received by Administrative Agent from Borrowers to the extent such amount fully cash collateralized the Defaulting Lenders' Pro Rata Share of such Reserve or (d) in respect of any state of facts which Administrative Agent determines in good faith constitutes a Default or an Event of Default. Without limiting the generality of the foregoing, Reserves may, at Administrative Agent's option, be established to reflect: (i) dilution with respect to the Accounts (based on the ratio of the aggregate amount of non-cash reductions in Accounts for any period to the aggregate dollar amount of the sales of such Borrower for such period) as calculated by Administrative Agent for any period that is or is reasonably anticipated to be greater than five (5%) percent; (ii) returns, discounts, claims, credits and allowances of any nature that are not paid pursuant to the reduction of Accounts; (iii) sales, excise or similar taxes included in the amount of any Accounts reported to Administrative Agent; (iv) a change in the turnover, age or mix of the categories of Inventory that adversely affects the aggregate value of all Inventory; (v) amounts due or to become due to owners and lessors of premises where any Collateral is located, other than for those locations where Administrative Agent has received a Collateral Access Agreement that Administrative Agent has accepted in writing, which acceptance shall not be unreasonably withheld, it being agreed that Reserves with respect to leased premises shall not exceed an amount equal to three months' rent and other obligations owed to the lessor of such premises pursuant to any applicable lease documentation; (vi) obligations, liabilities or indebtedness (contingent or otherwise) of any Borrower or Guarantor to any Bank Product Provider or Hedge Agreement Provider arising under or in connection with any Bank Products to the extent that such obligations, liabilities or indebtedness constitute Obligations (as such term is defined herein) or otherwise receive the benefit of the security interest of Collateral Agent in any Collateral, which Reserve with respect to any Hedge Agreement shall be not more than one hundred five (105%) percent of the aggregate mark-to-market exposure then owing by any Borrower or Guarantor under each such Hedge Agreement; and (vii) the Professional Fee Carve-Out as set forth in Section [2.4] of the Financing Order. The amount of any Reserve established by Administrative Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such reserve as determined by Administrative Agent in good faith and to the extent that such Reserve is in respect of amounts that may be payable to third parties Administrative Agent may, at its option, deduct such Reserve from the Maximum Credit, at any time that such limit is less than the amount of the U.S. Borrowing Base. Reserves established on the Closing Date, if any, will be mutually agreed upon by Administrative Agent and the Company. Administrative Agent will not establish new reserves after the Closing Date on account of any circumstances, conditions, events or contingencies of which Administrative Agent has actual knowledge as of the Closing Date. To the extent Administrative Agent may establish new criteria or revise existing criteria (including percentages applied to determine the amount of) for Eligible Accounts and Eligible Inventory so as to address any circumstances, condition, event or contingency in a manner reasonably satisfactory to Administrative Agent, Administrative Agent shall not establish or increase a reserve for the same purpose. The amount of any reserve established or increased by Administrative Agent shall have a reasonable relationship to the event, condition or other matter

which is the basis for such reserve as reasonably determined by Administrative Agent in good faith. Administrative Agent shall provide prior written notice to the Company of any material change in the categories of reserves established after the Closing Date or in the manner such reserves are calculated or any other change to any item for the calculation thereof. The term "Reserves" as used herein shall include in addition, and not in limitation, the Special Availability Reserve.

1.169 "Restricted Payment" shall mean (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, (d) any payment with respect to any earnout obligation, (e) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, the Senior Subordinated Notes or any other Subordinated Debt, (f) any voluntary prepayment of the CL Obligations, (g) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Indebtedness the proceeds of which are used to refinance or repay the CL Obligations, (h) the payment by Borrowers or any of their Subsidiaries of any management or consulting fee to any Person or of any salary, bonus or other form of compensation to any Person who is directly or indirectly a significant partner, shareholder, owner or executive officer of any such Person, to the extent such management fee, consulting fee, salary, bonus or other form of compensation is not included in the Budget or otherwise approved by the Bankruptcy Court, or (i) any cash payments by any Borrower or Guarantor to their respective pension plans in excess of (A) the actuarially determined minimum funding obligations with respect to such plans (including expenses of maintaining and administering such plans) and (B) such amounts as are otherwise required to be contributed to or paid with respect to such plans pursuant to applicable law as approved by the Bankrucptcy Court.

1.170 "Revaluation Date" shall mean, shall mean each of the following: (a) each date a Eurodollar Rate Loan denominated in Euros is made pursuant to Section 2.1; (b) each date a Eurodollar Rate Loan denominated in Euros is continued pursuant to Section 3.1; (c) the last Business Day of each calendar month; (d) each date a Eurodollar Rate Loan denominated in Euros is repaid or prepaid hereunder and (e) such additional dates as Administrative Agent or the Required Lenders shall determine.

1.171 "Revolving Commitment" shall mean, at any time, as to each Lender, the principal amount set forth on Schedule 1(a) hereto or on Schedule 1 to the Assignment and Acceptance Agreement pursuant to which such Lender became a Lender hereunder in accordance with the provisions of Section 13.7 hereof, as the same may be adjusted from time to time in accordance with the terms hereof

1.172 "Revolving Loans" shall mean the loans now or hereafter made by or on behalf of any Lender or by Administrative Agent for the account of any Lender on a revolving basis pursuant to the Credit Facility (involving advances, repayments and readvances) as set forth in Section 2.1 hereof.

1.173 "Revolving Note" or "Revolving Notes" shall mean the promissory notes of Borrowers provided pursuant to Section 2.1 or 2.4 in favor of any of the Lenders evidencing the Revolving Loan provided by any such Lender pursuant to Section 2.1 or 2.4, individually or collectively, as appropriate, as such promissory notes may be amended, modified, extended, restated, replaced or supplemented from time to time.

1.174 "Sanctioned Country" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time.

1.175 "Sanctioned Person" shall mean (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

1.176 "Scheduled Asset Dispositions" shall mean the sale, lease, conveyance, disposition or other transfer of the following (including the real estate and other assets related thereto) (a) the paperboard mills in Newark, New Jersey, Natick, Massachusetts, Lawrence, Massachusetts, Middletown, Ohio, North Hoosick Falls, New York, Haverhill, Massachusetts, and Stockton, California, (b) the water rights with respect to certain real property located in Los Angeles, California, and (c) the property located at 99-107 Lockwood Street, Newark, New Jersey.

1.177 "Secured Parties" shall mean Collateral Agent, Administrative Agent, the Issuing Bank, the Lenders, Hedge Agreements Providers and Bank Product Providers.

1.178 "Security Documents" shall mean the Pledge Agreement, the Dutch Deed of Pledge and all other agreements, documents and instruments relating to, arising out of, or in any way connection with any of the foregoing documents or granting to Collateral Agent, liens or security interests to secure, inter alia, the Obligations whether now or hereafter executed and/or filed, each as may be amended from time to time in accordance with the terms hereof, executed and delivered in connection with the granting, attachment and perfection of Collateral Agent's security interests and liens arising thereunder, including, without limitation, UCC financing statements.

1.179 "Senior Subordinated Note Indenture" shall mean that certain Indenture dated as of March 12, 2004 by and between the Company, 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 hereof.

1.180 "Senior Subordinated Notes" shall mean those certain 9¾% senior unsecured subordinated notes due 2014 issued by the Company on March 12, 2004, as they may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

1.181 "Settlement Agreement" shall mean the Settlement Agreement and Final Judgment, dated September 18, 2007, by and between the Commonwealth of Massachusetts and the Company

related to allegations of violations of Environmental Laws asserted by the Commonwealth of Massachusetts against the Company.

1.182 "Special Administrative Agent Advances" shall have the meaning set forth in Section 12.11 hereof.

1.183 "Special Availability Reserve" shall mean, at any time, $3,000,000

1.184 "Specified Sales" shall mean (a) the sale, transfer, lease or other disposition of inventory and materials in the ordinary course of business and (b) the sale, transfer or other disposition of Permitted Investments described in clause (a) of Section 9.10.

1.185 "Spot Rate" shall mean, with respect to Euros, the rate quoted by Wells Fargo as the spot rate for the purchase by Wells Fargo of Euros with Dollars through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made.

1.186 "Subordinated Debt" shall mean (a) subordinated Indebtedness of Borrowers evidenced by a subordinated seller note that contains subordination and other terms acceptable to Administrative Agent and (b) any other any Indebtedness incurred by any Borrower or Guarantor, in each case which by its terms is specifically subordinated in right of payment to the prior payment of the Obligations and contains subordination and other terms acceptable to Administrative Agent, including, without limitation, the Senior Subordinated Notes.

1.187 "Subsidiary" or "subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, limited liability partnership or other limited or general partnership, trust, association or other business entity of which an aggregate of at least a majority of the outstanding Capital Stock or other interests entitled to vote in the election of the board of directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency), managers, trustees or other controlling persons, or an equivalent controlling interest therein, of such Person is, at the time, directly or indirectly, owned by such Person and/or one or more subsidiaries of such Person.

1.188 "Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount, and the commitment of the Lenders to purchase participation interests in the Swingline Loans as provided in Section 2.5(b)(ii), as such amounts may be reduced from time to time in accordance with the provisions hereof.

1.189 "Swingline Committed Amount" shall mean $7,500,000.

1.190 "Swingline Lender" shall mean Wells Fargo Bank, National Association and any successor swingline lender.

1.191 "Swingline Loans" shall have the meaning set forth in Section 2.5(a).

1.192 "Swingline Note" shall mean the promissory note of the Borrowers in favor of the Swingline Lender evidencing the Swingline Loans provided pursuant to Section 2.5(d), as such promissory note may be amended, modified, extended, restated, replaced, or supplemented from time to time.

1.193 "Termination Date" shall mean the earliest to occur of (i) the date that is one hundred and eighty (180) days after the commencement of the Chapter 11 Case, (ii) the date that is sixty (60) days after the entry of the Financing Order if the Final Order has not been entered prior to the expiration of such 60-day period, (iii) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date") of a plan of reorganization filed in the Chapter 11 Case that is confirmed pursuant to an order entered by the Bankruptcy Court in form and substance satisfactory to Administrative Agent, (iv) the date of confirmation of a plan of reorganization or liquidation for the Company or Guarantors in the Chapter 11 Case and (v) the date when all Obligations are paid and satisfied in full in immediately available funds and the Commitments have been terminated pursuant to Section 2.1(d).

1.194 "Treaty on European Union" shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 1, 1992 and came into force on November 1, 1993), as amended from time to time.

1.195 "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York, and any successor statute, as in effect from time to time (except, that, terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Administrative Agent may otherwise determine).

1.196 "Underlying Debt" shall mean, in relation to the Company and at any given time, each obligation (whether present or future, actual or contingent) owing by the Company to a Lender under the Financing Agreements (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Financing Agreement, in each case whether or not anticipated as of the date of this Agreement) excluding the Company's Parallel Debts.

1.197 "Unfinanced Capital Expenditures" shall mean for any period Capital Expenditures made during such period and not financed from the proceeds of Funded Indebtedness (other than from Revolving Loans). The term "Capital Expenditures" shall not include capital expenditures in respect of the reinvestment of proceeds derived from Recovery Events received by the Company and its Subsidiaries to the extent that such reinvestment is permitted under the Financing Agreements.

1.198 "Unused Line Fee" shall have the meaning set forth in Section 3.2.

1.199 "U.S. Borrower" shall mean the Company and each Borrower that is a Domestic Subsidiary of the Company.

1.200 "U.S. Borrowing Base" shall mean, at any time, the amount equal to:

(a) (i) eighty-five (85%) percent of the Eligible Accounts of the U.S. Borrowers, plus (ii) the amount equal to the lesser of: (A) fifty (50%) percent multiplied by the Value of the Eligible Inventory consisting of raw materials inventory of the U.S. Borrower or (B) eighty-five (85%) percent of the Net Recovery Percentage multiplied by the Value of such Eligible Inventory of the U.S. Borrowers (relating to each division of US Borrowers), plus (iii) the amount equal to the lesser of: (A) sixty-five (65%) percent multiplied by the Value of the Eligible Inventory consisting of finished goods inventory of the U.S. Borrowers or (B) eighty-five (85%) percent of the Net Recovery Percentage multiplied by the Value of such Eligible Inventory of the U.S. Borrowers (relating to each division of US Borrowers), minus

(b) Reserves (including the Special Availability Reserve) established from time to time by Administrative Agent in its reasonable discretion, subject to the requirements for establishment of Reserves set forth in the definition of that term.

1.201 "Value" shall mean, as determined by Administrative Agent in good faith, with respect to Inventory, the lower of (a) cost computed on a first-in first-out basis in accordance with GAAP or (b) market value; provided, that, for purposes of the calculation of the U.S. Borrowing Base, (i) the Value of the Inventory shall not include: (A) the portion of the value of Inventory equal to the profit earned by any Affiliate on the sale thereof to any Borrower or (B) write-ups or write-downs in value with respect to currency exchange rates and (ii) notwithstanding anything to the contrary contained herein, for the purpose of determining the amount in clause (a)(ii)(B) of the definition of U.S. Borrowing Base only, the cost of the Inventory shall be computed in the same manner and consistent with the most recent appraisal of the Inventory received and accepted by Administrative Agent.

1.202 "Voting Stock" shall mean with respect to any Person, (a) one (1) or more classes of Capital Stock of such Person having general voting powers to elect at least a majority of the board of directors, managers or trustees of such Person, irrespective of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency, and (b) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (a) of this definition.

1.203 "Wells Fargo" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its individual capacity, and its successors and assigns.

SECTION 2. CREDIT FACILITIES

2.1 Loans.

(a) Subject to and upon the terms and conditions contained herein including, without limitation, the limitations set forth in Section 2.1(b), each Lender severally (and not jointly) agrees to make prior to the Termination Date its Pro Rata Share of Revolving Loans to (i) the U.S. Borrowers, in Dollars, from time to time in amounts requested by any U.S. Borrower (or Company on behalf of such Borrower) up to the aggregate amount outstanding for all Lenders at any time equal to the lesser of: (A) the U.S. Borrowing Base at such time or (B) the Maximum Credit at such

time and (ii) the Dutch Borrower, in Euros or Dollars (in accordance with 3.1(a)), from time to time in amounts requested by the Dutch Borrower (or Company on behalf of such Borrower) up to the aggregate Dollar Amount outstanding for all Lenders at any time equal to the lesser of: (A) the U.S. Borrowing Base at such time, (B) the Maximum Credit or (C) the Dutch Revolving Loan Limit at such time.

(b) Except in Administrative Agent's discretion, with the consent of all Lenders, or as otherwise provided herein, (i) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time shall not exceed the Maximum Credit, (ii) the aggregate principal amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding at any time shall not exceed the U.S. Borrowing Base, (iii) the aggregate principal Dollar Amount of the Loans (including Swingline Loans) made to the Dutch Borrower shall not exceed the Dutch Revolving Loan Limit, (iv) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time based on Eligible Inventory shall not exceed an amount equal to the Inventory Loan Limit and (v) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time based on Consigned Eligible Inventory shall not exceed an amount equal to the Consigned Inventory Loan Limit.

(c) In the event that (i) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time exceed the Maximum Credit, (ii) except as otherwise provided herein, the aggregate principal amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding exceed the U.S. Borrowing Base, (iii) except as otherwise provided herein, the aggregate principal Dollar Amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding to the Dutch Borrower exceed the U.S. Borrowing Base or the Dutch Revolving Loan Limit, (iv) the aggregate Dollar Amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding at any time based on Eligible Inventory exceeds an amount equal to the Inventory Loan Limit or (v) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time based on Consigned Eligible Inventory exceeds an amount equal to the Consigned Inventory Loan Limit, such event shall not limit, waive or otherwise affect any rights of Administrative Agent or Lenders in such circumstances or on any future occasions and Borrowers shall, upon demand by Administrative Agent, which may be made at any time or from time to time, immediately repay to Administrative Agent the entire amount of any such excess(es) for which payment is demanded.

(d) Borrowers shall have the right to repay Loans in whole or in part from time to time; provided, however, that, each partial repayment of a Revolving Loan shall be in a minimum principal amount of $1,000,000 and integral multiples of $1,000,000 in excess thereof, and each partial repayment of a Swingline Loan shall be in a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof. The Borrowers shall give three Business Days' irrevocable notice in the case of Eurodollar Rate Loans and same-day irrevocable notice on any Business Day in the case of Prime Rate Loans, to Administrative Agent (which shall notify the Lenders thereof as soon as practicable); provided, that, the Company may provide such notice on behalf of the Borrowers. Payments shall be applied first to Prime Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All repayments under this Section 2.1(d) shall be subject to Section 3.3(d), but otherwise without premium or penalty. Interest on the

principal amount prepaid shall be payable on the next occurring interest payment date that would have occurred had such loan not been prepaid or, at the request of Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a repayment is made hereunder through the date of repayment. Amounts repaid may be reborrowed in accordance with the terms hereof.

(e) Borrowers shall have the right to terminate or permanently reduce the unused portion of the Maximum Credit at any time or from time to time upon not less than five Business Days' prior notice to Administrative Agent (which shall notify the Lenders thereof as soon as practicable) of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction which shall be in a minimum Dollar Amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof and shall be irrevocable and effective upon receipt by Administrative Agent; provided, that, no such reduction or termination shall be permitted (i) if after giving effect thereto, and to any repayments of the Loans made on the effective date thereof, the sum of the outstanding Obligations would exceed the Maximum Credit or (ii) if such reduction or termination would reduce the Maximum Credit to below $25,000,000, unless such reduction or termination is in connection with the termination of this Agreement and repayment in full of the Obligations. If the Maximum Credit is reduced below the then current Swingline Committed Amount, the Swingline Committed Amount shall automatically be reduced by an amount such that the Swingline Committed Amount equals the Maximum Credit.

2.2 Letters of Credit.

(a) Subject to and upon the terms and conditions contained herein and in the Letter of Credit Documents, at the request of a Borrower excluding the Dutch Borrower (or Company on behalf of such Borrower), Administrative Agent agrees to cause Issuing Bank to issue, and Issuing Bank agrees to issue, for the account of such Borrower one or more Letters of Credit in Dollars, for the ratable risk of each Lender according to its Pro Rata Share, containing terms and conditions acceptable to Administrative Agent and Issuing Bank.

(b) Borrower requesting such Letter of Credit (or Company on behalf of such Borrower) shall give Administrative Agent and Issuing Bank three (3) Business Days' prior written notice of such Borrower's request for the issuance of a Letter of Credit. Such notice shall be irrevocable and shall specify the original face amount of the Letter of Credit requested, the effective date (which date shall be a Business Day and in no event shall be a date less than ten (10) days prior to the Termination Date) of issuance of such requested Letter of Credit, whether such Letter of Credit may be drawn in a single or in partial draws, the date on which such requested Letter of Credit is to expire (which date shall be a Business Day and shall not be more than one year from the date of issuance nor after the Termination Date), the purpose for which such Letter of Credit is to be issued, and the beneficiary of the requested Letter of Credit. Borrower requesting the Letter of Credit (or Company on behalf of such Borrower) shall attach to such notice the proposed terms of the Letter of Credit. The renewal or extension of any Letter of Credit shall, for purposes hereof be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(c) In addition to being subject to the satisfaction of the applicable conditions precedent contained in Section 4 hereof and the other terms and conditions contained herein, no Letter of Credit shall be available unless each of the following conditions precedent have been

satisfied in a manner reasonably satisfactory to Administrative Agent: (i) Borrower requesting such Letter of Credit (or Company on behalf of such Borrower) shall have delivered to Issuing Bank at such times and in such manner as Issuing Bank may require, an application, in form and substance reasonably satisfactory to Issuing Bank and Administrative Agent, for the issuance of the Letter of Credit and such other Letter of Credit Documents as may be required pursuant to the terms thereof, and the form and terms of the proposed Letter of Credit shall be reasonably satisfactory to Administrative Agent and Issuing Bank, (ii) as of the date of issuance, no order of any court, arbitrator or other Governmental Authority shall purport by its terms to enjoin or restrain money center banks generally from issuing letters of credit of the type and in the amount of the proposed Letter of Credit, and no law, rule or regulation applicable to money center banks generally and no request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over money center banks generally shall prohibit, or request that Issuing Bank refrain from, the issuance of letters of credit generally or the issuance of such Letter of Credit, (iii) after giving effect to the issuance of such Letter of Credit, the Letter of Credit Obligations shall not exceed the Letter of Credit Limit, and (iv) the Excess Availability prior to giving effect to any Reserves with respect to such Letter of Credit, on the date of the proposed issuance of any Letter of Credit shall be equal to or greater than: (A) if the proposed Letter of Credit is for the purpose of purchasing Eligible Inventory and the documents of title with respect thereto are consigned to Issuing Bank, the sum of (1) the percentage equal to one hundred (100%) percent minus the then applicable percentage with respect to Eligible Inventory set forth in the definition of the term U.S. Borrowing Base multiplied by the Value of such Eligible Inventory, plus (2) freight, taxes, duty and other amounts which Administrative Agent estimates must be paid in connection with such Inventory upon arrival and for delivery to one of such Borrower's locations for Eligible Inventory within the United States of America and (B) if the proposed Letter of Credit is for any other purpose or the documents of title are not consigned to Issuing Bank in connection with a Letter of Credit for the purpose of purchasing Inventory, an amount equal to one hundred (100%) percent of the Letter of Credit Obligations with respect thereto. Effective on the issuance of each Letter of Credit, a Reserve shall be established in the applicable amount set forth in Section 2.2(c)(iv)(A) or Section 2.2(c)(iv)(B).

(d) Except in Administrative Agent's discretion, with the consent of all Lenders, the amount of all outstanding Letter of Credit Obligations shall not at any time exceed the Letter of Credit Limit.

(e) Each Borrower shall reimburse immediately Issuing Bank for any draw under any Letter of Credit issued for the account of a Borrower and pay Issuing Bank the amount of all other charges and fees payable to Issuing Bank in connection with any Letter of Credit issued for the account of a Borrower immediately when due, irrespective of any claim, setoff, defense or other right which any Borrower may have at any time against Issuing Bank or any other Person. Each drawing under any Letter of Credit or other amount payable in connection therewith when due shall constitute a request by Borrowers to Administrative Agent for a Prime Rate Loan in the amount of such drawing or other amount then due, and shall be made by Administrative Agent on behalf of Lenders as a Revolving Loan (or Special Administrative Agent Advance, as the case may be). The date of such Loan shall be the date of the drawing or as to other amounts, the due date therefor. Any payments made by or on behalf of Administrative Agent or any Lender to Issuing Bank and/or related parties in connection with any Letter of Credit shall constitute additional Revolving Loans to

the Borrowers pursuant to this Section 2 (or Special Administrative Agent Advances as the case may be).

(f) Borrowers and Guarantors shall, jointly and severally, indemnify and hold Administrative Agent and Lenders harmless from and against any and all losses, claims, damages, liabilities, costs and expenses which Administrative Agent or any Lender may suffer or incur in connection with any Letter of Credit and any documents, drafts or acceptances relating thereto, including any losses, claims, damages, liabilities, costs and expenses due to any action taken by Issuing Bank or correspondent with respect to any Letter of Credit, except for such losses, claims, damages, liabilities, costs or expenses that are a direct result of the gross negligence or willful misconduct of Administrative Agent or any Lender as determined pursuant to a final non-appealable order of a court of competent jurisdiction. Each Borrower and Guarantor assumes all risks with respect to the acts or omissions of the drawer under or beneficiary of any Letter of Credit and for such purposes the drawer or beneficiary shall be deemed such Borrower's agent. Each Borrower and Guarantor assumes all risks for, and agrees to pay, all foreign, Federal, State and local taxes, duties and levies relating to any goods subject to any Letter of Credit or any documents, drafts or acceptances thereunder. Each Borrower and Guarantor hereby releases and holds Administrative Agent and Lenders harmless from and against any acts, waivers, errors, delays or omissions with respect to or relating to any Letter of Credit, except for the gross negligence or willful misconduct of Administrative Agent or any Lender as determined pursuant to a final, non-appealable order of a court of competent jurisdiction. The provisions of this Section 2.2(f) shall survive the payment of Obligations and the termination of this Agreement.

(g) In connection with Inventory purchased pursuant to any Letter of Credit, Borrowers and Guarantors shall, at Collateral Agent's request, instruct all suppliers, carriers, forwarders, customs brokers, warehouses or others receiving or holding cash, checks, Inventory, documents or instruments in which Collateral Agent holds a security interest that upon Administrative Agent's request, such items are to be delivered to Collateral Agent and/or subject to Collateral Agent's order, and if they shall come into any Borrower's or Guarantor's possession, to deliver them, upon Collateral Agent's request, to Collateral Agent in their original form. Except as otherwise provided herein, Collateral Agent shall not exercise such right to request such items so long as no Event of Default shall exist or have occurred and be continuing. Except as Collateral Agent may otherwise specify, Borrowers and Guarantors shall designate Issuing Bank as the consignee on all bills of lading and other negotiable and non-negotiable documents.

(h) Each Borrower and Guarantor hereby irrevocably authorizes and directs Issuing Bank to name such Borrower or Guarantor as the account party in any Letter of Credit and to deliver to Administrative Agent all instruments, documents and other writings and property received by Issuing Bank pursuant to any Letter of Credit and to accept and rely upon Administrative Agent's instructions and agreements with respect to all matters arising in connection with any Letter of Credit or the Letter of Credit Documents with respect thereto. Nothing contained herein shall be deemed or construed to grant any Borrower or Guarantor any right or authority to pledge the credit of Administrative Agent or any Lender in any manner. Borrowers and Guarantors shall be bound by any reasonable interpretation made in good faith by Administrative Agent or Issuing Bank under or in connection with any Letter of Credit or any documents, drafts or acceptances thereunder, notwithstanding that such interpretation may be inconsistent with any instructions of any Borrower or Guarantor.

(i) Immediately upon the issuance or amendment of any Letter of Credit, each Lender shall be deemed to have irrevocably and unconditionally purchased and received, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Pro Rata Share of the liability with respect to such Letter of Credit and the obligations of Borrowers with respect thereto (including all Letter of Credit Obligations with respect thereto). Each Lender shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to Issuing Bank therefor and discharge when due, its Pro Rata Share of all of such obligations arising under such Letter of Credit. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that Issuing Bank has not been reimbursed or otherwise paid as required hereunder or under any such Letter of Credit, each such Lender shall pay to Issuing Bank its Pro Rata Share of such unreimbursed drawing or other amounts then due to Issuing Bank in connection therewith.

(j) The obligations of Borrowers to pay each Letter of Credit Obligations and the obligations of Lenders to make payments to Administrative Agent for the account of Issuing Bank with respect to Letters of Credit shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances, whatsoever, notwithstanding the occurrence or continuance of any Default, Event of Default, the failure to satisfy any other condition set forth in Section 4 or any other event or circumstance. If such amount is not made available by a Lender when due, Administrative Agent shall be entitled to recover such amount on demand from such Lender with interest thereon, for each day from the date such amount was due until the date such amount is paid to Administrative Agent at the interest rate then payable by any Borrower in respect of Loans that are Prime Rate Loans. Any such reimbursement shall not relieve or otherwise impair the obligation of Borrowers to reimburse Issuing Bank under any Letter of Credit or make any other payment in connection therewith.

2.3 Commitments.

The aggregate Dollar Amount of each Lender's Pro Rata Share of the Loans and Letter of Credit Obligations shall not exceed the amount of such Lender's Commitment, as the same may from time to time be amended in accordance with the provisions hereof.

2.4 [Intentionally Deleted.]

2.5 Swingline Loan Subfacility.

(a) Subject to and upon the terms and conditions contained herein, the Swingline Lender, in its individual capacity, agrees to make prior to the Termination Date certain revolving credit loans to (i) the U.S. Borrowers, in Dollars, and (ii) the Dutch Borrower, in Euros or Dollars (each a "Swingline Loan" and, collectively, the "Swingline Loans") for the purposes hereinafter set forth; provided, however, (A) the aggregate principal Dollar Amount of Swingline Loans outstanding at any time shall not exceed the Swingline Committed Amount, (B) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time shall not exceed the Maximum Credit, (C) the aggregate principal amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding at any time shall not exceed the U.S. Borrowing Base, and (D) the aggregate principal Dollar Amount of the Loans (including Swingline Loans) made to the Dutch Borrower shall not exceed the Dutch Revolving

Loan Limit. Swingline Loans hereunder may be repaid and reborrowed in accordance with the provisions hereof.

(b) Notice of Borrowing and Disbursement. Upon receiving a request for a Swingline Loan from any Borrower (or the Company on behalf of any Borrower) not later than 12:00 Noon on any Business Day, the Swingline Lender will make Swingline Loans available to the Borrower on the same Business Day such request is received by the Administrative Agent. Swingline Loan borrowings hereunder shall be made in minimum amounts of $100,000 (or the remaining available amount of the Swingline Committed Amount if less) and in integral amounts of $100,000 in excess thereof.

(c) Each Swingline Loan borrowing shall be due and payable on the earlier of (i) the Termination Date and (ii) seven (7) days following such borrowing. The Swingline Lender may, at any time, in its sole discretion, by written notice to Borrowers and Administrative Agent, demand repayment of its Swingline Loans by way of a Revolving Loan borrowing, in which case the Borrowers shall be deemed to have requested a Revolving Loan borrowing comprised entirely of Prime Rate Loans in the amount of such Swingline Loans; provided, however, that, in the following circumstances, any such demand shall also be deemed to have been given one Business Day prior to each of (A) the Termination Date, (B) the occurrence of any event described in Sections 10.1(g) and (h), (C) upon acceleration of the Obligations hereunder, and (D) the exercise of remedies in accordance with the provisions of Section 10.2 hereof (each such Revolving Loan borrowing made on account of any such deemed request therefor as provided herein being hereinafter referred to as "Mandatory Swingline Borrowing"). Each Lender hereby irrevocably agrees to make such Revolving Loans promptly upon any such request or deemed request on account of each Mandatory Swingline Borrowing in the amount and in the manner specified in the preceding sentence on the date such notice is received by the Lenders from Administrative Agent if such notice is received at or before 2:00 p.m., Charlotte, North Carolina time, otherwise such payment shall be made at or before 12:00 noon, Charlotte, North Carolina time, on the Business Day next succeeding the date such notice is received notwithstanding (1) the amount of Mandatory Swingline Borrowing may not comply with the minimum amount for borrowings of Revolving Loans otherwise required hereunder, (2) whether any conditions specified in Section 4.2 are then satisfied, (3) whether a Default or an Event of Default then exists, (4) failure of any such request or deemed request for Revolving Loans to be made by the time otherwise required in Section 6.6, (5) the date of such Mandatory Swingline Borrowing, or (6) any reduction in the Maximum Credit or termination of the Commitments immediately prior to such Mandatory Swingline Borrowing or contemporaneously therewith. In the event that any Mandatory Swingline Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code), then each Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Swingline Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrowers on or after such date and prior to such purchase) from the Swingline Lender such participation interest in the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its respective Pro Rata Share (determined before giving effect to any termination of the Commitments pursuant to Section 10.2); provided, that, (x) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective participation interest is purchased, and (y) at the time any purchase of a participation interest pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Swingline Lender interest on the

principal amount of such participation interest purchased for each day from and including the day upon which the Mandatory Swingline Borrowing would otherwise have occurred to but excluding the date of payment for such participation interest, at the rate equal to, if paid within two (2) Business Days of the date of the Mandatory Swingline Borrowing, the Federal Funds Effective Rate, and thereafter at a rate equal to the Prime Rate. The Borrowers shall have the right to repay the Swingline Loan in whole or in part from time to time; provided, however, that, each partial repayment of a Swingline Loan shall be in a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof (or the remaining outstanding principal amount).

(d) Swingline Loans shall bear interest at a per annum rate equal to the Interest Rate applicable to Revolving Loans that are Prime Rate Loans. Interest on Swingline Loans shall be payable in arrears on each Interest Payment Date.

(e) The Borrower covenants and agrees to pay the Swingline Loans in accordance with the terms of this Agreement.

2.6 Mandatory Repayments.

(a) Subject to the terms of the Intercreditor Agreement: (i) all of the Net Cash Proceeds, subject to Section 9.5 hereof, relating to insurance and condemnation recoveries on account of any loss of any Priority Collateral shall be paid to Administrative Agent for application to the Obligations in such order and manner as Administrative Agent shall from time to time determine and (ii) to the extent permitted by an order of the Bankruptcy Court in a manner that is not inconsistent with the terms of this Agreement or the Financing Order, until the payment in full of the CL Obligations, all of the Net Cash Proceeds, subject to the last sentence set forth in Section 9.5 hereof, relating to insurance and condemnation recoveries on account of any loss of any CL Priority Collateral shall be paid to CL Administrative Agent for application to the CL Obligations in accordance with the terms of the CL Credit Agreement.

(b) Subject to the terms of the Intercreditor Agreement, upon the sale or disposition of any Collateral by the Company or any of its Subsidiaries to the extent permitted under this Agreement, Borrowers shall immediately prepay the outstanding CL Obligations and the outstanding Obligations as set forth below, in an amount equal to one hundred (100%) percent of the Net Cash Proceeds received by such Person in connection with such sale or disposition as follows: (i) in the case of Priority Collateral, first, to the outstanding Obligations and second, to the outstanding CL Obligations, (ii) to the extent permitted by an order of the Bankruptcy Court in a manner that is not inconsistent with the terms of this Agreement or the Financing Order, in the case of Collateral (other than Priority Collateral and Capital Stock), first, to the outstanding CL Obligations until paid in full, and second, to the outstanding Obligations, except that the first $1,000,000 of Net Cash Proceeds received during any calendar year from such sale or disposition of CL Priority Collateral shall not be required to be prepaid to the CL Obligations or the Obligations to the extent such sale is permitted pursuant to the CL Credit Agreement and (iii) to the extent permitted by an order of the Bankruptcy Court in a manner that is not inconsistent with the terms of this Agreement or the Financing Order, in the case of Capital Stock of any Domestic Subsidiary of Issuer or any Domestic Subsidiary, first, to the outstanding CL Obligations until paid in full and second, to the outstanding Obligations.

SECTION 3. INTEREST AND FEES

3.1 Interest.

(a) The U.S. Borrowers may request Revolving Loans be made as Prime Rate Loans or Eurodollar Rate Loans. Subject to the provisions of Sections 3.1(b) and (c), the Dutch Borrower may request Revolving Loans be made as Prime Rate Loans (so long as such Loans are made in Dollars) or Eurodollar Rate Loans (which Loans may be made in Dollars or Euros). Borrowers shall pay to Administrative Agent, for the benefit of Lenders, interest on the outstanding principal amount of the Loans at the Interest Rate. All interest accruing during the continuance of an Event of Default or on and after the termination of this Agreement shall be payable on demand.

(b) The Borrowers (or Company on behalf of the Borrowers) may from time to time request Eurodollar Rate Loans or may request that Prime Rate Loans be converted to Eurodollar Rate Loans or that any existing Eurodollar Rate Loans continue for an additional Interest Period. Such request from the Borrowers (or Company on behalf of the Borrowers) shall (i) be made not later than 12:00 Noon (Charlotte, North Carolina time) on the third Business Day prior to the date of the requested borrowing or conversion, (ii) specify the applicable Borrower, (iii) specify the date of the requested borrowing or conversion (which shall be a Business Day), (iv) specify the currency and the aggregate principal amount to be borrowed or converted (subject to the limits set forth below) and (v) specify the Interest Period to be applicable to such Eurodollar Rate Loans. Subject to the terms and conditions contained herein, three (3) Business Days after receipt by Administrative Agent of such a request from the Borrowers (or Company on behalf of the Borrowers), such Eurodollar Rate Loans shall be made or Prime Rate Loans shall be converted to Eurodollar Rate Loans or such Eurodollar Rate Loans shall continue, as the case may be; provided, that, (A) no Default or Event of Default shall exist or have occurred and be continuing, (B) the Borrowers (or Company on behalf of the Borrowers) shall have complied with such customary procedures as are established by Administrative Agent and specified by Administrative Agent to Company from time to time for requests by Borrowers for Eurodollar Rate Loans, (C) no more than four (4) Interest Periods may be in effect at any one time, (D) the aggregate amount of the Eurodollar Rate Loans must be in an amount not less than $2,500,000 or an integral multiple of $1,000,000 in excess thereof, (E) the maximum amount of the Eurodollar Rate Loans in the aggregate at any time requested by Borrowers shall not exceed the amount of the Revolving Loans which it is anticipated will be outstanding during the applicable Interest Period, in each case as determined by Administrative Agent in good faith (but with no obligation of Administrative Agent or Lenders to make such Loans), and (F) Administrative Agent and each Lender shall have determined that the Interest Period or Adjusted Eurodollar Rate is available to Administrative Agent and such Lender and can be readily determined as of the date of the request for such Eurodollar Rate Loan by the Borrowers. Any request by or on behalf of the Borrowers for Eurodollar Rate Loans or to convert Prime Rate Loans to Eurodollar Rate Loans or to continue any existing Eurodollar Rate Loans shall be irrevocable. Notwithstanding anything to the contrary contained herein, Administrative Agent and Lenders shall not be required to purchase United States Dollar deposits in the London interbank market or other applicable Eurodollar Rate market to fund any Eurodollar Rate Loans, but the provisions hereof shall be deemed to apply as if Administrative Agent and Lenders had purchased such deposits to fund the Eurodollar Rate Loans.

(c) Any Eurodollar Rate Loans shall automatically convert to Prime Rate Loans upon the last day of the applicable Interest Period, unless the Borrowers request that such Eurodollar Rate Loans continue for an additional Interest Period in accordance with Section 3.1(b). Any Eurodollar Rate Loans shall, at Administrative Agent's option, upon notice by Administrative Agent to Company, be subsequently converted to Prime Rate Loans in the event that this Agreement shall terminate. Borrowers shall pay to Administrative Agent, for the benefit of Lenders, upon demand by Administrative Agent (or Administrative Agent may, at its option, charge any loan account of any Borrower) any amounts required to compensate any Lender or Participant for any loss (including loss of anticipated profits), cost or expense incurred by such person, as a result of the conversion of Eurodollar Rate Loans to Prime Rate Loans pursuant to any conversion as a result of a termination described in the previous sentence.

(d) Interest shall be payable by Borrowers to Administrative Agent, for the account of Administrative Agent and Lenders as applicable, monthly in arrears not later than the first day of each calendar month and shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed. The interest rate on non-contingent Obligations (other than Eurodollar Rate Loans) shall increase or decrease by an amount equal to each increase or decrease in the Prime Rate effective on the date of any change in such Prime Rate. In no event shall charges constituting interest payable by Borrowers to Administrative Agent and Lenders exceed the maximum amount or the rate permitted under any applicable law or regulation, and if any such part or provision of this Agreement is in contravention of any such law or regulation, such part or provision shall be deemed amended to conform thereto.

3.2 Fees.

(a) Borrowers shall pay to Administrative Agent, for the account of Lenders, monthly an unused line fee ("Unused Line Fee") at a rate equal to one (1%) percent per annum calculated on the average daily unused portion of the Maximum Credit during the immediately preceding month (or part thereof) while this Agreement is in effect and for so long thereafter as any of the Obligations are outstanding, which fee shall be payable on the first day of each month in arrears. For purposes of this Section 3.2, Swingline Loans shall not be considered usage of the Maximum Credit.

(b) Borrowers shall pay to Administrative Agent, for the account of Lenders, a fee ("Letter of Credit Fee") at a rate equal to five (5%) percent per annum on the average daily maximum amount available to be drawn under all Letters of Credit for the immediately preceding month (or part thereof), payable in arrears as of the first day of each succeeding month, computed for each day from the date of issuance to the date of expiration. Borrowers shall pay, at Administrative Agent's option, without notice, the Letter of Credit Fee at a rate two (2%) percent greater than the otherwise applicable rate on such average daily maximum amount for: (i) the period from and after the date of termination hereof until Lenders have received full and final payment of all Obligations (notwithstanding entry of a judgment against any Borrower or Guarantor) and (ii) the period from and after the date of the occurrence of an Event of Default for so long as such Event of Default is continuing. Such letter of credit fees shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed and the obligation of Borrowers to pay such fee shall survive the termination of this Agreement. In addition to the letter of credit fees provided above, Borrowers shall pay to Issuing Bank for its own account (without sharing with Lenders) (A) a letter of credit

fronting and negotiation fee of 0.5% per annum on the average daily maximum amount available to be drawn under each Letter of Credit issued by it and (B) the reasonable and customary charges from time to time of the Issuing Bank with respect to the amendment, transfer, administration, cancellation and conversion of, and drawings under, the Letters of Credit, which fees shall be payable quarterly in arrears on the last Business Day of each calendar quarter.

(c) Borrowers shall pay to Administrative Agent the other fees and amounts set forth in the Fee Letter in the amounts and at the times specified therein. To the extent payment in full of the applicable fee is received by Administrative Agent from Borrowers on or about the date hereof, Administrative Agent shall pay to each Lender its share of such fees in accordance with the terms of the arrangements of Administrative Agent with such Lender.

3.3 Changes in Laws and Increased Costs of Loans.

(a) If after the date hereof, either (i) any change in, or in the interpretation of, any law or regulation is introduced, including, without limitation, with respect to reserve requirements, applicable to any Lender or any banking or financial institution from whom any Lender borrows funds or obtains credit (a "Funding Bank"), or (ii) a Funding Bank or any Lender complies with any future guideline or request from any central bank or other Governmental Authority or (iii) a Funding Bank, any Lender or Issuing Bank determines that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof has or would have the effect described below, or a Funding Bank, any Lender or Issuing Bank complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, and in the case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on any Lender's or Issuing Bank's capital as a consequence of its obligations hereunder to a level below that which such Lender or Issuing Bank could have achieved but for such adoption, change or compliance (taking into consideration the Funding Bank's or Lender's or Issuing Bank's policies with respect to capital adequacy) by an amount deemed by such Lender or Issuing Bank to be material, and the result of any of the foregoing events described in clauses (i), (ii) or (iii) is or results in an increase in the cost to any Lender or Issuing Bank of funding or maintaining the Loans, the Letters of Credit or its Commitment, then Borrowers and Guarantors shall from time to time upon demand by Administrative Agent pay to Administrative Agent additional amounts sufficient to indemnify such Lender or Issuing Bank, as the case may be, against such increased cost on an after-tax basis (after taking into account applicable deductions and credits in respect of the amount indemnified). A certificate as to the amount of such increased cost shall be submitted to Company by Administrative Agent or the applicable Lender and shall be conclusive, absent manifest error.

(b) If prior to the first day of any Interest Period, (i) Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon Borrowers and Guarantors) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Adjusted Eurodollar Rate for such Interest Period, (ii) Administrative Agent has received notice from the Required Lenders that the Adjusted Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to Lenders of making or maintaining Eurodollar Rate Loans during such

Interest Period, or (iii) Dollar deposits in the principal amounts of the Eurodollar Rate Loans to which such Interest Period is to be applicable are not generally available in the London interbank market, Administrative Agent shall give telecopy or telephonic notice thereof to Company as soon as practicable thereafter, and will also give prompt written notice to Company when such conditions no longer exist. If such notice is given (A) any Eurodollar Rate Loans requested to be made on the first day of such Interest Period shall be made as Prime Rate Loans, (B) any Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Rate Loans shall be converted to or continued as Prime Rate Loans and (C) each outstanding Eurodollar Rate Loan shall be converted, on the last day of the then-current Interest Period thereof, to Prime Rate Loans. Until such notice has been withdrawn by Administrative Agent, no further Eurodollar Rate Loans shall be made or continued as such, nor shall any Borrower (or Company on behalf of any Borrower) have the right to convert Prime Rate Loans to Eurodollar Rate Loans.

(c) Notwithstanding any other provision herein, if the adoption of or any change in any law, treaty, rule or regulation or final, non-appealable determination of an arbitrator or a court or other Governmental Authority or in the interpretation or application thereof occurring after the date hereof shall make it unlawful for Administrative Agent or any Lender to make or maintain Eurodollar Rate Loans as contemplated by this Agreement, (i) Administrative Agent or such Lender shall promptly give written notice of such circumstances to Company (which notice shall be withdrawn whenever such circumstances no longer exist), (ii) the commitment of such Lender hereunder to make Eurodollar Rate Loans, continue Eurodollar Rate Loans as such and convert Prime Rate Loans to Eurodollar Rate Loans shall forthwith be canceled and, until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Rate Loans, such Lender shall then have a commitment only to make a Prime Rate Loan when a Eurodollar Rate Loan is requested and (iii) such Lender's Loans then outstanding as Eurodollar Rate Loans, if any, shall be converted automatically to Prime Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Rate Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, Borrowers and Guarantors shall pay to such Lender such amounts, if any, as may be required pursuant to Section 3.3(d) below.

(d) Borrowers and Guarantors shall indemnify Administrative Agent and each Lender and to hold Administrative Agent and each Lender harmless from any loss or expense which Administrative Agent or such Lender may sustain or incur as a consequence of (i) default by any Borrower in making a borrowing of, conversion into or extension of Eurodollar Rate Loans after such Borrower (or Company on behalf of such Borrower) has given a notice requesting the same in accordance with the provisions of this Agreement, (ii) default by any Borrower in making any prepayment of a Eurodollar Rate Loan after such Borrower has given a notice thereof in accordance with the provisions of this Agreement, and (iii) the making of a prepayment of Eurodollar Rate Loans on a day which is not the last day of an Interest Period with respect thereto. With respect to Eurodollar Rate Loans, such indemnification may include an amount equal to the excess, if any, of (A) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, converted or extended, for the period from the date of such prepayment or of such failure to borrow, convert or extend to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or extend, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Rate Loans provided for herein over (B) the amount of interest (as determined by such Administrative Agent or such Lender)

which would have accrued to Administrative Agent or such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. This covenant shall survive the termination of this Agreement and the payment of the Obligations.

(e) Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 3.3 shall not constitute a waiver of such Lender's right to demand such compensation; provided, that, the Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section 3.3 for any increased costs incurred more than six months prior to the date that such Lender notifies the Borrowers of the change in law giving rise to such increased costs and of such Lender's intention to claim compensation therefor (except, that, if the change in law giving rise to such increased costs is retroactive, then the six month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 4. CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Loans and Letters of Credit.

The obligation of Lenders to make the initial Loans or of Issuing Bank to issue the initial Letters of Credit hereunder is subject to the satisfaction of, or waiver of, immediately prior to or concurrently with the making of such Loan or the issuance of such Letter of Credit of each of the following conditions precedent:

(a) Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, all releases, terminations and such other documents as Administrative Agent may request to evidence and effectuate the termination by the lenders party to the Existing CL Loan Agreement and Wachovia Bank, National Association, as administrative agent and collateral agent for such lenders, of their respective financing arrangements with Borrowers and Guarantors and the termination and release by it or them, as the case may be, of any interest in and to any assets and properties of each Borrower and Guarantor, duly authorized, executed and delivered by it or each of them, including, but not limited to, authorization to file UCC termination statements for all UCC financing statements previously filed by it or any of them or their predecessors, as secured party and any Borrower or Guarantor, as debtor. As used herein "Existing CL Loan Agreement" shall mean the Loan and Security Agreement, dated as of March 9, 2007, by and among the Company, the guarantors party thereto, the lenders party thereto and Wachovia Bank, National Association, as administrative agent and collateral agent for such lenders, as amended or otherwise modified, in connection with providing a term loan facility.

(b) All requisite corporate action and proceedings in connection with this Agreement and the other Financing Agreements shall be satisfactory in form and substance to Administrative Agent (including, without limitation any works' council advice (*ondernemingsraadadvies*)), and Administrative Agent shall have received all information and copies of all documents, including records of requisite corporate action and proceedings which Administrative Agent may have requested in connection therewith, such documents where requested by Administrative Agent or its counsel to be certified by appropriate corporate officers or Governmental Authority (and including a copy of the certificate of incorporation (or foreign equivalent) of each Borrower and Guarantor certified by the Secretary of State (or equivalent Governmental Authority) which shall set forth the same complete corporate name of such Borrower

or Guarantor as is set forth herein and such document as shall set forth the organizational identification number of each Borrower or Guarantor, if one is issued in its jurisdiction of incorporation).

(c) No material adverse change in the business, operations, property or condition (financial or otherwise) of the Company, individually, or the Company and its Subsidiaries, taken as a whole, shall have occurred since the Administrative Agent's field examination dated March 2, 2010, and no pending or threatened litigation, proceeding, bankruptcy or insolvency, injunction, order or claims with respect to any Borrower or any Guarantor shall exist that could reasonably be expected to have a Material Adverse Effect (it being understood that the commencement of the Chapter 11 Case, any defaults under agreements that have no effect under the terms of the Bankruptcy Code as a result of the commencement thereof, reduction in payment terms by suppliers, and reclamation claims shall not be deemed a material adverse change).

(d) Administrative Agent's completion of its business, legal and environmental due diligence, with results satisfactory to Administrative Agent, including (i) receipt and review of a third party inventory appraisal on which Administrative Agent and the Lenders are permitted to rely, in form and containing assumptions and appraisal methods satisfactory to Administrative Agent by an appraiser acceptable to Administrative Agent and the Company, and (ii) field examinations (including the new field examination conducted on or about March 2, 2010 and such other new field examinations conducted at Administrative Agent's discretion (at Borrowers' cost and expense) prior to the Closing Date, but conducted no more frequently than ninety (90) days from the effective date of the previous field exam) of the business and collateral of Borrowers and Guarantors in accordance with Administrative Agent's customary procedures and practices and as otherwise required by the nature and circumstances of the businesses of Borrowers and Guarantors.

(e) Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, all consents, waivers, acknowledgments and other agreements from third persons which Administrative Agent may reasonably deem necessary or desirable in order to permit, protect and perfect Collateral Agent's security interests in and liens upon the Collateral or to effectuate the provisions or purposes of this Agreement and the other Financing Agreements, including, without limitation, Collateral Access Agreements; provided, however, that, Administrative Agent may elect to allow the Company a limited amount of time after the Closing Date to obtain certain Collateral Access Agreements and/or waive the requirement of Collateral Access Agreements with respect to premises for which Administrative Agent has established a Reserve and, at the request of the Company, not require Collateral Access Agreements for any premises where the Company has elected not to include Inventory in the U.S. Borrowing Base.

(f) Excess Availability (after giving effect to, and subtracting an amount equal to, the Special Availability Reserve) as determined by Administrative Agent, as of the date hereof, shall be not less than $9,500,000 after giving effect to the initial Loans made or to be made and Letters of Credit issued or to be issued in connection with the initial transactions hereunder and payment of all fees and expenses in connection therewith.

(g) Administrative Agent shall have received a Borrowing Base Certificate setting forth the Borrowing Base as at the date set forth therein and completed in a manner reasonably satisfactory to Administrative Agent and duly authorized, executed and delivered by the Company;

(h) Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, Account Control Agreements by and among Administrative Agent, each U.S. Borrower and Guarantor, as the case may be, and each bank where such Borrower (or Guarantor) has an account, other than Excluded Deposit Accounts, in each case, duly authorized, executed and delivered by such bank and such Borrower or Guarantor, as the case may be (or Administrative Agent shall be the bank's customer with respect to such deposit account as Administrative Agent may specify).

(i) Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that Collateral Agent has a valid perfected first priority security interest in the Priority Collateral and a valid perfected second priority security interest in all of the CL Priority Collateral other than Real Property, subject only to Permitted Liens and the Carve-Out.

(j) Administrative Agent shall have received and reviewed lien and judgment search results for the jurisdiction of organization of each U.S. Borrower and Guarantor, the jurisdiction of the chief executive office of each U.S. Borrower and Guarantor and all jurisdictions in which assets of U.S. Borrowers and Guarantors are located and, to the extent available, comparable searches for the Dutch Borrower in the Netherlands (if any) and any applicable jurisdiction (including Washington, D.C.) in the United States, which search results shall be in form and substance satisfactory to Administrative Agent.

(k) Administrative Agent shall have received searches of ownership of intellectual property in the appropriate governmental offices of such patent/trademark/copyright filings as requested by Administrative Agent.

(l) Administrative Agent shall have received evidence that originals of the stock certificates, if any, representing all of the issued and outstanding shares of the Capital Stock owned by any Borrower or Guarantor, in each case together with stock powers duly executed in blank with respect thereto have been delivered to the Control Agent.

(m) Administrative Agent shall have received evidence that all instruments and chattel paper in possession of any Borrower or Guarantor, together with such allonges or assignments as may be necessary or appropriate to perfect Collateral Agent's security interest in the Collateral that are required to be delivered under Section 5.2(b), have been delivered to the Control Agent.

(n) Administrative Agent shall have received evidence of insurance coverage and lender's loss payee endorsements required hereunder and under the other Financing Agreements, in form and substance reasonably satisfactory to Administrative Agent, and certificates of insurance policies and/or endorsements naming Administrative Agent as loss payee for casualty insurance, including casualty, liability and business interruption insurance.

(o) Administrative Agent shall have received, in form and substance reasonably satisfactory to Administrative Agent, such opinion letters of counsel to Borrowers and Guarantors (other than NP Cogen) with respect to the Financing Agreements and such other matters as Administrative Agent may request and are customarily required for similar financings.

(p) Administrative Agent shall have received all financial information, projections, budgets, business plans, cash flows and such other information as Administrative Agent shall reasonably request, including, each in form and substance satisfactory to Administrative Agent, (i) the initial Budget, (ii) an income statement and balance sheet as of the end of the most recent fiscal month for each of the US Borrower's operating divisions (RFD, Mills, BCI, NPP and Europe) which will not reflect the impact of the elimination of intercompany transactions, and a comparison of such information to information for the same period in the immediately preceding year; provided, that, if the Chapter 11 Case commences on or prior to the twelfth (12th) business day of any calendar month, such income statement and balance sheet may be as of the end of the fiscal month immediately preceding the most recent fiscal month, (iii) projected monthly consolidated balance sheets, income statements, statements of cash flows and availability of Borrowers and Guarantors for the period through the end of the Termination Date (but not for a period earlier than one hundred and eighty (180) days after the date hereof), in each case as to the projections, with the results and assumptions set forth in all of such projections in form and substance satisfactory to Agent, and an opening pro forma balance sheet for Borrowers and Guarantors in form and substance satisfactory to Agent, (iv) any updates or modifications to the projected financial statements of Borrowers and Guarantors previously received by Administrative Agent, in each case in form and substance satisfactory to Administrative Agent, (v) copies of satisfactory interim unaudited financial statements for each month ended since the last audited financial statements for which financial statements are available and (vi) current agings of receivables, current perpetual inventory records and/or roll-forwards of accounts and inventory through the date of closing, together with supporting documentation, each in form and substance satisfactory to Administrative Agent.

(q) Administrative Agent shall be reasonably satisfied with the corporate and capital structure and management of Borrowers and Guarantors and with all legal, tax, accounting and other matters relating to Borrowers and Guarantors.

(r) No material misstatements in or omissions from the materials previously furnished to Administrative Agent by Borrowers and Guarantors, taken as a whole, shall have been made. Administrative Agent shall be satisfied that any financial statements delivered to it fairly present the business and financial conditions of Borrowers and Guarantors.

(s) No defaults or events of default on the Closing Date under the Financing Agreements and the CL Financing Agreements or on any other material debt or any Material Contract of any Borrower or any Guarantor shall exist (other than any such defaults or events of default that have no effect under the terms of the Bankruptcy Code as a result of the commencement of the Chapter 11 Cases and which are stayed).

(t) (i) All conditions precedent to the closing of the arrangements under the CL Credit Agreement shall have been, or concurrently with the Closing Date and funding of the Loans shall be, satisfied, waived or subject to a post-closing undertaking, (ii) the CL Credit Agreement and the other CL Financing Agreements shall be in form and substance satisfactory to Administrative Agent, (iii) Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to Administrative Agent, that the Company has received the proceeds of a term loan in the amount of not less than [$110,000,000] pursuant to the CL Financing Agreements, and (iv) Administrative Agent shall have received copies, certified by the chief financial officer of the

Company as true and complete, of the CL Financing Agreements as originally executed and delivered, together with all exhibits and schedules thereto.

(u) [Reserved].

(v) At least five (5) Business Days prior to the Closing Date, Administrative Agent shall have received a certificate satisfactory thereto for benefit of itself and the Lenders, provided by the Company that sets forth information required by the Patriot Act including, without limitation, the identity of Borrowers and Guarantors, the name and address of Borrowers and Guarantors and other information that will allow Administrative Agent or any Lender, as applicable, to identify Borrowers and Guarantors in accordance with the Patriot Act.

(w) This Agreement, the Intercreditor Agreement and the other Financing Agreements and all instruments and documents hereunder and thereunder shall have been duly executed and delivered to Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent.

(x) Payment by Borrowers of all fees and expenses owed by them to the Lenders and Administrative Agent, including, without limitation, payment to Administrative Agent and Wells Fargo, as applicable, of the fees set forth in the Fee Letter.

(y) Receipt by Administrative Agent of (i) a statement of sources and uses of funds covering all payments reasonably expected to be made by Borrowers or Guarantors in connection with the transactions contemplated by the Financing Agreements to be consummated on the Closing Date, including an itemized estimate of all fees, expenses and other closing costs and (ii) payment instructions with respect to each wire transfer to be made by Administrative Agent on behalf of the Lenders or the Company or Borrowers or Guarantors on the Closing Date setting forth the amount of such transfer, the purpose of such transfer, the name and number of the account to which such transfer is to be made, the name and ABA number of the bank or other financial institution where such account is located and the name and telephone number of an individual that can be contacted to confirm receipt of such transfer.

(z) Administrative Agent shall have received (i) an update of the existing field examinations of the business and collateral of Borrowers and Guarantors so as to obtain current results within five (5) days prior to closing consistent with Administrative Agent's customary procedures and practices and as otherwise required by the nature and circumstances of the businesses of Borrowers and Guarantors (and including current agings of receivables, current perpetual inventory records and/or rollforwards of accounts and inventory through the date of closing, together with reasonable supporting documentation) and (ii) an updated written appraisal as to the Inventory in form, scope and methodology acceptable to Administrative Agent and by an appraiser acceptable to Agent, addressed to Agent and upon which Administrative Agent and Lenders are expressly permitted to rely.

(aa) Borrowers and Guarantors shall have established a cash management system in form and substance previously approved by, or otherwise reasonably satisfactory to Administrative Agent, including blocked accounts for collections and the transfer thereof to

Administrative Agent, and subject to Account Control Agreements by the banks at which such accounts are maintained, which shall be in form and substance acceptable to Administrative Agent.

(bb) The Company shall have (i) retained the Financial Advisor who shall, among other things, continue to have the authority previously granted to it, continue to perform the duties previously performed by it, and assist Borrowers in the preparation of and compliance with, on an ongoing basis, the Budget and compliance with, on and ongoing basis, the terms and conditions set forth in the Financing Agreements, (ii) retained an investment banking firm who shall continue to have the authority previously granted to it and to perform the duties previously performed by it, and the foregoing engagements under clauses (i) and (ii) shall each have been approved under the Financing Order and (iii) provided such Financial Advisor and investment banking firm with such information as they may require.

(cc) Consolidated EBITDA as determined by Administrative Agent, as of the date hereof, for the most recently ended trailing twelve (12) fiscal month period shall be not less than $44,000,000 (after giving effect to the application of the proceeds of the Floating Rate Senior Secured Notes due 2010 in the aggregate principal amount of $20,000,000), it being understood that Consolidated EBITDA at closing shall include restructuring charges in an amount not to exceed $24 million; provided, that, if Borrowers demonstrate sufficient liquidity to cover a fixed charge coverage ratio of 1.00 to 1.00 (after giving effect to the application of the proceeds of the Floating Rate Senior Secured Notes due 2010 in the aggregate principal amount of $20,000,000), such amount may be reduced, but to an amount not less than $40,000,000.

(dd) Each of the lenders (other than Wells Fargo) under the Existing Loan Agreement shall have assigned all of their Commitments (as defined in the Existing Loan Agreement) to Wells Fargo.

(ee) US Borrower and Guarantors shall have commenced the Chapter 11 Cases by no later than June 11, 2010.

(ff) The Financing Order shall have been entered in the Chapter 11 Cases by the Bankruptcy Court, in form and substance satisfactory to Administrative Agent, and such Financing Order shall be in full force and effect and shall not have been reversed, stayed, modified or amended without the express written consent of Lender, and no application or motion shall have been made to the Bankruptcy Court for any stay, modification or amendment of such Financing Order and no stay with respect to same shall be pending. Borrowers and Guarantors shall have complied in full with the notice and other requirements of the Bankruptcy Code in a manner acceptable to Administrative Agent and its counsel, with respect to the Financing Order and Administrative Agent shall have received such evidence thereof as it shall reasonably require.

(gg) No trustee, or other disinterested person with expanded powers pursuant to Section 1104(c) of the Bankruptcy Code, shall have been appointed or designated with respect to US Borrower or any Guarantor or their respective business, properties or assets, including with limitation, the Collateral and other property which is security for the Obligations, and no motion shall be pending seeking any such relief.

(hh) All of the first day orders entered by the Bankruptcy Court at the time of the commencement of the Chapter 11 Cases shall be in form and substance reasonably satisfactory to Administrative Agent. A cash management order approving the cash management arrangements of US Borrower and Guarantors consistent with the requirements under this Agreement shall have been entered, in form and substance reasonably satisfactory to Administrative Agent, and shall be in full force and effect.

(ii) Borrowers shall have delivered to Administrative Agent, on terms and conditions previously approved by, or otherwise reasonably satisfactory to, Administrative Agent, a plan of reorganization (and related Disclosure Statement) which provides for, among other things, either (i) the entry into an exit facility on terms and conditions acceptable to Agent and Lenders or (ii) the indefeasible payment in full of all of the Obligations.

(jj) The solicitation package to solicit acceptances to a prepackaged plan of reorganization on behalf of the Company (the "Solicitation") shall be in form and substance reasonably satisfactory to Administrative Agent.

(kk) Borrowers shall have submitted a Budget to Administrative Agent which has been rolled forward to cover the thirteen (13) week period from and after the Petition Date.

4.2 Conditions Precedent to All Loans and Letters of Credit.

The obligation of Lenders to make the Loans, including the initial Loans, or of Issuing Bank to issue any Letter of Credit, including the initial Letters of Credit, is subject to the further satisfaction of, or waiver of, immediately prior to or concurrently with the making of each such Loan or the issuance of such Letter of Credit of each of the following conditions precedent:

(a) all representations and warranties contained herein and in the other Financing Agreements shall be true and correct with the same effect as though such representations and warranties had been made on and as of the date of the making of each such Loan or providing each such Letter of Credit and after giving effect thereto, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date);

(b) no law, regulation, order, judgment or decree of any Governmental Authority shall exist, and no action, suit, investigation, litigation or proceeding shall be pending or threatened in any court or before any arbitrator or Governmental Authority, which (i) purports to enjoin, prohibit, restrain or otherwise affect (A) the making of the Loans or providing the Letters of Credit, or (B) the consummation of the transactions contemplated pursuant to the terms hereof or the other Financing Agreements or (ii) has or has a reasonable likelihood of having a Material Adverse Effect; and

(c) no Default or Event of Default shall exist or have occurred and be continuing on and as of the date of the making of such Loan or providing each such Letter of Credit and after giving effect thereto.

SECTION 5. GRANT AND PERFECTION OF SECURITY INTEREST

5.1 Grant of Security Interest.

(a) To secure payment and performance of all Obligations, each U.S. Borrower and Guarantor hereby grants to Collateral Agent, for itself and the benefit of other Secured Parties, a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Collateral Agent, for itself and the benefit of the other Secured Parties, as security, all personal property, and interests in property, of each U.S. Borrower and Guarantor, whether now owned or hereafter acquired or existing, and wherever located, including:

(i) all Accounts;

(ii) all general intangibles, including, without limitation, all Intellectual Property;

(iii) all goods, including, without limitation, Inventory and Equipment;

(iv) all present and future claims, rights, interests, assets and properties recovered by or on behalf of any Borrower or any Guarantor, or any successor or assignor of such Borrower or Guarantor, including, without limitation, any trustee of any Borrower or any Guarantor (whether in a Chapter 11 Case or any subsequent case to which any Chapter 11 Case is converted), including, without limitation (A) all such property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to the Bankruptcy Code, applicable law, or otherwise, including without limitation Sections 542, 544, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code and (B) all claims by or on behalf of Borrower or any Guarantor against any officer, director or other person or party for acts of negligence, misconduct or malfeasance, including, without limitation, breach of fiduciary duty, breach of the duty of loyalty, waste, mismanagement or misconduct of any kind, nature or description, including, a breach of the terms and conditions of any of the Financing Agreements;

(v) all chattel paper, including, without limitation, all tangible and electronic chattel paper;

(vi) all instruments, including, without limitation, all promissory notes;

(vii) all documents;

(viii) all deposit accounts;

(ix) all letters of credit, banker's acceptances and similar instruments and including all letter-of-credit rights;

(x) all supporting obligations and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Receivables and other Collateral, including (A)rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral, (B) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or

secured party, (C) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Receivables or other Collateral, including returned, repossessed and reclaimed goods, and (D) deposits by and property of account debtors or other persons securing the obligations of account debtors;

(xi) all (A) investment property (including securities, whether certificated or uncertificated, securities accounts, security entitlements, commodity contracts or commodity accounts; provided, that, the Capital Stock of the Subsidiaries of the Company is being pledged pursuant to the Pledge Agreement and/or the Dutch Deed of Pledge and in the event of any conflict between the terms of this Agreement and the terms of the Pledge Agreement or the Dutch Deed of Pledge with respect to such pledge, the terms of the Pledge Agreement or the Dutch Deed of Pledge, as applicable, shall control) and (B) monies, credit balances, deposits and other property of any U.S. Borrower or Guarantor now or hereafter held or received by or in transit to Administrative Agent, Collateral Agent any Lender or its Affiliates or at any other depository or other institution from or for the account of any U.S. Borrower or Guarantor, whether for safekeeping, pledge, custody, transmission, collection or otherwise;

(xii) all commercial tort claims, including, without limitation, those identified in the Information Certificate;

(xiii) to the extent not otherwise described above, all Receivables;

(xiv) all Records; and

(xv) all products and proceeds of the foregoing, in any form, including insurance proceeds and all claims against third parties for loss or damage to or destruction of or other involuntary conversion of any kind or nature of any or all of the other Collateral.

(b) To secure payment and performance of all Obligations, each U.S. Borrower and Guarantor hereby grants to Control Agent, for itself and for the benefit of Secured Parties, a continuing security interest in, a lien upon, and a right of setoff against, and hereby assigns to Control Agent, for itself and for the benefit of Secured Parties, all Control Collateral of each U.S. Borrower and Guarantor, whether now owned or hereafter acquired or existing, and wherever located.

(c) For purposes of this Section 5.1, the term "Lender" shall include any Hedge Agreement Provider and any Bank Product Provider. The term "Hedge Agreement Provider" shall mean any Lender or Affiliate of a Lender that provides services or facilities to any Borrower or Guarantor or any of their respective Subsidiaries under a Hedge Agreement permitted by Section 9.9(g). The term "Bank Product Provider" shall mean any Lender or Affiliate of a Lender that provides Bank Products (other than Hedge Agreements) to any Borrower or Guarantor or any of their respective Subsidiaries.

(d) Notwithstanding anything in this Section 5.1 to the contrary, in no event shall the Collateral include or the security interest granted under this Section 5.1 attach to (i) any lease, license, contract, property rights or agreement to which any U.S. Borrower or Guarantor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or

interest of such U.S. Borrower or Guarantor therein or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Code) or principles of equity); (ii) any of the outstanding capital stock of a controlled foreign corporation as defined in Section 957(a) of the Code (a "Controlled Foreign Corporation") in excess of 65% (or such other amount as would result in adverse tax consequences for any U.S. Borrower or Guarantor) of the voting power of all classes of capital stock of such Controlled Foreign Corporation entitled to vote.

5.2 Perfection of Security Interests.

(a) Each U.S. Borrower and Guarantor irrevocably and unconditionally authorizes Administrative Agent and Collateral Agent (or their respective agents) to file at any time and from time to time such financing statements with respect to the Collateral naming Collateral Agent or its designee as the secured party and such U.S. Borrower or Guarantor as debtor, as Administrative Agent or Collateral Agent may require, and including any other information with respect to such U.S. Borrower or Guarantor or otherwise required by part 5 of Article 9 of the Uniform Commercial Code of such jurisdiction as Administrative Agent or Collateral Agent may determine, together with any amendment and continuations with respect thereto, which authorization shall apply to all financing statements filed on, prior to or after the date hereof. Each U.S. Borrower and Guarantor hereby ratifies and approves all financing statements naming Collateral Agent or its designee as secured party and such U.S. Borrower or Guarantor, as the case may be, as debtor with respect to the Collateral (and any amendments with respect to such financing statements) filed by or on behalf of Collateral Agent prior to the date hereof and ratifies and confirms the authorization of Collateral Agent and Administrative Agent to file such financing statements (and amendments, if any). Each U.S. Borrower and Guarantor hereby authorizes Collateral Agent and Administrative Agent to adopt on behalf of such U.S. Borrower and Guarantor any symbol required for authenticating any electronic filing. In the event that the description of the collateral in any financing statement naming Collateral Agent, Administrative Agent or its designee as the secured party and any U.S. Borrower or Guarantor as debtor includes assets and properties of such U.S. Borrower or Guarantor that do not at any time constitute Collateral, whether hereunder, under any of the other Financing Agreements or otherwise, the filing of such financing statement shall nonetheless be deemed authorized by such U.S. Borrower or Guarantor to the extent of the Collateral included in such description and it shall not render the financing statement ineffective as to any of the Collateral or otherwise affect the financing statement as it applies to any of the Collateral. In no event shall any U.S. Borrower or Guarantor at any time file, or permit or cause to be filed, any correction statement or termination statement with respect to any financing statement (or amendment or continuation with respect thereto) naming Collateral Agent, Administrative Agent or its designee as secured party and such U.S. Borrower or Guarantor as debtor.

(b) Each U.S. Borrower and Guarantor does not have any chattel paper (whether tangible or electronic) or instruments as of the date hereof, except as set forth in the Information Certificate. In the event that any U.S. Borrower or Guarantor shall be entitled to or shall receive any chattel paper or instrument with an individual value of more than $300,000 or an aggregate value of more than $5,000,000 after the date hereof, U.S. Borrowers and Guarantors shall promptly notify Administrative Agent thereof in writing. Promptly upon the receipt thereof by or on behalf of any

U.S. Borrower or Guarantor (including by any agent or representative), such U.S. Borrower or Guarantor shall deliver, or cause to be delivered to Collateral Agent, all tangible chattel paper and instruments with an individual value of more than $300,000 or an aggregate value of more than $5,000,000 that such U.S. Borrower or Guarantor has or may at any time acquire, accompanied by such instruments of transfer or assignment duly executed in blank as Collateral Agent or Administrative Agent may from time to time specify, in each case except as Administrative Agent may otherwise agree. At Administrative Agent's option, each U.S. Borrower and Guarantor shall, or Administrative Agent may at any time on behalf of any U.S. Borrower or Guarantor, cause the original of any such instrument or chattel paper to be conspicuously marked in a form and manner previously approved by, or otherwise reasonably acceptable to Administrative Agent with the following legend referring to chattel paper or instruments as applicable: "This [chattel paper] [instrument] is subject to the security interest of Wells Fargo Bank, National Association and any sale, transfer, assignment or encumbrance of this [chattel paper] [instrument] violates the rights of such secured party."

(c) In the event that any U.S. Borrower or Guarantor shall at any time hold or acquire an interest in any electronic chattel paper or any "transferable record" (as such term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction) with an individual value of more than $300,000 or an aggregate value of more than $5,000,000, such U.S. Borrower or Guarantor shall promptly notify Administrative Agent thereof in writing. Promptly upon Administrative Agent's request, such U.S. Borrower or Guarantor shall take, or cause to be taken, such actions as Administrative Agent may request to give Collateral Agent or Control Agent control of such electronic chattel paper under Section 9-105 of the UCC and control of such transferable record under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction.

(d) Each U.S. Borrower and Guarantor does not have any deposit accounts as of the date hereof, except as set forth in the Information Certificate. U.S. Borrowers and Guarantors shall not, directly or indirectly, after the date hereof open, establish or maintain any deposit account unless each of the following conditions is satisfied: (i) Administrative Agent shall have received not less than five (5) Business Days prior written notice of the intention of any U.S. Borrower or Guarantor to open or establish such account which notice shall specify in reasonable detail and specificity previously approved by, or otherwise reasonably acceptable to Administrative Agent the name of the account, the owner of the account, the name and address of the bank at which such account is to be opened or established, the individual at such bank with whom such U.S. Borrower or Guarantor is dealing and the purpose of the account, (ii) the bank where such account is opened or maintained shall be acceptable to Administrative Agent, and (iii) on or before the opening of such deposit account, such U.S. Borrower or Guarantor shall as Administrative Agent may specify either (A) deliver to Administrative Agent a Deposit Account Control Agreement with respect to such deposit account duly authorized, executed and delivered by such U.S. Borrower or Guarantor and the bank at which such deposit account is opened and maintained or (B) arrange for Administrative Agent or Collateral Agent to become the customer of the bank with respect to the deposit account on terms and conditions acceptable to Administrative Agent. The terms and representations of this subsection (d) shall not apply to (1) deposit accounts specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any U.S.

Borrower's or Guarantor's employees, (2) other zero balance accounts and (3) other deposit accounts so long as at any time the balance in any such account does not exceed $250,000 and the aggregate balance in all such accounts does not exceed $1,000,000 (the deposit accounts described in clauses (1), (2) and (3) being referred to collectively as the "Excluded Deposit Accounts").

(e) No U.S. Borrower or Guarantor owns or holds, directly or indirectly, beneficially or as record owner or both, any investment property, as of the date hereof, or have any investment account, securities account, commodity account or other similar account with any bank or other financial institution or other securities intermediary or commodity intermediary as of the date hereof, in each case except as set forth in the Information Certificate.

(i) In the event that any U.S. Borrower or Guarantor shall be entitled to or shall at any time after the date hereof hold or acquire any certificated securities, such U.S. Borrower or Guarantor shall promptly endorse, assign and deliver the same to Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Administrative Agent or Collateral Agent may from time to time specify, or, in respect of the Dutch Borrower, if not permitted by applicable law, provide security thereover in form and substance satisfactory to Agent. If any securities, now or hereafter acquired by any U.S. Borrower or Guarantor are uncertificated and are issued to such U.S. Borrower or Guarantor or its nominee directly by the issuer thereof, such U.S. Borrower or Guarantor shall immediately notify Administrative Agent thereof and shall as Administrative Agent may specify, either (A) cause the issuer to agree to comply with instructions from Collateral Agent as to such securities, without further consent of any U.S. Borrower or Guarantor or such nominee, or (B) arrange for Administrative Agent or Collateral Agent to become the registered owner of the securities.

(ii) U.S. Borrowers and Guarantors shall not, directly or indirectly, after the date hereof open, establish or maintain any investment account, securities account, commodity account or any other similar account (other than a deposit account) with any securities intermediary or commodity intermediary unless each of the following conditions is satisfied: (A) Administrative Agent shall have received not less than five (5) Business Days prior written notice of the intention of such U.S. Borrower or Guarantor to open or establish such account which notice shall specify in reasonable detail and specificity previously approved by, or otherwise reasonably acceptable to Administrative Agent the name of the account, the owner of the account, the name and address of the securities intermediary or commodity intermediary at which such account is to be opened or established, the individual at such intermediary with whom such U.S. Borrower or Guarantor is dealing and the purpose of the account, (B) the securities intermediary or commodity intermediary (as the case may be) where such account is opened or maintained shall be acceptable to Administrative Agent, and (C) on or before the opening of such investment account, securities account or other similar account with a securities intermediary or commodity intermediary, such U.S. Borrower or Guarantor shall as Administrative Agent may specify either (1) execute and deliver, and cause to be executed and delivered to Administrative Agent, an Investment Property Control Agreement with respect thereto duly authorized, executed and delivered by such U.S. Borrower or Guarantor and such securities intermediary or commodity intermediary or (2) arrange for Administrative Agent or Collateral Agent to become the entitlement holder with respect to such investment property on terms and conditions acceptable to Administrative Agent.

(f) U.S. Borrowers and Guarantors are not the beneficiary or otherwise entitled to any right to payment under any letter of credit, banker's acceptance or similar instrument as of the date hereof with an individual value of more than $250,000 or an aggregate value of more than $1,000,000, except as set forth in the Information Certificate. In the event that any U.S. Borrower or Guarantor shall be entitled to or shall receive any right to payment under any letter of credit, banker's acceptance or any similar instrument with an individual value of more than $250,000 or an aggregate value of more than $1,000,000, whether as beneficiary thereof or otherwise after the date hereof, such U.S. Borrower or Guarantor shall promptly notify Administrative Agent thereof in writing. Such U.S. Borrower or Guarantor shall immediately, as Administrative Agent may specify, either (i) deliver, or cause to be delivered to Administrative Agent, with respect to any such letter of credit, banker's acceptance or similar instrument, the written agreement of the issuer and any other nominated person obligated to make any payment in respect thereof (including any confirming or negotiating bank), in form and substance satisfactory to Administrative Agent, consenting to the assignment of the proceeds of the letter of credit to Collateral Agent by such U.S. Borrower or Guarantor and agreeing to make all payments thereon directly to Collateral Agent or as Administrative Agent may otherwise direct or (ii) cause Administrative Agent or Collateral Agent to become, at U.S. Borrowers' expense, the transferee beneficiary of the letter of credit, banker's acceptance or similar instrument (as the case may be).

(g) U.S. Borrowers and Guarantors do not have any commercial tort claims as of the date hereof, except as set forth in the Information Certificate. In the event that any U.S. Borrower or Guarantor shall at any time after the date hereof have any commercial tort claims with an amount in controversy in excess of $500,000, such U.S. Borrower or Guarantor shall promptly notify Administrative Agent thereof in writing, which notice shall (i) set forth in reasonable detail the basis for and nature of such commercial tort claim and (ii) include the express grant by such U.S. Borrower or Guarantor to Administrative Agent of a security interest in such commercial tort claim (and the proceeds thereof). In the event that such notice does not include such grant of a security interest, the sending thereof by such U.S. Borrower or Guarantor to Administrative Agent shall be deemed to constitute such grant to Administrative Agent. Upon the sending of such notice, any commercial tort claim described therein shall constitute part of the Collateral and shall be deemed included therein. Without limiting the authorization of Administrative Agent or Collateral Agent provided in Section 5.2(a) hereof or otherwise arising by the execution by such U.S. Borrower or Guarantor of this Agreement or any of the other Financing Agreements, Administrative Agent and Collateral Agent are hereby irrevocably authorized from time to time and at any time to file such financing statements naming Collateral Agent or its designee as secured party and such U.S. Borrower or Guarantor as debtor, or any amendments to any financing statements, covering any such commercial tort claim as Collateral. In addition, each U.S. Borrower and Guarantor shall promptly upon Administrative Agent's request, execute and deliver, or cause to be executed and delivered, to Administrative Agent such other agreements, documents and instruments as Administrative Agent may require in connection with such commercial tort claim.

(h) U.S. Borrowers and Guarantors do not have any goods, documents of title or other Collateral in the custody, control or possession of a third party as of the date hereof, except as set forth in the Information Certificate and except for goods located in the United States in transit to a location of a U.S. Borrower or Guarantor permitted herein in the ordinary course of business of such U.S. Borrower or Guarantor in the possession of the carrier transporting such goods. In the event that any goods, documents of title or other Collateral with a value in the aggregate in excess of

$250,000 are at any time after the date hereof in the custody, control or possession of any other person not referred to in the Information Certificate or such carriers, U.S. Borrowers and Guarantors shall promptly notify Administrative Agent thereof in writing. Promptly upon Administrative Agent's request, U.S. Borrowers and Guarantors shall deliver to Administrative Agent a Collateral Access Agreement duly authorized, executed and delivered by such person and U.S. Borrower or Guarantor that is the owner of such Collateral.

(i) U.S. Borrowers and Guarantors shall take any other actions reasonably requested by Administrative Agent or Collateral Agent from time to time to cause the attachment, perfection and, with respect to the Priority Collateral, first priority (subject to Permitted Liens) and, with respect to the CL Priority Collateral (other than the Real Property), second priority (behind only the liens in favor of the CL Administrative Agent permitted by Section 9.8(l), and other Permitted Liens, of, and the ability of Collateral Agent to enforce, the security interest of Collateral Agent in any and all of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC or other applicable law, to the extent, if any, that any U.S. Borrower's or Guarantor's signature thereon is required therefor, (ii) causing Collateral Agent's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Collateral Agent to enforce, the security interest of Collateral Agent in such Collateral (it being agreed that as of the Closing Date the Administrative Agent does not intend to require the title to any vehicles or aircraft owned by any Borrower or Guarantor to be marked with Collateral Agent's name), (iii) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Collateral Agent to enforce, the security interest of Collateral Agent in such Collateral, and (iv) obtaining the consents and approvals of any Governmental Authority or third party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and taking all actions required by any earlier versions of the UCC or by other law, as applicable in any relevant jurisdiction.

5.3 Control Collateral Held by Control Agent.

Notwithstanding any provision to the contrary herein, any Collateral that constitutes Control Collateral that is held by Collateral Agent or Administrative Agent hereunder shall be deemed to be held by the Control Agent in accordance with the Intercreditor Agreement.

5.4 Intercreditor Provisions.

Notwithstanding anything herein to the contrary, the lien and security interest granted to Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by Collateral Agent or Administrative Agent hereunder are subject to the provisions of the Intercreditor Agreement, as the same may be amended, supplemented, modified or replaced from time to time. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

5.5 Effect of Financing Order.

(a) The liens and security interests referred to in this Agreement and the other Financing Agreements with respect to Borrowers and Guarantors shall be deemed valid and perfected by entry of the Financing Order.

(b) The liens, security interests, lien priorities, administrative priorities and other rights and remedies granted to Collateral Agent pursuant to this Agreement, the Financing Agreements and the Financing Order (specifically including but not limited to the existence, perfection and priority of the liens and security interests provided herein and therein, and the administrative priority provided herein and therein) shall not be modified, altered or impaired in any manner by any other financing or extension of credit or incurrence of debt by Borrowers or Guarantors (pursuant to Section 364 of the Bankruptcy Code or otherwise), or by any dismissal or conversion of the Chapter 11 Cases, or by any other act or omission whatever. Without limitation, notwithstanding any such order, financing, extension, incurrence, dismissal, conversion, act or omission:

(i) except (A) for the amounts included in the Carve-Out, including amounts payable to professional persons and costs of administration which have been or may be incurred in the Chapter 11 Cases or any conversion of the same or in any other proceedings related thereto to the extent of the Carve-Out, (B) the liens of CL Administrative Agent under the CL Credit Agreement to secure the CL Obligations and that are subject to the Intercreditor Agreement, and (C) liens of record as of the date of the commencement of the Chapter 11 Cases that are set forth in Schedule 8.4 to the Information Certificate, no priority claims, are or will be prior to or on a parity with any claim in respect of any of the Obligations;

(ii) the liens and security interests in favor of Collateral Agent set forth herein, and in the other Financing Agreements, shall constitute valid and perfected first priority liens and security interests and shall be prior to all other liens and interests, now existing or hereafter arising, in favor of any other creditor or any other Person whatever (other than liens, security interests and encumbrances permitted hereunder to the extent that such liens, security interests and encumbrances have priority under applicable law and other than the liens, security interests and encumbrances in favor of CL Administrative Agent with respect to the CL Priority Collateral to secure the CL Obligations and the Carve-Out), and

(iii) subject to the Intercreditor Agreement, the security interests and liens upon the Collateral in favor of Collateral Agent as set forth in this Agreement and in the other Financing Agreements shall constitute valid and perfected first priority security interests in all of Priority Collateral and valid perfected second priority security interests in all of the CL Priority Collateral, without the necessity that Collateral Agent file financing statements or otherwise perfect its liens and security interests under applicable non-bankruptcy law.

(c) The security interests of Collateral Agent hereunder and under the other Financing Agreements shall be subordinate to the payment of the following (such amounts being the "Carve-Out"): (i) fees pursuant to Section 1930 of Title 28 of the United States Code and to the Clerk of the Bankruptcy Court, and (ii) allowed and unpaid claims of professionals whose retention is approved by the Bankruptcy Court during the Chapter 11 Case pursuant to Sections 327 and 1103 of the Bankruptcy Code for unpaid fees and expenses that are approved by order of the Bankruptcy Court pursuant to Sections 326, 328, 330, or 331 of the Bankruptcy Code; provided, that, (A) such

allowed fees and expenses incurred, in accordance with the Budget, after an Event of Default shall not exceed $2,000,000 (plus any retainers remitted by any Borrower or Guarantor prior to the Closing Date that have not been exhausted, in accordance with the terms of the Financing Order) in the aggregate, for purposes of constituting a part of the Carve-Out, (B) the Carve-Out shall not include, apply to, or be available for any fees or expenses incurred by any party, including any Borrower or Guarantor, any committee or any professional, in connection with (1) the investigation, initiation or prosecution of any claims or defenses against Administrative Agent, Collateral Agent or any Lender, or preventing, hindering, or delaying the assertion of enforcement of any lien, claim, right or security interest or realization upon any Collateral by Administrative Agent, Collateral Agent or any Lender, (2) a request to use cash collateral (as such term is defined in Section 363 of the Bankruptcy Code) without the prior written consent of Administrative Agent, (3) a request, without the prior written consent of Administrative Agent, for authorization to obtain Debtor-in-possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code that does not indefeasibly repay in full in cash the Obligations on terms and conditions acceptable to Administrative Agent, or (4) any act which has the effect of materially or adversely modifying or compromising the rights and remedies of Administrative Agent, Collateral Agent or any Lender as set forth herein and in the other Financing Agreements, or which results in the occurrence of an Event of Default and (C) in the event of any inconsistency in the definition of Carve-Out between the provisions of this Agreement and the Financing Order, the Financing Order shall govern. The foregoing shall not be construed as consent to the allowance of any fees and expenses referred to above and shall not affect the right of Administrative Agent to object to the allowance and payment of such amounts.

SECTION 6. COLLECTION AND ADMINISTRATION

6.1 Borrowers' Loan Accounts.

Administrative Agent shall maintain one or more loan account(s) on its books in which shall be recorded (a) all Loans, Letters of Credit and other Obligations and the Collateral, (b) all payments made by or on behalf of any Borrower or Guarantor and (c) all other appropriate debits and credits as provided in this Agreement, including fees, charges, costs, expenses and interest. All entries in the loan account(s) shall be made in accordance with Administrative Agent's customary practices as in effect from time to time.

6.2 Statements.

Administrative Agent shall render to Company each month a statement setting forth the balance in Borrowers' loan account(s) maintained by Administrative Agent for Borrowers pursuant to the provisions of this Agreement, including principal, interest, fees, costs and expenses. Each such statement shall be subject to subsequent adjustment by Administrative Agent but shall, absent manifest errors or omissions, be considered correct and deemed accepted by Borrowers and Guarantors and conclusively binding upon Borrowers and Guarantors as an account stated except to the extent that Administrative Agent receives a written notice from Company of any specific exceptions of Company thereto within thirty (30) days after the date such statement has been received by the Company. Until such time as Administrative Agent shall have rendered to Company a written statement as provided above, the balance in any Borrower's loan account(s) shall be

presumptive evidence of the amounts due and owing to Administrative Agent and Lenders by Borrowers and Guarantors.

6.3 Collection of Accounts.

(a) Borrowers shall establish and maintain, at their expense, blocked accounts or lockboxes and related blocked accounts (in either case, "Control Accounts"), as Administrative Agent may reasonably specify, with such banks as are acceptable to Administrative Agent into which Borrowers shall promptly deposit and direct their respective account debtors to directly remit all payments on Receivables and all payments constituting proceeds of Inventory or other Collateral in the identical form in which such payments are made, whether by cash, check or other manner. Borrowers shall deliver, or cause to be delivered to Administrative Agent an Account Control Agreement duly authorized, executed and delivered by each bank where a Control Account is maintained as provided in Section 5.2 or at any time and from time to time Administrative Agent may become the bank's customer with respect to any of the Control Accounts and promptly upon Administrative Agent's request, Borrowers shall execute and deliver such agreements and documents as Administrative Agent may reasonably require in connection therewith. Each Borrower and Guarantor agrees that all payments made to such Control Accounts or other funds received and collected by Administrative Agent or any Lender, whether in respect of the Receivables, as proceeds of Inventory or other Collateral or otherwise shall be treated as payments to Administrative Agent and Lenders in respect of the Obligations and therefore shall constitute the property of Administrative Agent and Lenders to the extent of the then outstanding Obligations. In addition to such payments applied in respect of the Obligations, Borrowers shall have the right to repay Loans in whole or in part from time to time as described in Section 2.1(d).

(b) For purposes of calculating the amount of the Loans available to Borrowers, such payments will be applied (conditional upon final collection) to the Obligations on the Business Day of receipt by Administrative Agent of immediately available funds in the Agent Payment Account provided such payments and notice thereof are received in accordance with Administrative Agent's usual and customary practices as in effect from time to time and within sufficient time to credit such Borrower's loan account on such day, and if not, then on the next Business Day.

(c) Each Borrower and Guarantor and their respective employees, agents and Subsidiaries shall, acting as trustee for Administrative Agent, receive, as the property of Administrative Agent, any monies, checks, notes, drafts or any other payment relating to and/or proceeds of Accounts or other Collateral which come into their possession or under their control and immediately upon receipt thereof, shall deposit or cause the same to be deposited in the Control Accounts, or remit the same or cause the same to be remitted, in kind, to Administrative Agent. In no event shall the same be commingled with any Borrower's or Guarantor's own funds. Borrowers agree to reimburse Administrative Agent on demand for any amounts owed or paid to any bank or other financial institution at which a Control Account or any other deposit account or investment account is established or any other bank, financial institution or other person involved in the transfer of funds to or from the Control Accounts arising out of Administrative Agent's payments to or indemnification of such bank, financial institution or other person. The obligations of Borrowers to reimburse Administrative Agent for such amounts pursuant to this Section 6.3 shall survive the termination of this Agreement.

(d) Intentionally Deleted.

6.4 Payments.

(a) All Obligations shall be payable to the Agent Payment Account as provided in Section 6.3 or such other place as Administrative Agent may designate from time to time. Subject to the other terms and conditions contained herein, Administrative Agent shall apply payments received or collected from any Borrower or Guarantor or for the account of any Borrower or Guarantor (including the monetary proceeds of collections or of realization upon any Collateral) as follows: first, to pay any fees, indemnities or expense reimbursements then due to Administrative Agent, Collateral Agent, Lenders, Swingline Lender and Issuing Bank from any Borrower or Guarantor pursuant to the terms of the Financing Agreements; second, to pay interest due in respect of any Loans (and including any Special Administrative Agent Advances) and Letter of Credit Obligations; third, to pay or prepay principal in respect of Special Administrative Agent Advances; fourth, to pay principal due in respect of the Loans and to pay Obligations then due arising under or pursuant to any Bank Product Debt (including breakage and termination payments due under Hedge Agreements) solely to the extent that Administrative Agent has established a Reserve therefor and such Bank Product Debt constitutes Obligations secured pursuant to Section 5.1; fifth, to pay or prepay any other Obligations (including obligations in respect of Bank Products for which Reserves have not been established by Administrative Agent which constitute Obligations secured pursuant to Section 5.1) whether or not then due, in such order and manner as Administrative Agent determines and at any time an Event of Default exists or has occurred and is continuing, to provide cash collateral for any Letter of Credit Obligations to the extent provided in Section 10; sixth, to pay or prepay any Bank Product Debt constituting Obligations not secured pursuant to Section 5.1; and seventh, to the Company as agent for the U.S. Borrowers. Notwithstanding anything to the contrary contained in this Agreement, (i) unless so directed by Company, or unless an Event of Default shall exist or have occurred and be continuing, Administrative Agent shall not apply any payments which it receives to any Eurodollar Rate Loans, except (A) on the expiration date of the Interest Period applicable to any such Eurodollar Rate Loans or (B) in the event that there are no outstanding Prime Rate Loans and (ii) to the extent any Borrower uses any proceeds of the Loans or Letters of Credit to acquire rights in or the use of any Collateral or to repay any Indebtedness used to acquire rights in or the use of any Collateral, payments in respect of the Obligations shall be deemed applied first to the Obligations arising from Loans and Letters of Credit that were not used for such purposes and second to the Obligations arising from Loans and Letters of Credit the proceeds of which were used to acquire rights in or the use of any Collateral in the chronological order in which such Borrower acquired such rights in or the use of such Collateral. Amounts distributed with respect to any Bank Product Debt shall be the lesser of the applicable Bank Product Amount last reported to the Administrative Agent or the actual Bank Product Debt as calculated by the methodology reported to Agent for determining the amount due. The Administrative Agent shall have no obligation to calculate the amount to be distributed with respect to any Bank Product Debt, but may rely upon written notice of the amount (setting forth a reasonably detailed calculation) from the applicable Secured Party. In the absence of such notice, the Administrative Agent may assume the amount to be distributed is the Bank Product Amount last reported to it. Without limiting the generality of the foregoing, Administrative Agent may, in its discretion, to the extent not previously paid and satisfied in full on the Closing Date, apply any such payments or proceeds first to the Obligations (as defined in the Existing Loan Agreement) until such Obligations are paid and satisfied in full.

(b) At Administrative Agent's option, all principal, interest, fees, costs, expenses and other charges provided for in this Agreement or the other Financing Agreements may be charged directly to the loan account(s) of any Borrower maintained by Administrative Agent. If after receipt of any payment of, or proceeds of Collateral applied to the payment of, any of the Obligations, Administrative Agent, any Lender, Swingline Lender or Issuing Bank is required to surrender or return such payment or proceeds to any Person for any reason, then the Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by Administrative Agent or such Lender. Borrowers and Guarantors shall be liable to pay to Administrative Agent, and do hereby indemnify and hold Administrative Agent and Lenders harmless for the amount of any payments or proceeds surrendered or returned. This Section 6.4(b) shall remain effective notwithstanding any contrary action which may be taken by Administrative Agent or any Lender in reliance upon such payment or proceeds. This Section 6.4 shall survive the payment of the Obligations and the termination of this Agreement.

6.5 Taxes.

(a) Except as provided in Section 6.5(g), any and all payments to any Lender, Swingline Lender, Issuing Bank or Administrative Agent by or on account of any of the Obligations shall be made free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any Governmental Authority or by any political subdivision or taxing authority thereof or therein with respect to such payments, excluding (i) in the case of each Lender, Swingline Lender, Issuing Bank and Administrative Agent (A) taxes imposed on or measured by its net income, and franchise taxes imposed on it, by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) is organized and (B) any United States withholding taxes payable with respect to payments under the Financing Agreements under laws (including any statute, treaty or regulation) in effect on the date hereof (or, in the case of an Eligible Transferee, the date of the Assignment and Acceptance) applicable to such Lender, Swingline Lender, Issuing Bank or Administrative Agent, as the case may be, but not excluding any United States withholding taxes payable as a result of any change in such laws occurring after the date hereof (or the date of such Assignment and Acceptance) and (ii) in the case of each Lender and Swingline Lender, taxes imposed on or measured by its net income, and franchise taxes imposed on it as a result of a present or former connection between such Lender and the jurisdiction of the Governmental Authority imposing such tax or any taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, fees, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) If any Taxes shall be required by law to be deducted from or in respect of any sum payable in respect of the Obligations to any Lender, Swingline Lender, Issuing Bank or Administrative Agent then (i) except as provided in Section 6.5(g), the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 6.5), such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the relevant Borrower or Guarantor shall make such deductions, (iii) the relevant Borrower or Guarantor shall pay the full amount

deducted to the relevant taxing authority or other authority in accordance with applicable law and (iv) the relevant Borrower or Guarantor shall deliver to Administrative Agent evidence of such payment.

(c) In addition, each Borrower and Guarantor agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies of the United States or any political subdivision thereof or any applicable foreign jurisdiction, and all liabilities with respect thereto, in each case arising from any payment made hereunder or under any of the other Financing Agreements or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any of the other Financing Agreements (collectively, "Other Taxes").

(d) Except as provided in Section 6.5(g), each Borrower and Guarantor shall indemnify each Lender, Swingline Lender, Issuing Bank and Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 6.5) paid by such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) and any liability (including for penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) makes written demand therefor. A certificate as to the amount of such payment or liability delivered to Company by a Lender, Swingline Lender, Issuing Bank (with a copy to Administrative Agent) or by Administrative Agent on its own behalf or on behalf of a Lender, Swingline Lender or Issuing Bank, shall be conclusive absent manifest error.

(e) As soon as practicable after any payment of Taxes or Other Taxes by any Borrower or Guarantor, such Borrower or Guarantor shall furnish to Administrative Agent, at its address referred to herein, the original or a certified copy of a receipt evidencing payment thereof.

(f) Without prejudice to the survival of any other agreements of any Borrower or Guarantor hereunder or under any of the other Financing Agreements, the agreements and obligations of such Borrower or Guarantor contained in this Section 6.5 shall survive the termination of this Agreement and the payment in full of the Obligations.

(g) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the applicable Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any of the other Financing Agreements shall deliver to Company (with a copy to Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by Company or Administrative Agent (in such number of copies as is reasonably requested by the recipient), whichever of the following is applicable (but only if such Foreign Lender is legally entitled to do so): (i) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor form) claiming exemption from, or a reduction to, withholding tax under an income tax treaty; (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any successor form) claiming exemption from withholding because the income is effectively connected with the conduct of a United States trade or business; (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Sections 871(h) or 881(c) of the Code, (A) a certificate of the

Lender to the effect that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of a Borrower within the meaning of Section 881(c)(3)(B) of the Code or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (B) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor form) claiming exemption from withholding under the portfolio interest exemption; or (iv) any other applicable form, certificate or document prescribed by applicable law as a basis for claiming exemption from or a reduction in United States withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit a Borrower to determine the withholding or deduction required to be made. In addition, each Foreign Lender agrees that it will deliver upon any Borrower's request updated versions of the foregoing, as applicable, whenever the previous certification has become obsolete or inaccurate in any material respect, together with such other forms as may be required in order to confirm or establish the entitlement of such Foreign Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Loan and Security Agreement and any Obligation. Notwithstanding the foregoing provisions of this Section 6.5, but subject to the immediately following sentence, (A) each Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold Taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Foreign Lender to the extent that such Foreign Lender has not provided to such Borrower U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (B) such Borrower shall not be obligated pursuant to this Section 6.5 to indemnify or otherwise pay such Foreign Lender in respect of Taxes imposed by the United States if such Foreign Lender has not provided to such Borrower the U.S. Internal Revenue Service Forms required to be provided to such Borrower pursuant to this Section 6.5 or to the extent that such Forms do not establish a complete exemption from withholding of such Taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 6.5, the Borrowers, jointly and severally, agree to pay additional amounts and to indemnify each Lender in the manner set forth in Sections 6.5(a) and 6.5(d) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Closing Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof.

(h) Any Lender claiming any additional amounts payable pursuant to this Section 6.5 shall use its reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its applicable lending office and to take any other action if such change or other action would avoid the need for, or reduce the amount of, any such additional amounts that would be payable or may thereafter accrue pursuant to Section 6.5 and would not, in the sole determination of such Lender, be otherwise disadvantageous in any material respect to such Lender.

(i) If Administrative Agent, any Lender, Swingline Lender or the Issuing Bank determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by a Borrower or Guarantor or with respect to which a Borrower or Guarantor has paid additional amounts pursuant to this Section 6.5, it shall pay over such refund to the applicable Borrower or Guarantor (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower or Guarantor under this Section 6.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of Administrative Agent, such Lender, Swingline

Lender or the Issuing Bank, as the case may be, and without interest (other than any interest paid by the relevant governmental authority with respect to such refund); provided, that, each Borrower and Guarantor, upon the request of Administrative Agent, such Lender, Swingline Lender or the Issuing Bank, agrees to repay the amount paid over to such Borrower or Guarantor (plus any penalties, interest or other charges imposed by the relevant governmental authority) to Administrative Agent, such Lender or the Issuing Bank in the event Administrative Agent, such Lender, Swingline Lender or the Issuing Bank is required to repay such refund to such governmental authority. This Section 6.5 shall not be construed to require Administrative Agent, any Lender, Swingline Lender or the Issuing Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Borrower, Guarantor or any other Person.

6.6 Authorization to Make Loans.

Administrative Agent and Lenders are authorized to make the Loans based upon written instructions received from an Authorized Officer of the Company or, at the discretion of Administrative Agent, if such Loans are necessary to satisfy any Obligations. All requests for Loans or Letters of Credit hereunder shall specify (i) the applicable Borrower, (ii) the date on which the requested advance is to be made (which day shall be a Business Day) and (iii) the amount and currency of the requested Loan. Requests received after 1:00 p.m., Charlotte, North Carolina time on any day shall be deemed to have been made as of the opening of business on the immediately following Business Day. Requests for Prime Rate Loans may be made on the day of the requested borrowing if received by Administrative Agent by 1:00 p.m., Charlotte, North Carolina time. Requests for Eurodollar Rate Loans must be made as set forth in Section 3.1(b). All Loans and Letters of Credit under this Agreement shall be conclusively presumed to have been made to, and at the request of and for the benefit of, any Borrower or Guarantor when deposited to the credit of any Borrower or Guarantor or otherwise disbursed or established in accordance with the instructions of any Borrower or Guarantor or in accordance with the terms and conditions of this Agreement.

6.7 Use of Proceeds.

Borrowers shall use the initial proceeds of the Loans and Letters of Credit hereunder only for: (a) satisfaction of existing Obligations (as defined in the Existing Loan Agreement), (b) to pay any costs, fees and expenses associated with this Agreement and the other Financing Agreements which have been approved by order of the Bankruptcy Court, including, but not limited to, adequate protection payments consistent with the Budget which shall be payable to the CL Administrative Agent for the benefit of the pre-petition CL Lenders, (c) costs, expenses and fees in connection with the Chapter 11 Cases, (d) to pay pre-petition claims in the ordinary course of business to the extent approved by the Bankruptcy Court in connection with the Chapter 11 Case, and (e) for working capital and other general corporate purposes of Borrowers and Guarantors. All other Loans made or Letters of Credit provided to or for the benefit of any Borrower pursuant to the provisions hereof shall be used by such Borrower only for general operating, working capital and other proper corporate purposes of such Borrower not otherwise prohibited by the terms hereof. None of the proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended. No portion of the administrative expenses or priority

claims in the Chapter 11 Cases, other than those directly attributable to the operation of the business of Borrowers, including professional fees (subject to the terms of the Financing Order and this Agreement), as set forth in the Budget or to which Administrative Agent has specifically agreed, shall be funded with the Revolving Loans or Letters of Credit and the percentages and categories of permitted allocations of such claims and expenses shall be approved by Administrative Agent. Notwithstanding the foregoing, proceeds shall not be used by Borrowers or Guarantors to affirmatively commence or support, or to pay any professional fees incurred in connection with, any adversary proceeding, motion or other action that seeks to challenge, contest or otherwise seek to impair or object to the validity, extent, enforceability or priority of Administrative Agent's, Collateral Agent's and Lenders' pre-petition and/or post-petition liens, claims and rights.

6.8 Appointment of Company as Administrative Agent for Requesting Loans and Receipts of Loans and Statements.

(a) Each Borrower hereby irrevocably appoints and constitutes Company as its agent and attorney-in-fact to request and receive Loans and Letters of Credit pursuant to this Agreement and the other Financing Agreements from Administrative Agent or any Lender in the name or on behalf of such Borrower. Administrative Agent and Lenders may disburse the Loans to such bank account of Company or a Borrower or otherwise make such Loans to a Borrower and provide such Letters of Credit to a Borrower as Company may designate or direct, without notice to any other Borrower or Guarantor. Notwithstanding anything to the contrary contained herein, Administrative Agent may at any time and from time to time require that Loans to or for the account of any Borrower be disbursed directly to an operating account of such Borrower.

(b) Company hereby accepts the appointment by Borrowers to act as agent and attorney-in-fact of Borrowers pursuant to this Section 6.8. Company shall ensure that the disbursement of any Loans to each Borrower or the issuance of any Letter of Credit for a Borrower hereunder, shall be paid to or for the account of such Borrower.

(c) Each Borrower and other Guarantor hereby irrevocably appoints and constitutes Company as its agent to receive statements on account and all other notices from Administrative Agent and Lenders with respect to the Obligations or otherwise under or in connection with this Agreement and the other Financing Agreements.

(d) Any notice, election, representation, warranty, agreement or undertaking by or on behalf of any other Borrower or any Guarantor by Company shall be deemed for all purposes to have been made by such Borrower or Guarantor, as the case may be, and shall be binding upon and enforceable against such Borrower or Guarantor to the same extent as if made directly by such Borrower or Guarantor.

(e) No purported termination of the appointment of Company as agent as aforesaid shall be effective, except after ten (10) days' prior written notice to Administrative Agent.

6.9 Pro Rata Treatment.

Except to the extent otherwise provided in this Agreement or as otherwise agreed by Lenders: (a) the making and conversion of Revolving Loans shall be made among the Lenders based on their respective Pro Rata Shares as to the Revolving Loans and (b) each payment on

account of any Obligations to or for the account of one or more of Lenders in respect of any Obligations due on a particular day shall be allocated among the Lenders entitled to such payments based on their respective Pro Rata Shares and shall be distributed accordingly.

6.10 Sharing of Payments, Etc.

(a) Each Borrower and Guarantor agrees that, in addition to (and without limitation of) any right of setoff, banker's lien or counterclaim Administrative Agent or any Lender may otherwise have, each Lender shall be entitled, at its option (but subject, as among Administrative Agent and Lenders, to the provisions of Section 12.3(b) hereof), to offset balances held by it for the account of such Borrower or Guarantor at any of its offices, in dollars or in any other currency, against any principal of or interest on any Loans owed to such Lender or any other amount payable to such Lender hereunder, that is not paid when due (regardless of whether such balances are then due to such Borrower or Guarantor), in which case it shall promptly notify Company and Administrative Agent thereof; provided, that, such Lender's failure to give such notice shall not affect the validity thereof.

(b) If any Lender (including Administrative Agent) shall obtain from any Borrower or Guarantor payment of any principal of or interest on any Loan owing to it or payment of any other amount under this Agreement or any of the other Financing Agreements through the exercise of any right of setoff, banker's lien or counterclaim or similar right or otherwise (other than from Administrative Agent as provided herein), and, as a result of such payment, such Lender shall have received more than its Pro Rata Share of the principal of the Loans or more than its share of such other amounts then due hereunder or thereunder by any Borrower or Guarantor to such Lender than the percentage thereof received by any other Lender, it shall promptly pay to Administrative Agent, for the benefit of Lenders, the amount of such excess and simultaneously purchase from such other Lenders a participation in the Loans or such other amounts, respectively, owing to such other Lenders (or such interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) in accordance with their respective Pro Rata Shares or as otherwise agreed by Lenders. To such end all Lenders shall make appropriate adjustments among themselves (by the resale of participation sold or otherwise) if such payment is rescinded or must otherwise be restored.

(c) Each Borrower and Guarantor agrees that any Lender purchasing a participation (or direct interest) as provided in Section 2.5 or Section 13.7 may exercise, in a manner consistent with this Section, all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans or other amounts (as the case may be) owing to such Lender in the amount of such participation.

(d) Nothing contained herein shall require any Lender to exercise any right of setoff, banker's lien, counterclaims or similar rights or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other Indebtedness or obligation of any Borrower or Guarantor. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, assign such rights to Administrative Agent for

the benefit of Lenders and, in any event, exercise its rights in respect of such secured claim in a manner consistent with the rights of Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

6.11 Settlement Procedures.

(a) In order to administer the Credit Facility in an efficient manner and to minimize the transfer of funds between Administrative Agent and Lenders, Administrative Agent may, at its option, subject to the terms of this Section, make available, on behalf of Lenders, including the Swing Line Lender, the full amount of the Revolving Loans or Swing Line Loans requested or charged to any Borrower's loan account(s) or otherwise to be advanced by Lenders pursuant to the terms hereof, without requirement of prior notice to Lenders of the proposed Loans.

(b) With respect to all Revolving Loans made by Administrative Agent on behalf of Lenders, the amount of each Lender's Pro Rata Share of the outstanding Loans shall be computed weekly, and shall be adjusted upward or downward on the basis of the amount of the outstanding Revolving Loans as of 5:00 p.m. on the Business Day immediately preceding the date of each settlement computation; provided, that, Administrative Agent retains the absolute right at any time or from time to time to make the above described adjustments at intervals more frequent than weekly, but in no event more than twice in any week. With respect to Swing Line Loans made by Swing Line Lender or Administrative Agent on behalf of Swing Line Lender, Swing Line Lender (or Administrative Agent on behalf of Swing Line Lender) may settle on the Swing Line Loans from time to time as it determines. Administrative Agent (or Swing Line Lender as to Swing Line Loans) shall deliver to each of the Lenders after the end of each week, or at such period or periods as Administrative Agent (or Swing Line Lender as to Swing Line Loans) shall determine, a summary statement of the amount of outstanding Loans (whether Revolving Loans, Swing Line Loans or both, as applicable) for such period (such week or other period or periods being hereinafter referred to as a "Settlement Period"). If the summary statement is sent by Administrative Agent (or Swing Line Lender in the case of Swing Line Loans) and received by a Lender prior to 12:00 p.m., then such Lender shall make the settlement transfer described in this Section by no later than 3:00 p.m. on the same Business Day and if received by a Lender after 12:00 p.m., then such Lender shall make the settlement transfer by not later than 3:00 p.m. on the next Business Day following the date of receipt. If, as of the end of any Settlement Period, the amount of a Lender's Pro Rata Share of the outstanding Revolving Loans is more than such Lender's Pro Rata Share of the outstanding Revolving Loans as of the end of the previous Settlement Period, then such Lender shall forthwith (but in no event later than the time set forth in the preceding sentence) transfer to Administrative Agent by wire transfer in immediately available funds the amount of the increase. Alternatively, if the amount of a Lender's Pro Rata Share of the outstanding Revolving Loans in any Settlement Period is less than the amount of such Lender's Pro Rata Share of the outstanding Revolving Loans for the previous Settlement Period, Administrative Agent shall forthwith transfer to such Lender by wire transfer in immediately available funds the amount of the decrease. Each Lender shall forthwith (but in no event later than the time set forth in the preceding sentence) transfer to Swing Line Lender (or upon its request to Administrative Agent) by wire transfer in immediately available funds the amount of such Lender's Pro Rata Share of the outstanding Swing Line Loans as set forth in the summary statement provided to such Lender as provided above. Amounts transferred to Swing Line Lender (or Administrative Agent as the case may be) in respect to a settlement of Swing Line Loans shall be applied to the payment of the Swing Line Loans and shall constitute Revolving

Loans of such Lenders. The obligation of each of the Lenders to transfer such funds and effect such settlement shall be irrevocable and unconditional and without recourse to or warranty by Administrative Agent and may occur at any time a Default or Event of Default exists or has occurred and whether or not the conditions set forth in Section 4.2 are satisfied (except if there is an Event of Default under Section 10.1(g) and 10.1(h), in which case the funds shall be in respect of each Lender's participation). Administrative Agent and each Lender agrees to mark its books and records at the end of each Settlement Period to show at all times the dollar amount of its Pro Rata Share of the outstanding Loans and Letters of Credit. Each Lender shall only be entitled to receive interest on its Pro Rata Share of the Loans to the extent such Loans have been funded by such Lender. Because the Administrative Agent on behalf of Lenders may be advancing and/or may be repaid Loans prior to the time when Lenders will actually advance and/or be repaid such Loans, interest with respect to Loans shall be allocated by Administrative Agent in accordance with the amount of Loans actually advanced by and repaid to each Lender and the Administrative Agent and shall accrue from and including the date such Loans are so advanced to but excluding the date such Loans are either repaid by Borrowers or actually settled with the applicable Lender as described in this Section.

(c) To the extent that Administrative Agent has made any such amounts available and the settlement described above shall not yet have occurred, upon repayment of any Loans by a Borrower, Administrative Agent may apply such amounts repaid directly to any amounts made available by Administrative Agent pursuant to this Section. In lieu of settlements, Administrative Agent may, at its option, at any time require each Lender to provide Administrative Agent with immediately available funds representing its Pro Rata Share of each Loan, prior to Administrative Agent's disbursement of such Loan to a Borrower. In such event, Administrative Agent shall notify each Lender promptly after Administrative Agent's receipt of the request for the Loans from a Borrower or any deemed request hereunder and each Lender shall provide its Pro Rata Share of such requested Loan to the account specified by Administrative Agent in immediately available funds not later than 2:00 p.m. on the requested funding date, so that all such Loans shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in the other Lender's obligation to make a Loan requested hereunder nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in the other Lender's obligation to make a Loan hereunder.

(d) Upon the making of any Loan by Administrative Agent as provided herein, without further action by any party hereto, each Lender shall be deemed to have irrevocably and unconditionally purchased and received from Administrative Agent, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Pro Rata Share in such Loan. To the extent that there is no settlement in accordance with the terms hereof, Administrative Agent may at any time require the Lenders to fund their participations. From and after the date, if any, on which any Lender has funded its participation in any such Loan, Administrative Agent shall promptly distribute to such Lender, such Lender's Pro Rata Share of all payments of principal and interest received by Administrative Agent in respect of such Loan.

(e) As to any Loan funded by Administrative Agent on behalf of a Lender (including Swing Line Lender) whether pursuant to Sections 6.11(a), 6.11(b) or 6.11(c) above, Administrative Agent may assume that each Lender will make available to Administrative Agent such Lender's Pro Rata Share of the Loan requested or otherwise made on such day in the case of Loans funded pursuant to Section 6.11(c) above or otherwise on the applicable settlement date. If

Administrative Agent makes amounts available to a Borrower and such corresponding amounts are not in fact made available to Administrative Agent by such Lender, Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest thereon for each day from the date such payment was due until the date such amount is paid to Administrative Agent at the Federal Funds Rate for each day during such period (as published by the Federal Reserve Bank of New York or at Administrative Agent's option based on the arithmetic mean determined by Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. on that day by each of the three leading brokers of Federal funds transactions in New York selected by Administrative Agent) and if such amounts are not paid within three (3) days of Administrative Agent's demand, at the highest Interest Rate provided for in Section 3.1 hereof applicable to Base Rate Loans. During the period in which such Lender has not paid such corresponding amount to Administrative Agent, notwithstanding anything to the contrary contained in this Agreement or any of the other Financing Agreements, the amount so advanced by Administrative Agent to or for the benefit of any Borrower shall, for all purposes hereof, be a Loan made by Administrative Agent for its own account.

(f) Upon any failure by a Lender to pay Administrative Agent (or Swing Line Lender) pursuant to the settlement described in Section 6.11(b) above or to pay Administrative Agent pursuant to Section 6.11(c), 6.11(d) or Section 6.11(e), Administrative Agent shall promptly thereafter notify the Company of such failure and Borrowers shall pay such corresponding amount to Administrative Agent for its own account within five (5) Business Days of the Company's receipt of such notice. The term "Defaulting Lender" shall mean (i) any Lender that has failed to fund any portion of the Revolving Loans, participations in Letter of Credit Obligations or participations in Swing Line Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder, or has otherwise failed to pay over to Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one (1) Business Day of the date when due, (ii) any Lender that has notified Administrative Agent, any Lender, Issuing Bank, or any Borrower or Guarantor in writing that it will not or does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it will not or does not intend to comply with its funding obligations under this Agreement or under other agreements in which it has agreed to make loans or provide other financial accommodations, or (iii) any Lender that becomes or is insolvent or has a parent company that has become or is insolvent or becomes the subject of a bankruptcy or insolvency proceeding, or has a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment and has not obtained all required orders, approvals or consents of any court or other Governmental Authority to continue to fulfill its obligations hereunder, in form and substance satisfactory to Administrative Agent.

(g) Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments received by Administrative Agent for the Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). For purposes of voting or consenting to matters with respect to this Agreement and the other Financing Agreements and determining Pro Rata Shares, such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero (0). So long as there is a Defaulting Lender, the maximum amount of the Loans and Letters of Credit shall not exceed the aggregate amount of the Commitments of the Lenders that are not Defaulting Lenders plus the Pro Rata Share of the Defaulting Lender (determined immediately prior to its being a

Defaulting Lender) of the Loans and Letters of Credit outstanding as of the date that the Defaulting Lender has become a Defaulting Lender. At any time that there is a Defaulting Lender, payments received for application to the Obligations payable to Lenders in accordance with the terms of this Agreement shall be distributed to Lenders based on their Pro Rata Shares calculated after giving effect to the reduction of the Defaulting Lender's Commitment to zero as provided herein or at Administrative Agent's option, Administrative Agent may instead receive and retain such amounts that would be otherwise attributable to the Pro Rata Share of a Defaulting Lender (which for such purpose shall be such Pro Rata Share as in effect immediately prior to its being a Defaulting Lender). To the extent that Administrative Agent elects to receive and retain such amounts, Administrative Agent may hold such amounts (which shall not accrue interest) and, in its reasonable discretion, relend such amounts to a Borrower. To the extent that Administrative Agent exercises its option to relend such amounts, such amounts shall be treated as Revolving Loans for the account of Administrative Agent in addition to the Revolving Loans that are made by the Lenders other than a Defaulting Lender based on their respective Pro Rata Shares as calculated after giving effect to the reduction of such Defaulting Lender's Commitment to zero (0) as provided herein but shall be repaid in the same order of priority as the principal amount of the Loans on a pro rata basis for purposes of Section 6.4 hereof. Administrative Agent shall determine whether any Revolving Loans requested shall be made from relending such amounts or from Revolving Loans from the Lenders (other than a Defaulting Lender) and any allocation of requested Revolving Loans between them. The rights of a Defaulting Lender shall be limited as provided herein until such time as the Defaulting Lender has made all payments to Administrative Agent of the amounts that it had failed to pay causing it to become a Defaulting Lender and such Lender is otherwise in compliance with the terms of this Agreement (including making any payments as it would have been required to make as a Lender during the period that it was a Defaulting Lender other than in respect of the principal amount of Revolving Loans, which payments as to the principal amount of Revolving Loans shall be made based on the outstanding balance thereof on the date of the cure by Defaulting Lender or at such other time thereafter as Administrative Agent may specify) or has otherwise provided evidence in form and substance satisfactory to Administrative Agent that such Defaulting Lender will be able to fund its Pro Rata Share (as in effect immediately prior to its being a Defaulting Lender) in accordance with the terms hereof. Upon the cure by Defaulting Lender of the event that is the basis for it to be a Defaulting Lender by making such payment or payments and such Lender otherwise being in compliance with the terms hereof, such Lender shall cease to be a Defaulting Lender and shall only be entitled to payment of interest accrued during the period that such Lender was a Defaulting Lender to the extent previously received and retained by Administrative Agent from or for the account of Borrowers on the funds constituting Loans funded by such Lender prior to the date of it being a Defaulting Lender (and not previously paid to such Lender) and shall otherwise, on and after such cure, make Loans and settle in respect of the Loans and other Obligations in accordance with the terms hereof. The existence of a Defaulting Lender and the operation of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, or relieve or excuse the performance by any Borrower or Guarantor of its duties and obligations hereunder (including, but not limited to, the obligation of such Borrower or Guarantor to make any payments hereunder, whether in respect of Loans by a Defaulting Lender or otherwise.

(h) Notwithstanding anything to the contrary contained in this Agreement, in the event that there is a Defaulting Lender, if there are any Letters of Credit outstanding, within one (1) Business Day after the written request of Issuing Bank, Borrowers shall pay to Administrative Agent an amount equal to the Pro Rata Share of the Defaulting Lender (calculated as in effect immediately

prior to such Lender becoming a Defaulting Lender) of the Letter of Credit Obligations then outstanding to be held by Administrative Agent on terms and conditions satisfactory to Administrative Agent and Issuing Bank as cash collateral for the Obligations and for so long as there is a Defaulting Lender, Issuing Bank shall not be required to issue any Letter of Credit, or increase or extend or otherwise amend any Letter of Credit, unless upon the request of Issuing Bank, Administrative Agent has cash collateral from Borrowers in an amount equal to the Pro Rata Share of the Defaulting Lender (calculated as in effect immediately prior to such Lender becoming a Defaulting Lender) of the Letter of Credit Obligations outstanding after giving effect to any such requested Letter of Credit (or increase, extension or other amendment) to be held by Administrative Agent on its behalf on terms and conditions satisfactory to Administrative Agent and Issuing Bank or there are other arrangements reasonably satisfactory to Issuing Bank with respect to the participation in Letters of Credit by such Defaulting Lender. Such cash collateral shall be applied first to the Letter of Credit Obligations before application to any other Obligations, notwithstanding anything to the contrary contained in Section 6.4 hereof.

(i) Nothing in this Section or elsewhere in this Agreement or the other Financing Agreements shall be deemed to require Administrative Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its Commitment hereunder or to prejudice any rights that any Borrower may have to commence any legal action against a Lender as a result of any default by such Lender hereunder in fulfilling its Commitment.

6.12 Obligations Several; Independent Nature of Lenders' Rights.

The obligation of each Lender hereunder is several, and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. Nothing contained in this Agreement or any of the other Financing Agreements and no action taken by the Lenders pursuant hereto or thereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and subject to Section 12.3 hereof, each Lender shall be entitled to protect and enforce its rights arising out of this Agreement and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

6.13 Exchange Rates; Currency Equivalents.

(a) Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating the Dollar Amounts of Extensions of Credit and other amounts outstanding hereunder denominated in Euros. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Company hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency for purposes of the Financing Agreements shall be such Dollar Amount as so determined by Administrative Agent.

(b) Wherever in this Agreement in connection with an Extension of Credit, conversion, continuation or prepayment of a Loan, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Extension of Credit is denominated in Euros, such

amount shall be the relevant Foreign Currency Equivalent of such Dollar amount (rounded to the nearest 1,000 units of Euros), as determined by Administrative Agent.

SECTION 7. COLLATERAL REPORTING AND COVENANTS

7.1 Collateral Reporting.

(a) The Company shall provide Administrative Agent with the following documents in a form reasonably satisfactory to Administrative Agent:

(i) on the Friday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing), covering the immediately prior seven (7) calendar days, (A) domestic inventory reports by location and such other information related to domestic inventory as Agent may request and (B) a report of the amount of the accrued and unpaid amounts entitled to the benefit of the Carve-Out as of the last day of the immediately preceding calendar week;

(ii) as soon as possible after the end of each month (but in any event within fifteen (15) Business Days after the end thereof), on a monthly basis or more frequently as Administrative Agent may request, (A) except as set forth in subsection (a)(i) above, inventory reports by location and category (and including the amounts of Inventory and the value thereof at any leased locations and at premises of warehouses, processors or other third parties), (B) agings of accounts receivable and (C) a summary report of agings of accounts payable on a category-by-category basis;

(iii) on a daily basis, a Borrowing Base Certificate, in a form satisfactory to Administrative Agent, duly completed and certified by the Company's chief executive officer or chief financial officer. Each such Borrowing Base Certificate shall contain, among other things, (A) a weekly roll forward of accounts receivable with major categories of ineligibles (as determined by Administrative Agent) in respect thereof updated on a monthly basis or more frequently as Administrative Agent may request and (B) a weekly analysis of inventory on Friday of each week, which shall include (1) mill raw material value updated each Friday based on the physical inventory taken on the immediately preceding Monday (with the weight of waste paper determined in accordance with the Company's current practices) with the value per ton derived from the most current RFD pricing letter issued on or about the 8th of every month, (2) mill finished goods tonnage and value updated each Friday derived from the actual tons on hand multiplied by the average cost per ton value that will be reported on the second Friday of each month and (3) converted raw material value and converted finished goods tonnage, in each case, with respect to each of the book cover division ("BCI") and Newark Paper Board Products ("NPP") updated each Friday based on the actual cost per ton updated for BCI and NPP by the second Friday of each month. All categories of inventory ineligibles in respect of the items in subsection (B) above shall be updated in the Borrowing Base Certificate on the last day of every month. The inventory recovery factors for all raw materials and finished goods will, at Administrative Agent's option, be updated monthly based on the criteria outlined in the most recent inventory appraisal that has been received by Administrative Agent and which is acceptable to Agent;

(iv) in addition to any other reports required to be delivered by the Company pursuant to this Agreement, the Company shall provide to Administrative Agent, in form and substance satisfactory to Administrative Agent, (A) on a daily basis, a report indicating the amount of cash (and where located) of the Company and each of its Domestic Subsidiaries as of the immediately preceding day (other than with respect to cash in the following accounts: (1) account numbers 208000134716, 410804007 and 4518152780 maintained at Wells Fargo, (2) account number 5190086847 maintained at Royal Bank of Canada, (3) account number 4200148377 maintained at Regions Bank and (4) the account maintained at Commerce Bank) and (B) on Friday of each week, a report indicating the amount of cash (and where located) of Dutch Borrower and each of the Company's Foreign Subsidiaries as of the immediately preceding Friday.

(v) in addition to any other reports required to be delivered by the Company pursuant to this Agreement, the Company shall provide to Administrative Agent, (A) on Friday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing) covering the immediately following calendar week, a report, in form and substance satisfactory to Administrative Agent, which shall include daily (1) cash receipts for all operations in the United States (hereinafter referred to as, the "Domestic Operations"), (2) disbursements with respect to the Domestic Operations, (3) Eligible Accounts availability for the Domestic Operations, (4) Eligible Inventory availability for the Domestic Operations, (5) outstanding Loans, Letters of Credit and other Obligations (including swap liability exposure), (6) Excess Availability and (7) payable float for the Domestic Operations and (B) on Friday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing) covering the immediately following calendar week, a report, in form and substance satisfactory to Administrative Agent, which shall include daily (1) cash receipts for all operations outside of the United States (hereinafter referred to as, the "International Operations"), (2) disbursements with respect to the International Operations, (3) outstanding principal amount of all existing Indebtedness of the Dutch Borrower and each of the Company's Foreign Subsidiaries, (4) outstanding principal amount of all intercompany loans from the Company to Dutch Borrower and (5) liquidity of the International Operations;

(vi) in addition to any other reports required to be delivered by the Company pursuant to this Agreement, the Company shall provide to Administrative Agent, (A) on Tuesday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing), a report, in a form satisfactory to Administrative Agent, certified by the Company's chief executive officer, chief financial officer or treasurer which specifies all material changes to or deviations from any of the Projected Information for the immediately preceding week set forth in any Budget previously delivered to Administrative Agent, compared to the actual results for such week and (B) on the 3rd day of each month (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing), a copy of any management report prepared by the management of Borrowers that has been delivered to the Board of Directors of any Borrower during the immediately preceding month;

(vii) the reports as set forth in Section 8.31(d) hereof;

(viii) upon Administrative Agent's request, (A) copies of customer statements, purchase orders, sales invoices, credit memos, remittance advices and reports, and copies

of deposit slips and bank statements, (B) copies of shipping and delivery documents, (C) copies of purchase orders, invoices and delivery documents for Inventory and Equipment acquired by any Borrower or Guarantor and (D) perpetual inventory reports, in each case, within a reasonable period of time following such request;

(ix) such other reports as to the Collateral as Administrative Agent shall reasonably request from time to time, within a reasonable period of time following such request.

(b) If any Borrower's or Guarantor's records or reports of the Collateral are prepared or maintained by an accounting service, contractor, shipper or other agent, such Borrower and Guarantor hereby irrevocably authorizes such service, contractor, shipper or agent to deliver such records, reports, and related documents to Administrative Agent and to follow Administrative Agent's instructions with respect to further services at any time that an Event of Default exists or has occurred and is continuing.

7.2 Accounts Covenants.

(a) Borrowers shall notify Administrative Agent promptly of: (i) any material delay in any Borrower's performance of any of its material obligations to any account debtor or the assertion of any material claims, offsets, defenses or counterclaims by any account debtor, or any material disputes with account debtors, or any settlement, adjustment or compromise thereof, (ii) all material adverse information known to any Borrower or Guarantor relating to the financial condition of any account debtor whose accounts are included in Eligible Accounts and (iii) any event or circumstance which, to the best of any Borrower's or Guarantor's knowledge, would cause Administrative Agent to consider any then existing Accounts as no longer constituting Eligible Accounts. No credit, discount, allowance or extension or agreement for any of the foregoing shall be granted to any account debtor whose accounts are included in Eligible Accounts without Administrative Agent's consent, except in the ordinary course of a Borrower's or Guarantor's business in accordance with practices and policies previously disclosed in writing to Administrative Agent and except as set forth in the schedules delivered to Administrative Agent pursuant to Section 7.1(a) above. So long as no Event of Default exists or has occurred and is continuing, Borrowers and Guarantors shall settle, adjust or compromise any claim, offset, counterclaim or dispute with any account debtor. At any time that an Event of Default exists or has occurred and is continuing, Administrative Agent shall, at its option, have the exclusive right to settle, adjust or compromise any claim, offset, counterclaim or dispute with account debtors or grant any credits, discounts or allowances.

(b) With respect to each Account: (i) the amounts shown on any invoice delivered to Administrative Agent or schedule thereof delivered to Administrative Agent shall be true and complete, (ii) no payments shall be made thereon except payments immediately delivered to Administrative Agent pursuant to the terms of this Agreement, (iii) no credit, discount, allowance or extension or agreement for any of the foregoing shall be granted to any account debtor whose accounts are included in Eligible Accounts except as reported to Administrative Agent in accordance with this Agreement and except for credits, discounts, allowances or extensions made or given in the ordinary course of each Borrower's business in accordance with practices and policies previously disclosed to Administrative Agent, (iv) there shall be no setoffs, deductions, contras, defenses, counterclaims or disputes existing or asserted with respect to any Accounts included in Eligible

Accounts except as reported to Administrative Agent in accordance with the terms of this Agreement, (v) none of the transactions giving rise thereto will violate any applicable foreign, Federal, State or local laws or regulations, all documentation relating thereto will be legally sufficient under such laws and regulations and all such documentation will be legally enforceable in accordance with its terms.

(c) Administrative Agent shall have the right at any time or times, in Administrative Agent's name or in the name of a nominee of Administrative Agent, to verify the validity, amount or any other matter relating to any Receivables or other Collateral, by mail, telephone, facsimile transmission or otherwise.

7.3 Inventory Covenants.

With respect to the Inventory:

(a) each Borrower and Guarantor shall at all times maintain inventory records reasonably satisfactory to Administrative Agent, keeping correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, such Borrower's or Guarantor's cost therefor and daily withdrawals therefrom and additions thereto, it being acknowledged that the manner in which inventory records are maintained as of the Closing Date is satisfactory to Administrative Agent;

(b) Borrowers and Guarantors shall conduct a physical count of the Inventory at least once each year but at any time or times as Administrative Agent may request during the continuance of an Event of Default, and promptly following such physical inventory shall supply Administrative Agent with a report in the form and with such specificity as may be reasonably satisfactory to Administrative Agent concerning such physical count;

(c) Borrowers and Guarantors shall not remove any Inventory from the locations set forth or permitted herein except (i) Inventory with a book value of up to $500,000 in the aggregate and (ii) Inventory with a book value in excess of $500,000 in the aggregate for all such Inventory; provided, that, the applicable Borrower or Guarantor shall have given thirty (30) days prior written notice to Administrative Agent, (iii) sales of Inventory in the ordinary course of its business, (iv) movement of Inventory directly from one location set forth or permitted herein to another such location, and (v) Inventory shipped from the manufacturer thereof to such Borrower or Guarantor which is in transit to the locations set forth or permitted herein;

(d) upon Administrative Agent's request, Borrowers shall deliver or cause to be delivered to Administrative Agent written appraisals as to the Inventory in form, scope and methodology acceptable to Administrative Agent and by an appraiser acceptable to Administrative Agent, addressed to Administrative Agent and Lenders and upon which Administrative Agent and Lenders are expressly permitted to rely (i) at their expense, no more than one (1) time in any twelve (12) month period, but at any time or times as Administrative Agent may request (A) on or after the occurrence of an Event of Default or (B) after Excess Availability falls below $10,000,000, and (ii) additionally, at Administrative Agent's expense, at Administrative Agent's request, one (1) such full appraisal and one (1) "desktop" appraisal in any twelve (12) month period;

(e) Borrowers and Guarantors shall produce, use, store and maintain the Inventory with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with applicable laws (including, to the extent applicable, the requirements of the Federal Fair Labor Standards Act of 1938, as amended and all rules, regulations and orders related thereto);

(f) none of the Inventory or other Collateral constitutes farm products or the proceeds thereof;

(g) each Borrower and Guarantor assumes all responsibility and liability arising from or relating to the production, use, sale or other disposition of the Inventory;

(h) Borrowers and Guarantors shall not sell Inventory to any customer on approval, or any other basis which entitles the customer to return or may obligate any Borrower or Guarantor to repurchase such Inventory;

(i) Borrowers and Guarantors shall keep the Inventory in good and marketable condition; and

(j) Borrowers and Guarantors shall not, without prior written notice to Administrative Agent or the specific identification of such Inventory in a report with respect thereto provided by Company to Administrative Agent pursuant to Section 7.1(a) hereof, acquire or accept any Inventory on consignment or approval.

7.4 Equipment Covenants.

With respect to the Equipment: (a) Borrowers and Guarantors shall keep the Equipment in good order, repair, running and marketable condition (ordinary wear and tear excepted); (b) the Equipment is now and shall remain personal property and Borrowers and Guarantors shall not permit any material piece, or pieces, of Equipment to be or become a part of or affixed to real property, other than real property owned by a Borrower or Guarantor which has been mortgaged to Administrative Agent to secure the Obligations; (c) each Borrower and Guarantor assumes all responsibility and liability arising from the use of the Equipment; (d) Borrowers and Guarantors shall use the Equipment with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with all applicable laws; (e) the Equipment is and shall be used in the business of Borrowers and Guarantors and not for personal, family, household or farming use; (f) Borrowers and Guarantors shall not remove any Equipment from the locations set forth or permitted herein, except to the extent necessary to have any Equipment repaired or maintained in the ordinary course of its business or to move Equipment directly from one location set forth or permitted herein to another such location and except for the movement of motor vehicles used by or for the benefit of such Borrower or Guarantor in the ordinary course of business; and (g) each Borrower and Guarantor assumes all responsibility and liability arising from the use of the Equipment.

7.5 Power of Attorney.

Each Borrower and Guarantor hereby irrevocably designates and appoints Administrative Agent (and all persons designated by Administrative Agent) as such Borrower's and Guarantor's

true and lawful attorney-in-fact, and authorizes Administrative Agent, in such Borrower's, Guarantor's or Administrative Agent's name, to: (a) at any time an Event of Default exists or has occurred and is continuing (i) demand payment on Receivables or other Collateral, (ii) enforce payment of Receivables by legal proceedings or otherwise, (iii) exercise all of such Borrower's or Guarantor's rights and remedies to collect any Receivable or other Collateral, (iv) sell or assign any Receivable upon such terms, for such amount and at such time or times as Administrative Agent deems advisable, (v) settle, adjust, compromise, extend or renew an Account, (vi) discharge and release any Receivable, (vii) prepare, file and sign such Borrower's or Guarantor's name on any proof of claim in bankruptcy or other similar document against an account debtor or other obligor in respect of any Receivables or other Collateral, (viii) notify the post office authorities to change the address for delivery of remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral to an address designated by Administrative Agent, and open and dispose of all mail addressed to such Borrower or Guarantor and handle and store all mail relating to the Collateral endorse such Borrower's or Guarantor's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Receivable or any goods pertaining thereto or any other Collateral, including any warehouse or other receipts, or bills of lading and other negotiable or non-negotiable documents, (ix) clear Inventory the purchase of which was financed with a Letter of Credit through U.S. Customs or foreign export control authorities in such Borrower's or Guarantor's name Administrative Agent's name or the name of Administrative Agent's designee, and to sign and deliver to customs officials powers of attorney in such Borrower's or Guarantor's name for such purpose, and to complete in such Borrower's or Guarantor's or Administrative Agent's name, any order, sale or transaction, obtain the necessary documents in connection therewith and collect the proceeds thereof; and (x) do all acts and things which are necessary, in Administrative Agent's reasonable determination, to fulfill such Borrower's or Guarantor's obligations under this Agreement and the other Financing Agreements and (b) at any time after the occurrence, and during the continuance, of an Event of Default, to (i) take control in any manner of any item of payment in respect of Receivables or constituting Collateral or otherwise received in or for deposit in the Blocked Accounts or otherwise received by Administrative Agent or any Lender, (ii) have access to any lockbox or postal box into which remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral are sent or received, (iii) endorse such Borrower's or Guarantor's name upon any items of payment in respect of Receivables or constituting Collateral or otherwise received by Administrative Agent and any Lender and deposit the same in Administrative Agent's account for application to the Obligations, and (iv) sign such Borrower's or Guarantor's name on any verification of Receivables and notices thereof to account debtors or any secondary obligors or other obligors in respect thereof. Each Borrower and Guarantor hereby releases Administrative Agent and Lenders and their respective officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Administrative Agent's or any Lender's own gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

7.6 Right to Cure.

Administrative Agent may, at its option, upon reasonable notice to Company, (a) cure any default by any Borrower or Guarantor under any material agreement with a third party that affects the Collateral, its value or the ability of Administrative Agent to collect, sell or otherwise dispose of the Collateral or exercise the rights and remedies of Administrative Agent or any Lender therein or

the ability of any Borrower or Guarantor to perform its obligations hereunder or under any of the other Financing Agreements, (b) pay or bond on appeal any judgment entered against any Borrower or Guarantor, (c) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral, other than Permitted Liens and (d) pay any amount, incur any expense or perform any act which, in Administrative Agent's reasonable judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Collateral Agent, Administrative Agent and Lenders with respect thereto. Administrative Agent may add any amounts so expended to the Obligations and charge any Borrower's account therefor, such amounts to be repayable by Borrowers on demand. Administrative Agent and Lenders shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of any Borrower or Guarantor. Any payment made or other action taken by Administrative Agent or any Lender under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

7.7 Access to Premises.

From time to time as requested by Administrative Agent, at the cost and expense of Borrowers, (a) Administrative Agent or its designee shall have complete access to all of each Borrower's and Guarantor's premises during normal business hours and after reasonable notice to Company, or at any time and without notice to Company if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of each U.S. Borrower's and Guarantor's books and records, including the Records, and (b) each U.S. Borrower and Guarantor shall promptly furnish to Administrative Agent such copies of such books and records or extracts therefrom as Administrative Agent may request, and Administrative Agent or any Lender or Administrative Agent's designee may use during normal business hours such of any U.S. Borrower's and Guarantor's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Receivables and realization of other Collateral. Administrative Agent, in its sole discretion, reserves the right to conduct (i) up to two (2) field exams in any twelve (12) month period at the Company's expense, but an unlimited number of field exams will be permitted at the Company's expense at any time or times as Administrative Agent may request (A) on or after the occurrence of an Event of Default or (B) after Excess Availability falls below $10,000,000, and (ii) additional field exams at Administrative Agent's expense.

SECTION 8. REPRESENTATIONS AND WARRANTIES

Each Borrower and Guarantor hereby represents and warrants to Administrative Agent, Lenders, Swingline Lender and Issuing Bank the following (which shall survive the execution and delivery of this Agreement):

8.1 Corporate Existence, Power and Authority.

Each Borrower and Guarantor is a duly organized and in good standing (or the foreign equivalent, if any) under the laws of its jurisdiction of organization and is duly qualified as a foreign corporation and in good standing (or the foreign equivalent, if any) in all states or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not

have a Material Adverse Effect. The execution, delivery and performance of this Agreement, the other Financing Agreements and the transactions contemplated hereunder and thereunder (a) are all within each Borrower's and Guarantor's powers, (b) have been duly authorized, (c) are not in contravention of law or the terms of any Borrower's or Guarantor's organizational documentation (or foreign equivalent), (d) are not in contravention of any enforceable provision of any material indenture, agreement or undertaking to which any Borrower or Guarantor is a party or by which any Borrower or Guarantor or its property are bound and (e) will not result in the creation or imposition of, or require or give rise to any obligation to grant, any lien, security interest, charge or other encumbrance upon any property of any Borrower or Guarantor (other than Permitted Liens). This Agreement and the other Financing Agreements to which any Borrower or Guarantor is a party constitute legal, valid and binding obligations of such Borrower and Guarantor enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar law and by general equitable principles. The Dutch Borrower has taken all action required to comply with the Works Councils Act of the Netherlands (*Wet op de ondernemingsraden*) and obtained an unconditional advice (*advies*) from the competent works council(s).

8.2 Name; State of Organization; Chief Executive Office; Collateral Locations.

(a) The exact legal name of each Borrower and Guarantor is as set forth on the signature page of this Agreement and in the Information Certificate. No Borrower or Guarantor has, during the five years prior to the date of this Agreement, been known by or used any other corporate name, been known in any material respect by any fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any material portion of its property or assets out of the ordinary course of business, except as set forth in the Information Certificate.

(b) Each Borrower and Guarantor is an organization of the type and organized in the jurisdiction set forth in the Information Certificate. The Information Certificate accurately sets forth the organizational identification number of each Borrower and Guarantor or accurately states that such Borrower or Guarantor has none and accurately sets forth the federal employer identification number of each Borrower and Guarantor.

(c) The chief executive office and mailing address of each Borrower and Guarantor and each U.S. Borrower's and Guarantor's Records concerning Accounts are located only at the addresses identified as such in Schedule 8.2 to the Information Certificate and its only other places of business and the only other locations of Collateral, if any, are the addresses set forth in Schedule 8.2 to the Information Certificate, subject to the rights of any Borrower or Guarantor to establish new locations in accordance with Section 9.2 below. The Information Certificate correctly identifies any of such locations which are not owned by a Borrower or Guarantor and, to each Borrower's and Guarantor's knowledge, sets forth the owners and/or operators thereof.

8.3 Financial Statements; No Material Adverse Change.

All financial statements relating to any Borrower or Guarantor which have been or may hereafter be delivered by any Borrower or Guarantor to Administrative Agent and Lenders have been prepared in accordance with GAAP (except as to any interim financial statements, to the extent

such statements are subject to normal year-end adjustments and do not include any notes) and fairly present in all material respects the financial condition and the results of operation of such Borrower and Guarantor as at the dates and for the periods set forth therein. Except (a) as disclosed in any interim financial statements furnished by Borrowers and Guarantors to Administrative Agent prior to the date of this Agreement and (b) the commencement of the Chapter 11 Cases, there has been no act, condition or event which has had or is reasonably likely to have a Material Adverse Effect since the date of the most recent audited financial statements of any Borrower or Guarantor furnished by any Borrower or Guarantor to Administrative Agent prior to the date of this Agreement. The projections for the fiscal years ending 2011 through 2014 that have been delivered to Administrative Agent or any projections hereafter delivered to Administrative Agent have been prepared in light of the past operations of the businesses of Borrowers and Guarantors and are based upon estimates and assumptions stated therein, all of which Borrowers and Guarantors have determined to be reasonable and fair in light of the then current conditions and current facts and reflect the good faith and reasonable estimates of Borrowers and Guarantors of the future financial performance of Company and its Subsidiaries and of the other information projected therein for the periods set forth therein.

8.4 Priority of Liens; Title to Properties.

The security interests and liens granted to Collateral Agent or Administrative Agent under this Agreement and the other Financing Agreements constitute valid and perfected (a) first priority liens and security interests in and upon the Priority Collateral and (b) second priority liens and security interest in and upon the CL Priority Collateral (other than Real Property, in which Collateral Agent does not have a security interest), in each case, subject only to the liens indicated on Schedule 8.4 to the Information Certificate and the other liens permitted under Section 9.8 hereof. Each Borrower and Guarantor has good, valid and merchantable title to all of its other properties and assets subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Collateral Agent and such others as are specifically listed on Schedule 8.4 to the Information Certificate or permitted under Section 9.8 hereof.

8.5 Tax Returns.

Each Borrower and Guarantor has filed, or caused to be filed, all tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of taxes shown thereon to be due (including interest and penalties) and (b) all other taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes (i) that are not yet delinquent or (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP. Borrower nor any Guarantor is aware as of the Closing Date of any proposed tax assessments against any of them which, individually or in the aggregate, could reasonably be expected to have Material Adverse Effect.

8.6 Litigation.

(a) There is no investigation by any Governmental Authority pending, or to the best of any Borrower's or Guarantor's knowledge threatened, against or affecting any Borrower or Guarantor, its or their assets or business and (b) there is no action, suit, proceeding or claim by any Person pending, or to the best of any Borrower's or Guarantor's knowledge threatened, against any

Borrower or Guarantor or its or their assets or goodwill, or against or affecting any transactions contemplated by this Agreement, in each case, which if adversely determined against such Borrower or Guarantor has or could reasonably be expected to have a Material Adverse Effect. The only such litigation pending by or against any Borrower or Guarantor or any of their Subsidiaries is identified on Schedule 8.6 to the Information Certificate (as may be updated by Borrowers concurrently with the delivery, in accordance herewith, of any Borrowing Base Certificate or otherwise in writing to Administrative Agent).

8.7 Compliance with Other Agreements and Applicable Laws.

(a) Borrowers and Guarantors are not in default in any respect under, or in violation in any respect of the terms of, any Material Contract. Borrowers and Guarantors are in compliance with the requirements of all material applicable laws, rules, regulations and orders of any Governmental Authority relating to their respective businesses, including, without limitation, those set forth in or promulgated pursuant to the Occupational Safety and Health Act of 1970, as amended, the Fair Labor Standards Act of 1938, as amended, ERISA, the Code, as amended, and the rules and regulations thereunder, and all Environmental Laws, other than as set forth on Schedule 8.8 to the Information Certificate.

(b) Borrowers and Guarantors have obtained all permits, licenses, approvals, consents, certificates, orders or authorizations of any Governmental Authority required for the lawful conduct of its business, the absence of which could reasonably be expected to cause a Material Adverse Effect (the "Permits"); provided, that, the Company is aware of certain environmental permitting issues disclosed on Schedule 8.8 to the Information Certificate, none of which the Company believes could reasonably be expected to cause a Material Adverse Effect. All of such permits are valid and subsisting and in full force and effect. There are no actions, claims or proceedings pending or to the best of any Borrower's or Guarantor's knowledge, threatened that seek the revocation, cancellation, suspension or modification of any of the Permits.

8.8 Environmental Compliance.

(a) Except as set forth on Schedule 8.8 to the Information Certificate, Borrowers, Guarantors and any Subsidiary of any Borrower or Guarantor have not generated, used, stored, treated, transported, manufactured, handled, produced, released or disposed of any Hazardous Materials, on or off its premises (whether or not owned by it) in any manner which violates in any material respect any applicable Environmental Law or Permit, and the operations of Borrowers, Guarantors and any Subsidiary of any Borrower or Guarantor complies in all material respects with all Environmental Laws and all Permits.

(b) Except as set forth on Schedule 8.8 to the Information Certificate (as may be updated by Borrowers concurrently with the delivery, in accordance herewith, of any Borrowing Base Certificate or otherwise in writing to Administrative Agent), there has been no investigation by any Governmental Authority to the best of any Borrower's or Guarantor's knowledge or any proceeding, complaint, order, directive, claim, citation or notice by any Governmental Authority or any other person nor is any pending or to the best of any Borrower's or Guarantor's knowledge threatened, with respect to any non compliance with or violation of the requirements of any Environmental Law by any Borrower or Guarantor and any Subsidiary of any Borrower or

Guarantor or the release, spill or discharge, threatened or actual, of any Hazardous Material or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter, which, in each case, adversely affects or could reasonably be expected to adversely affect in any material respect any Borrower or Guarantor or its or their business, operations or assets or any properties at which such Borrower or Guarantor has transported, stored or disposed of any Hazardous Materials. All Hazardous Materials used and/or stored at locations owned and/or leased by the Borrowers and Guarantors are used and/or stored (i) in the ordinary course of their business and (ii) by the Borrowers and Guarantors in compliance with all applicable Environmental Laws.

(c) Except as set forth on Schedule 8.8 to the Information Certificate, Borrowers, Guarantors and their Subsidiaries have no material liability (contingent or otherwise) in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials.

(d) Borrowers, Guarantors and their Subsidiaries have all Permits required to be obtained or filed in connection with the operations of Borrowers and Guarantors under any Environmental Law and all of such licenses, certificates, approvals or similar authorizations and other Permits the absence of which could reasonably be expected to cause a Material Adverse Effect are valid and in full force and effect; provided, that, the Company is aware of certain environmental permitting issues disclosed on Schedule 8.8 to the Information Certificate, none of which the Company believes could reasonably be expected to cause a Material Adverse Effect.

8.9 Employee Benefits.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or State law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service and to the best of any Borrower's or Guarantor's knowledge, nothing has occurred which could reasonably be expected to cause the loss of such qualification. Each Borrower and its ERISA Affiliates have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending, or to the best of any Borrower's or Guarantor's knowledge, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan (excluding routine audits). To the best of any Borrower's or Guarantor's knowledge, there has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) based on the latest valuation of each Pension Plan and on the actuarial methods and assumptions employed for such valuation (determined in accordance with the assumptions used for funding such Pension Plan pursuant to Section 412 of the Code), the aggregate current value of accumulated benefit liabilities of such Pension Plan under Section 4001(a)(16) of ERISA does not exceed the aggregate current value of the assets of such Pension Plan by an amount which could reasonably be

expected to have a Material Adverse Effect; (iii) each Borrower and Guarantor, and their ERISA Affiliates, have not incurred and do not reasonably expect to incur, any liability to the PBGC under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) each Borrower and Guarantor, and their ERISA Affiliates, have not incurred and do not reasonably expect to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) each Borrower and Guarantor, and their ERISA Affiliates, have not engaged in a transaction that would be subject to 4212(c) of ERISA.

8.10 Bank Accounts.

All of the deposit accounts, investment accounts or other accounts in the name of or used by any Borrower or Guarantor maintained at any bank or other financial institution are set forth on Schedule 8.10 to the Information Certificate, subject to the right of each Borrower and Guarantor to establish new accounts in accordance with Section 5.2.

8.11 Intellectual Property.

Each Borrower and Guarantor owns or licenses or otherwise has the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. As of the date hereof, Borrowers and Guarantors do not have any Intellectual Property registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Schedule 8.11 to the Information Certificate and has not granted any licenses with respect thereto other than as set forth in Schedule 8.11 to the Information Certificate. No event has occurred which permits or would permit after notice or passage of time or both, the revocation, suspension or termination of the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. To the best of any Borrower's and Guarantor's knowledge, no slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods bearing or using any material Intellectual Property presently contemplated to be sold by or employed by any Borrower or Guarantor infringes any patent, trademark, servicemark, tradename, copyright, license or other Intellectual Property owned by any other Person presently and no claim or litigation is pending or threatened against or affecting any Borrower or Guarantor contesting its right to sell or use any such Intellectual Property. Schedule 8.11 to the Information Certificate sets forth all of the material agreements or other arrangements of each Borrower and Guarantor pursuant to which such Borrower or Guarantor has a license or other right to use any trademarks, logos, designs, representations or other Intellectual Property owned by another person as in effect on the date hereof and the dates of the expiration of such agreements or other arrangements of such Borrower or Guarantor as in effect on the date hereof (collectively, together with such agreements or other arrangements as may be entered into by any Borrower or Guarantor after the date hereof, collectively, the "License Agreements" and individually, a "License Agreement"). No trademark, servicemark, copyright or other Intellectual Property at any time used by any Borrower or Guarantor which is owned by another person, or owned by such Borrower or Guarantor subject to any security interest, lien, collateral assignment, pledge or other encumbrance in favor of any person other than Collateral Agent and/or "Collateral Agent" (as defined in the CL Credit Agreement), is affixed to any Eligible Inventory, except (a) to the extent permitted under the term of the license agreements

listed on Schedule 8.11 to the Information Certificate and (b) to the extent the sale of Inventory to which such Intellectual Property is affixed is permitted to be sold by such Borrower or Guarantor under applicable law (including the United States Copyright Act of 1976).

8.12 Subsidiaries; Affiliates; Capitalization; Solvency.

(a) Each Borrower and Guarantor does not have any direct or indirect Subsidiaries or Affiliates (excluding Affiliates of any shareholders of the Company) and is not engaged in any joint venture or partnership except as set forth in Schedule 8.12 to the Information Certificate (as may be updated by Borrowers concurrently with the delivery, in accordance herewith, of any Borrowing Base Certificate or otherwise in writing to Administrative Agent, provided, that, any such Subsidiary shall be formed only to the extent permitted under this Agreement).

(b) Each Borrower and Guarantor is the record and beneficial owner of all of the issued and outstanding shares of Capital Stock of each of the Subsidiaries listed on Schedule 8.12 to the Information Certificate as being owned by such Borrower or Guarantor and there are no proxies, irrevocable or otherwise, with respect to such shares and no equity securities of any of the Subsidiaries are or may become required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any kind or nature and there are no contracts, commitments, understandings or arrangements by which any Subsidiary is or may become bound to issue additional shares of it Capital Stock or securities convertible into or exchangeable for such shares.

(c) The issued and outstanding shares of Capital Stock of each Borrower and Guarantor are directly and beneficially owned and held by the persons indicated in the Information Certificate, and in each case all of such shares have been duly authorized and are fully paid and non-assessable, free and clear of all claims, liens, pledges and encumbrances of any kind, except as disclosed in writing to Administrative Agent prior to the date hereof.

8.13 Labor Disputes.

(a) Set forth on Schedule 8.13 to the Information Certificate is a list (including dates of termination) of all collective bargaining or similar agreements between or applicable to each Borrower and Guarantor and any union, labor organization or other bargaining agent in respect of the employees of any Borrower or Guarantor on the date hereof.

(b) There is (i) no significant unfair labor practice complaint pending against any Borrower or Guarantor or, to the best of any Borrower's or Guarantor's knowledge, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is pending on the date hereof against any Borrower or Guarantor or, to best of any Borrower's or Guarantor's knowledge, threatened against it, and (ii) no significant strike, labor dispute, slowdown or stoppage is pending against any Borrower or Guarantor or, to the best of any Borrower's or Guarantor's knowledge, threatened against any Borrower or Guarantor.

8.14 Restrictions on Subsidiaries.

Except for restrictions contained in this Agreement or any other agreement with respect to Indebtedness of any Borrower or Guarantor permitted hereunder as in effect on the date hereof, there

are no contractual or consensual restrictions on any Borrower or Guarantor or any of its Subsidiaries which prohibit or otherwise restrict (a) the transfer of cash or other assets (i) between any Borrower or Guarantor and any of its or their Subsidiaries or (ii) between any Subsidiaries of any Borrower or Guarantor or (b) the ability of any Borrower or Guarantor or any of its or their Subsidiaries to incur Indebtedness or grant security interests to Collateral Agent or any Lender in the Collateral.

8.15 Material Contracts.

Schedule 8.15 to the Information Certificate sets forth all Material Contracts to which any Borrower or Guarantor is a party or is bound as of the date hereof. Borrowers and Guarantors have delivered true, correct and complete copies of such Material Contracts to Administrative Agent on or before the date hereof. Other than with respect to the Senior Subordinated Note Indenture, Borrowers and Guarantors are not in breach or in default (other than a breach or default caused solely as the result of the commencement of the Chapter 11 Cases and which is stayed) in any material respect of or under any Material Contract and have not received any notice of the intention of any other party thereto to terminate any Material Contract.

8.16 Payable Practices.

Each Borrower and Guarantor have not made any material change in the historical accounts payable practices from those in effect immediately prior to the date hereof.

8.17 Accuracy and Completeness of Information.

All information furnished by or on behalf of any Borrower or Guarantor in writing to Administrative Agent or any Lender in connection with this Agreement or any of the other Financing Agreements or any transaction contemplated hereby or thereby, including all information on the Information Certificate is true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected to have a Material Adverse Affect, which has not been fully and accurately disclosed to Administrative Agent in writing prior to the date hereof.

8.18 Survival of Warranties; Cumulative.

All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Administrative Agent and Lenders on the date of each additional borrowing or other credit accommodation hereunder as though made on and as of such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date) and shall be conclusively presumed to have been relied on by Administrative Agent and Lenders regardless of any investigation made or information possessed by Administrative Agent or any Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which any Borrower or Guarantor shall now or hereafter give, or cause to be given, to Administrative Agent or any Lender.

8.19 Investment Company Act.

No Borrower or Guarantor is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Borrower or Guarantor is a subject to regulation under the Federal Power Act, the Interstate Commerce Act, or any federal or state statute or regulation limiting its ability to incur the Obligations.

8.20 Indebtedness.

Except as otherwise permitted under Section 9.9, Borrowers, Guarantors and their Subsidiaries have no Indebtedness.

8.21 Investments.

All investments of each of Borrowers, Guarantors and its Subsidiaries are Permitted Investments.

8.22 No Burdensome Restrictions.

None of Borrowers, Guarantors or their Subsidiaries is a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

8.23 Brokers' Fees.

None of Borrowers, Guarantors or their Subsidiaries has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Financing Agreements other than the closing and other fees payable pursuant to this Agreement and as set forth in the Fee Letter and to any fees payable to Jeffries & Co. pursuant to and in accordance with the Fee Letter, dated April 23, 2010, between Jeffries & Co and the Company.

8.24 Security Documents.

This Agreement and the Security Documents create valid security interests in, and liens on, the Collateral purported to be covered thereby. Except as set forth herein and in the Security Documents, such security interests and liens are currently (or will be, upon (a) the filing of appropriate financing statements with the Secretary of State of the state of incorporation or organization for each Borrower and Guarantor, the filing of appropriate assignments or notices with the United States Patent and Trademark Office and the United States Copyright Office, in each case in favor of Collateral Agent, on behalf of itself, Administrative Agent and the Lenders, and (b) Collateral Agent (or Control Agent) obtaining Control (as defined in the Security Agreement) or possession over those items of Collateral in which a security interest is perfected through Control or possession) perfected security interests and liens, prior to all other liens other than Permitted Liens.

8.25 Classification of Senior Indebtedness.

The Obligations constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

8.26 Anti-Terrorism Laws.

No Borrower, Guarantor or any of their Subsidiaries is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended. No Borrower, Guarantor or any of their Subsidiaries is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. No Borrower, Guarantor or any of their Subsidiaries (i) is a blocked person described in Section 1 of the Anti-Terrorism Order or (ii) to the best of its knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

8.27 Compliance with OFAC Rules and Regulations.

None of Borrowers, Guarantors or their Subsidiaries or their respective officers, directors or Affiliates (a) is a Sanctioned Person, (b) has more than 15% of its assets in Sanctioned Countries, or (c) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No part of the proceeds of any Extension of Credit hereunder will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

8.28 Compliance with FCPA.

Each of Borrowers and Guarantors and their Subsidiaries is in compliance with the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq., and any foreign counterpart thereto. None of Borrowers, Guarantors or their Subsidiaries has made a payment, offering, or promise to pay, or authorized the payment of, money or anything of value (a) in order to assist in obtaining or retaining business for or with, or directing business to, any foreign official, foreign political party, party official or candidate for foreign political office, (b) to a foreign official, foreign political party or party official or any candidate for foreign political office, and (c) with the intent to induce the recipient to misuse his or her official position to direct business wrongfully to such Borrower, Guarantor or its Subsidiary or to any other Person, in violation of the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq.

8.29 Commercial Activity; Absence of Immunity.

The Dutch Borrower is subject to civil and commercial law with respect to its obligations under this Agreement and each of the other Financing Agreements to which it is intended to be a party. The execution, delivery and performance by the Dutch Borrower of this Agreement and each of such other Financing Agreements constitute private and commercial acts rather than public or governmental acts. Neither the Dutch Borrower, nor any of its properties or revenues, is entitled to any right of immunity in any jurisdiction from suit, court jurisdiction, judgment, attachment (whether before or after judgment), set off or execution of a judgment or from any other legal

process or remedy relating to the obligations of the Dutch Borrower under this Agreement or any of such other Financing Agreement.

8.30 Assets Owned by Certain Subsidiaries.

The only material asset held by NP Cogen on the Closing Date is a natural gas reciprocating engine and generator with a fair market value of less than $2,000,000. The only material asset owned by JD Corp. on the Closing Date is the real property located at 20 Jackson Drive, Cranford, New Jersey 07016 (the "Jackson Drive Real Property"), which Borrowers believe to have a fair market value of less than $3,000,000 on the date hereof, which is encumbered by a first mortgage securing approximately $2,160,000 of loans (outstanding, as of November 30, 2009) from Liberty Commercial Mortgage Corporation to JD Corp. Borrowers represent and warrant that such mortgage encumbering the Jackson Drive Real Property prohibits JD Corp. from further encumbering the Jackson Drive Real Property with an additional mortgage.

8.31 Budget.

(a) Borrowers have prepared and delivered to Administrative Agent and Lenders an updated thirteen (13) week Budget covering the information set forth in this subsection (a) (including any updates to such Budget as set forth in Section 8.31(b) below), which has been thoroughly reviewed by Borrowers, its management and the Financial Advisor. The Budget will set forth, among other things: (i) projected weekly operating cash receipts in the United States for each week commencing with the week ending as of [_____ __, 2010], (ii) projected weekly disbursements in the United States for each week commencing with the week ending as of _____ __, 2010, (iii) projected net weekly cash flow in the United States for each week commencing with the week ending as of _____ __, 2010, (iv) projected weekly net sales in the United States for each week commencing with the week ending as of _____ __, 2010, (v) projected Eligible Accounts availability for each week commencing with the week ending as of _____ __, 2010, (vi) projected Eligible Inventory availability for each week commencing with the week ending as of April __, 2010, (vi) projected weekly Value of Eligible Inventory commencing with the week ending as of _____ __, 2010, (vii) projected aggregate principal amount of outstanding Loans, Letters of Credit and other Obligations (including Bank Product Debt) for each week commencing with the week ending as of _____ __, 2010, (viii) projected outstanding principal amount of all intercompany loans from the Company to Dutch Borrower for each week commencing with the week ending as of _____ __, 2010 and (ix) projected Excess Availability for each week commencing with the week ending as of _____ __, 2010 (collectively, the "Projected Information").

(b) Borrowers hereby covenant and agree to deliver, in form and substance satisfactory to Administrative Agent, an updated thirteen (13) week Budget to Administrative Agent on the Tuesday of each week which sets forth, among other things, the Projected Information for the week immediately following the last week reflected in the immediately prior Budget.

(c) [Reserved].

(d) Borrowers shall deliver to Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent, a weekly Budget variance report/reconciliation on

Tuesday of each week for the prior week and the prior trailing four (4) week period (i) showing actual results for the following items: (A) net cash flow, (B) Excess Availability and (C) outstanding Loans, Letters of Credit and other Obligations (including Bank Product Debt), noting therein variances from values set forth for such periods in the Budget and (ii) an explanation for all material variances, certified by the chief financial officer of the Company. Such report/reconciliation shall also note any variances with values set forth in the Budget as of the day of such report/reconciliation.

(e) Notwithstanding any approval by Administrative Agent or any Lender of the initial Budget or any subsequent or amended Budget(s), Administrative Agent and Lenders will not, and shall not be required to, provide any Loans or Letters of Credit to Borrowers pursuant to the Budget, but shall only provide Loans and Letters of Credit in accordance with the terms and conditions set forth in this Agreement, the other Financing Agreements and the Financing Order. Each Budget shall have been thoroughly reviewed by Borrowers, its management and the Financial Advisor and sets forth a good faith estimate of each of the items set forth therein for the period covered thereby. Administrative Agent, Collateral Agent and Lenders are relying upon the Borrowers' delivery of the Budgets in accordance with this Section 8.31 in determining to enter into the post-petition financing arrangements provided for herein.

8.32 Engagement of Financial Advisor.

(a) The Company, as of the date hereof, has retained (and continues to retain) the financial advisor engaged by the Company just prior to the effectiveness of this Agreement (the "Financial Advisor") with authority and duties consistent with those previously performed by the Financial Advisor at all times during which the Obligations remain outstanding, at the sole cost and expense of Borrowers, pursuant to a retention agreement reasonably acceptable to Agent (a true, correct and complete copy of which has been delivered to Agent), and subject to approval of the Bankruptcy Court. The Financial Advisor shall, among other things, assist Borrowers in the preparation of and compliance with, on an ongoing basis, the Budget and compliance with the terms and conditions set forth in the Financing Agreements. The Financial Advisor shall report directly to the Chief Executive Officer and the Board of Directors of the Company.

(b) Borrowers hereby irrevocably authorize and direct the Financial Advisor to consult with Administrative Agent and to share with Administrative Agent, Collateral Agent and Lenders all budgets, records, projections, financial information, reports and other information prepared by or in the possession of the Financial Advisor relating to the Collateral or the financial condition or operations of the businesses of Borrowers; provided, that, in no event shall the foregoing require the Financial Advisor to disclose the contents of any privileged discussions with the Borrowers and/or Borrowers' legal counsel. Borrowers agree to provide the Financial Advisor with complete access to all of the books and records of Borrowers and Guarantors, all of premises of Borrowers and Guarantors and to all management and employees of Borrowers and Guarantors as and when deemed necessary by the Financial Advisor.

(c) Borrowers shall not amend, modify or terminate the retention agreement with the Financial Advisor without the prior written consent of Administrative Agent. Borrowers and Guarantors acknowledge and agree that Borrowers shall cause the Financial Advisor to keep Administrative Agent, Collateral Agent and Lenders (i) fully informed of the progress of the business and operations of Borrowers and Guarantors and respond fully to any inquiries of

Administrative Agent, Collateral Agent and Lenders regarding the business and operations of Borrowers and Guarantors and (ii) communicate and fully cooperate with Administrative Agent, Collateral Agent and Lenders and share all information with Administrative Agent, Collateral Agent and Lenders regarding Borrowers and Guarantors, and the business and operations of Borrowers and Guarantors; provided, that, in no event shall the foregoing require the Financial Advisor to disclose the contents of any privileged discussions with the Borrowers and/or Borrowers' legal counsel.

(d) If the Financial Advisor resigns, Borrowers shall immediately notify Administrative Agent in writing and provide Administrative Agent with a copy of any notice of resignation immediately upon the sending of such notice by such Financial Advisor. Any replacement or successor Financial Advisor shall be acceptable to Administrative Agent and shall be retained pursuant to a new retention agreement on terms and conditions acceptable to Administrative Agent within ten (10) Business Days immediately following the notice of resignation of the resigning Financial Advisor. Failure to comply with the terms and conditions of this Section 8.32 shall constitute an Event of Default.

8.33 Retention of Investment Banker.

(a) The Company, as of the date hereof, has retained (and continues to retain) the investment banker engaged by the Company just prior to the effectiveness of this Agreement (the "Investment Banker") with authority and duties consistent with those previously performed by the Investment Banker at all times during which the Obligations remain outstanding, at the sole cost and expense of Borrowers, pursuant to a retention agreement reasonably acceptable to Agent (a true, correct and complete copy of which has been delivered to Agent), and subject to approval of the Bankruptcy Court.

(b) Borrowers shall assist and cooperate with Investment Banker in connection with the due diligence of Investment Banker and other work contemplated by the retention agreement. Borrowers shall cause the Investment Banker to communicate and fully cooperate with Administrative Agent, Collateral Agent and Lenders and share all information with respect to Borrowers and Guarantors; provided, that, in no event shall the foregoing require the Investment Banker to disclose the contents of any privileged discussions with the Borrowers and/or Borrowers' legal counsel.

8.34 Financing Order.

The Financing Order has been duly entered, is valid, subsisting and continuing and except as otherwise expressly consented to by Administrative Agent, has not been vacated, modified, reversed on appeal, or vacated or modified by any Bankruptcy Judge or District Court Judge and is not subject to any pending stay and on and after the date any other Financing Order is entered by the Bankruptcy Court, such other Financing Order shall have been duly entered, valid, subsisting and continuing and shall not have been vacated, modified, reversed on appeal, or vacated or modified by any Bankruptcy Judge or District Court Judge and shall not be subject to any pending stay.

8.35 Super-Priority Administrative Expense.

All Obligations incurred during the pendency of the Chapter 11 Cases or thereafter shall, in addition to being secured by the Collateral, constitute claims entitled to super-priority under Section

364(c)(1) of the Bankruptcy Code, as more fully set forth in the Financing Order, with the priority of such super-priority subject to the Carve-Out to the extent set forth in the Financing Order.

SECTION 9. AFFIRMATIVE AND NEGATIVE COVENANTS

9.1 Maintenance of Existence.

(a) Each Borrower and Guarantor shall at all times preserve, renew and keep in full force and effect its corporate existence and rights and franchises with respect thereto and maintain in full force and effect all licenses, trademarks, trade names, approvals, authorizations, leases, contracts and Permits the absence of which could reasonably be expected to have a Material Adverse Effect, except as to any Guarantor as permitted in Section 9.7 hereto. Notwithstanding the foregoing, the Company shall not be required to have obtained the Amended Environmental Permit for so long as it is complying with the requirements of the Settlement Agreement.

(b) No Borrower or Guarantor shall change its name unless each of the following conditions is satisfied: (i) Administrative Agent shall have received not less than thirty (30) days prior written notice from Company of such proposed change in its corporate name, which notice shall accurately set forth the new name; and (ii) Administrative Agent shall have received a copy of the amendment to the Certificate of Incorporation (or foreign equivalent) of such Borrower or Guarantor providing for the name change certified by the Secretary of State of the jurisdiction of incorporation or organization of such Borrower or Guarantor as soon as it is available.

(c) No Borrower or Guarantor shall change its chief executive office or its mailing address or organizational identification number (or if it does not have one, shall not acquire one) unless Administrative Agent shall have received not less than thirty (30) days' prior written notice from Company of such proposed change, which notice shall set forth such information with respect thereto as Administrative Agent may require and Administrative Agent shall have received such agreements as Administrative Agent may reasonably require in connection therewith. No Borrower or Guarantor shall change its type of organization, jurisdiction of organization or other legal structure.

9.2 New Collateral Locations.

Each Borrower and Guarantor may only open any new location within the continental United States provided such Borrower or Guarantor (a) gives Administrative Agent thirty (30) days prior written notice of the intended opening of any such new location at which Inventory will be located having a value of more than $100,000 and (b) executes and delivers, or causes to be executed and delivered, to Administrative Agent such agreements, documents, and instruments as Administrative Agent may deem reasonably necessary or desirable to protect its interests in the Collateral at such location.

9.3 Compliance with Laws, Regulations, Etc.

(a) Each Borrower and Guarantor shall, and shall cause any Subsidiary to, at all times, comply in all material respects with all laws, rules, regulations, licenses, approvals, orders and other Permits applicable to it and duly observe all requirements of any foreign, Federal, State or local Governmental Authority the violation of which could reasonably be expected to have a

Material Adverse Effect; provided, that, the Company may be in noncompliance with certain environmental permitting issues as described on Schedule 8.8 to the Information Certificate so long as it is in compliance with the terms of the Settlement Agreement.

(b) Borrowers and Guarantors shall give written notice to Administrative Agent immediately upon any Borrower's or Guarantor's receipt of any notice of, or any Borrower's or Guarantor's otherwise obtaining knowledge of, (i) the occurrence of any event involving the material release, spill or discharge, threatened or actual, of any Hazardous Material or (ii) any investigation, proceeding, complaint, order, directive, claims, citation or notice with respect to: (A) any non-compliance with or violation of any Environmental Law by any Borrower or Guarantor or (B) the material release, spill or discharge, threatened or actual, of any Hazardous Material other than in the ordinary course of business and other than as permitted under any applicable Environmental Law. Copies of all environmental surveys, audits, assessments, feasibility studies and results of remedial investigations shall be promptly furnished, or caused to be furnished, by such Borrower or Guarantor to Administrative Agent. Each Borrower and Guarantor shall take prompt action to respond to any material non-compliance with any of the Environmental Laws and shall regularly report to Administrative Agent on such response.

(c) Without limiting the generality of the foregoing, whenever Administrative Agent reasonably determines that there is non-compliance, or any condition which requires any action by or on behalf of any Borrower or Guarantor in order to avoid any non compliance, with any Environmental Law, Borrowers shall, at Administrative Agent's request and Borrowers' expense: (i) cause an independent environmental professional reasonably acceptable to Administrative Agent to conduct such tests of the site where non-compliance or alleged non compliance with such Environmental Laws has occurred as to such non-compliance and prepare and deliver to Administrative Agent a report as to such non-compliance setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof and (ii) provide to Administrative Agent a supplemental report of such engineer whenever the scope of such non-compliance, or such Borrower's or Guarantor's response thereto or the estimated costs thereof, shall change in any material respect.

(d) Each Borrower and Guarantor shall indemnify and hold harmless Administrative Agent and Lenders and their respective directors, officers, employees, agents, invitees, representatives, successors and assigns, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses) directly or indirectly arising out of or attributable to the use, generation, manufacture, storage, release, threatened release, spill, discharge, disposal or presence of a Hazardous Material, including the costs of any required or necessary repair, cleanup or other remedial work with respect to any property of any Borrower or Guarantor and the preparation and implementation of any closure, remedial or other required plans. All representations, warranties, covenants and indemnifications in this Section 9.3 shall survive the payment of the Obligations and the termination of this Agreement.

9.4 Payment of Taxes and Claims.

Each Borrower and Guarantor shall, and shall cause any Subsidiary to, duly pay and discharge all taxes, assessments, contributions and governmental charges upon or against it or its properties or assets, except for taxes the validity of which are being contested in good faith by

appropriate proceedings diligently pursued and available to such Borrower, Guarantor or Subsidiary, as the case may be, and with respect to which adequate reserves have been set aside on its books to the extent required by GAAP.

9.5 Insurance.

Each Borrower and Guarantor shall, and shall cause any Subsidiary to, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be reasonably satisfactory to Administrative Agent as to form, amount and insurer (Administrative Agent hereby acknowledges that the insurance of the Company and its Affiliates as of the Closing Date meets this standard). Borrowers and Guarantors shall furnish certificates, policies or endorsements to Administrative Agent or the applicable Control Agent as Administrative Agent shall reasonably require as proof of such insurance, and, if any Borrower or Guarantor fails to do so after reasonable notice, Administrative Agent is authorized, but not required, to obtain such insurance at the expense of Borrowers. All policies shall provide for at least thirty (30) days prior written notice to the applicable Control Agent of any cancellation or reduction of coverage and that the applicable Control Agent or Administrative Agent may act as attorney for each Borrower and Guarantor in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Borrowers and Guarantors shall cause the applicable Control Agent to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Borrowers and Guarantors shall obtain non-contributory lender's loss payable endorsements to all insurance policies in form and substance reasonably satisfactory to Administrative Agent. Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to the applicable Control Agent as its interests may appear and further specify that the applicable Control Agent shall be paid regardless of any act or omission by any Borrower, Guarantor or any of its or their officers, directors or Affiliates. Without limiting any other rights of Control Agent, Administrative Agent or Lenders, any insurance proceeds related to Priority Collateral received by Administrative Agent at any time may be applied to payment of the Obligations, whether or not then due, in any order and in such manner as Administrative Agent may determine; provided, however, that, insurance proceeds related to Inventory received by Administrative Agent shall be held in a non-interest bearing deposit account in Administrative Agent's name for sixty (60) days during which time the applicable Borrower or Guarantor shall have the right to reinvest all or a portion of such proceeds in replacement Inventory. Upon application of such proceeds to the Revolving Loans, Revolving Loans may be available subject and pursuant to the terms hereof to be used for the costs of repair or replacement of the Collateral lost or damages resulting in the payment of such insurance proceeds. Without limiting any other rights of Control Agent, Administrative Agent or Lenders, any insurance proceeds related to CL Priority Collateral received by CL Administrative Agent at any time may be applied to payment of the CL Obligations in accordance with the terms of the CL Credit Agreement. Notwithstanding anything to the contrary contained in the foregoing (but without limiting any of the provisions set forth in the immediately preceding sentence), any proceeds of insurance and any awards for condemnation of any Collateral shall be paid to Control Agent for distribution in accordance with the terms of the Intercreditor Agreement.

9.6 Financial Statements and Other Information.

(a) Each Borrower and Guarantor shall, and shall cause any Subsidiary to, keep proper books and records in which true and complete entries shall be made of all dealings or transactions of or in relation to the Collateral and the business of such Borrower, Guarantor and its Subsidiaries. Borrowers and Guarantors shall promptly furnish to Administrative Agent and Lenders all such financial and other information as Administrative Agent shall reasonably request relating to the Collateral and the assets, business and operations of Borrowers and Guarantors, and Borrower shall notify the auditors and accountants of Borrowers and Guarantors that Administrative Agent is authorized to obtain such information directly from them. Without limiting the foregoing, Borrowers shall furnish or cause to be furnished to Administrative Agent, the following:

(i) Within forty-five (45) days after the end of each fiscal quarter, quarterly unaudited consolidated financial statements and unaudited consolidating financial statements (including in each case balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Company and its consolidated Subsidiaries as of the end of and through such fiscal quarter, together with a summary comparison as of the end of and for the previous fiscal quarter and budgeted amounts, in form and substance reasonably acceptable to Administrative Agent, certified to be correct by the chief financial officer of Company, subject to normal quarter and year-end adjustments and accompanied by a compliance certificate substantially in the form of Exhibit C hereto (a "Compliance Certificate"), along with a schedule in form reasonably satisfactory to Administrative Agent of the calculations used in determining, as of the end of such quarter, whether Borrowers and Guarantors were in compliance with the covenants set forth in Sections 9.17, 9.18 and 9.19 of this Agreement for such quarter.

(ii) As soon as available and in any event within thirty (30) days after the end of each fiscal month (other than at the end of a fiscal quarter, in which case 45 days after the end thereof, or a fiscal year, in which case 90 days after the end thereof), monthly unaudited consolidated financial statements and unaudited consolidating financial statements (including in each case balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Company and its consolidated Subsidiaries as of the end of and through such fiscal month, together with a summary comparison as of the end of and for the previous fiscal quarter and budgeted amounts, in form and substance reasonably acceptable to Administrative Agent, certified to be correct by the chief financial officer of Company, subject to normal quarter and year-end adjustments and accompanied by a Compliance Certificate, along with a schedule in form reasonably satisfactory to Administrative Agent of the calculations used in determining, as of the end of such month, whether Borrowers and Guarantors were in compliance with the covenants set forth in Sections 9.17, 9.18 and 9.19 of this Agreement for such month.

(iii) Within ninety (90) days after the end of each fiscal year, audited consolidated financial statements and unaudited consolidating financial statements of Company and its consolidated Subsidiaries (including in each case balance sheets, statements of income and loss, statements of cash flow and statements of shareholders' equity), and the accompanying notes thereto, all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Company and its Subsidiaries as of the end of and for such fiscal year, the

unqualified opinion of independent certified public accountants with respect to the audited consolidated financial statements, which accountants shall be Deloitte & Touche or another independent accounting firm selected by Company and reasonably acceptable to Administrative Agent, that such audited consolidated financial statements have been prepared in accordance with GAAP, and present fairly in all material respects the results of operations and financial condition of Company and its Subsidiaries as of the end of and for the fiscal year then ended.

(iv) At such time as available, but in no event later than ninety (90) days after the end of each fiscal year, projected consolidated financial statements (including in each case, forecasted balance sheets and statements of income and loss, statements of cash flow, and statements of shareholders' equity) of Company and its consolidated Subsidiaries for the next fiscal year, all in reasonable detail, and in a format consistent with the projections delivered by Borrowers to Administrative Agent prior to the date hereof, together with such supporting information as Administrative Agent may reasonably request. Such projected financial statements shall be prepared on a monthly basis for the next succeeding year. Such projections shall represent the reasonable best estimate by Borrowers and Guarantors of the future financial performance of Company and its Subsidiaries for the periods set forth therein and shall have been prepared on the basis of the assumptions set forth therein which Borrowers and Guarantors believe are fair and reasonable as of the date of preparation in light of current and reasonably foreseeable business conditions (it being understood that actual results may differ from those set forth in such projected financial statements).

(b) Borrowers and Guarantors shall promptly notify Administrative Agent in writing upon any executive officer of the Company becoming aware of, or having reason to be aware of, the details of (i) any loss, damage, investigation, action, suit, proceeding or claim relating to Collateral and having a value of more than $1,000,000 with respect to Priority Collateral or more than $5,000,000 with respect to CL Priority Collateral or which if adversely determined could reasonably be expected to have a Material Adverse Effect, (ii) any Material Contract being terminated or amended in any way adverse to the interests of the Borrowers or Guarantors or any new Material Contract entered into (in which event Borrowers and Guarantors shall provide Administrative Agent with a copy of such Material Contract), (iii) any order, judgment or decree in excess of $1,000,000 shall have been entered against any Borrower or Guarantor any of its or their properties or assets, (iv) any notification of a material violation of laws or regulations received by any Borrower or Guarantor which could reasonably be expected to have a Material Adverse Effect, (v) any ERISA Event, (vi) the occurrence of any Default or Event of Default of which any executive officer of any Borrower or Guarantor is aware or has reason to be aware, and in any event within three Business Days, (vii) any default, event of default or material breach under (A) any contractual obligation of any Borrower or Guarantor or any of their Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $1,000,000 and/or (B) the CL Financing Agreements; (viii) promptly, any litigation, or any investigation or proceeding known to any executive officer of any Borrower or Guarantor (A) affecting any Borrower or Guarantor or any of their Subsidiaries which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $1,000,000 (unless covered by insurance, in which case in excess of $2,500,000), (B) affecting or with respect to this Agreement or any other Financing Agreement or (C) involving an environmental claim or potential liability under Environmental Laws in excess of $1,000,000 and (ix) promptly, any other development or event which could reasonably be expected to have a Material Adverse Effect.

(c) Promptly after the sending or filing thereof, Borrowers shall (i) send to Administrative Agent copies of all reports which Company or any of its Subsidiaries sends to its security holders generally, (ii) notify Administrative Agent of the filing of all reports and registration statements which Company or any of its Subsidiaries files with the Securities Exchange Commission, any national or foreign securities exchange or the National Association of Securities Dealers, Inc., and, if requested by Administrative Agent, send to Administrative Agent electronic copies of any such filings, (iii) send to Administrative Agent copies of all press releases and (iv) send to Administrative Agent copies of all other statements concerning material changes or developments in the business of a Borrower or Guarantor made available by any Borrower or Guarantor to the public.

(d) Borrowers and Guarantors shall furnish or cause to be furnished to Administrative Agent such budgets, forecasts, projections and other information respecting the Collateral and the business of Borrowers and Guarantors, as Administrative Agent may, from time to time, reasonably request. Administrative Agent is hereby authorized to deliver a copy of any financial statement or any other information relating to the business of Borrowers and Guarantors to any court or other Governmental Authority or to any Lender or Participant or prospective Lender or Participant (excluding any Person known to Administrative Agent to be a competitor of any Borrower or Guarantor) or any Affiliate of any Lender or Participant. Each Borrower and Guarantor hereby irrevocably authorizes and directs all accountants or auditors to deliver to Administrative Agent, at Borrowers' expense, copies of the financial statements of any Borrower and Guarantor and any reports or management letters prepared by such accountants or auditors on behalf of any Borrower or Guarantor and to disclose to Administrative Agent and Lenders such information as they may have regarding the business of any Borrower and Guarantor. Any documents, schedules, invoices or other papers delivered to Administrative Agent or any Lender may be destroyed or otherwise disposed of by Administrative Agent or such Lender one (1) year after the same are delivered to Administrative Agent or such Lender, except as otherwise designated by Company to Administrative Agent or such Lender in writing.

(e) Each Borrower and Guarantor shall also provide Administrative Agent with copies of all financial reports, schedules and other materials and information at any time furnished by or on behalf of any Borrower or Guarantor to the Bankruptcy Court, or the U.S. Trustee or to any creditors' committee, concurrently with the delivery thereof to the Bankruptcy Court, creditors' committee or U.S. Trustee, as the case may be.

(f) Each Borrower and Guarantor shall also provide Administrative Agent with a monthly report setting forth the amount of professional fees that have been accrued and paid by Borrowers and Guarantors and, to US Borrower's knowledge, the official committee of unsecured creditors.

9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, directly or indirectly,

(a) dissolve, liquidate or wind up its affairs, sell, transfer, lease or otherwise dispose of its property or assets (including, without limitation, assume, reject or assign any leasehold

interest or enter into any agreement to return Inventory to vendor, whether pursuant to section 546 of the Bankruptcy Code or otherwise, without the prior written consent of Administrative Agent (and no such consent shall be implied, from any other action, inaction or acquiescence by Administrative Agent or any Lender)) or agree to do so at a future time except the following, without duplication, shall be expressly permitted:

(i) Specified Sales;

(ii) the sale, transfer, lease or other disposition of property or assets (A) subject to subsection (vii) below, to an unrelated party not in the ordinary course of business (other than Specified Sales and Scheduled Asset Dispositions), where and to the extent that they are the result of a Recovery Event or (B) the sale, lease, transfer or other disposition of machinery, parts and equipment no longer used or useful in the conduct of the business of Borrowers, Guarantors or any of their Subsidiaries, as appropriate, in its reasonable discretion, so long as and the net proceeds therefrom are used to repair or replace damaged property or to purchase or otherwise acquire new assets or property; provided, that, such purchase or acquisition is committed to within 180 days of receipt of the net proceeds and such purchase or acquisition is consummated within 270 days of receipt of such proceeds;

(iii) [Reserved];

(iv) the sale, lease or transfer, in the ordinary course of business, of gas by NP Cogen to the Company d/b/a Newark Pacific in an aggregate amount not to exceed $1,000,000 during any calendar year in connection with the transactions permitted under Section 9.12(b)(iii) hereof;

(v) Scheduled Asset Dispositions;

(vi) the sale of Inventory by the Company to any of its Foreign Subsidiaries organized in Canada or Spain; provided, that, (A) the amount owing to the Company from such Foreign Subsidiary organized in Canada in connection with such sales shall not exceed the aggregate amount of $600,000 outstanding at any time, (B) the amount owing to the Company from such Foreign Subsidiary organized in Spain in connection with such sales shall not exceed the aggregate amount of $600,000 outstanding at any time, (C) each such sale shall be for fair market value, in the ordinary course of business and consistent with past practices, (D) the purchase price related to any such sale shall be paid in cash on terms that the Company provides to its customers in the ordinary course of business and (E) no Event of Default then exists or shall result from such sale;

(vii) the sale, lease or transfer of property or assets (other than Priority Collateral, Specified Sales, Scheduled Asset Dispositions and the sale, lease or transfer of property or assets referenced in Sections 9.7(a)(ii)(B), (a)(iv) and (a)(vi) hereof) not to exceed $2,000,000 in the aggregate during the term of this Agreement so long as the Net Cash Proceeds of any such sale, lease or transfer shall be promptly applied to the Obligations and the CL Obligations in accordance with Section 2.6(b) hereof, subject to the terms of the Intercreditor Agreement;

provided, that, with respect to clauses (ii), (v), (vi) and (vii) above (unless the consent of Administrative Agent is received, which consent shall not be unreasonably withheld), in each case (1) at least 75% of the consideration received therefor by such Borrower or Guarantor or any such

Subsidiary is in the form of cash or Cash Equivalents, (2) the total consideration received by such Borrower or Guarantor or any such Subsidiary is greater than or equal to the fair market value of the assets sold, transferred, leased or otherwise disposed of, and (3) no Event of Default then exists or shall result from such asset disposition; provided, further, that, with respect to sales of assets permitted hereunder only, Collateral Agent shall be entitled, without the consent of the Required Lenders, to release its liens relating to the particular assets sold; or

(b) (i) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) the property or assets of any Person (other than purchases or other acquisitions of inventory, leases, materials, property and equipment in the ordinary course of business, except as otherwise limited or prohibited herein) or (ii) enter into any transaction of merger or consolidation, except for investments or acquisitions permitted pursuant to Section 9.10.

9.8 Encumbrances.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets or properties, including the Collateral, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any security interest or lien with respect to any such assets or properties, except ("Permitted Liens"):

(a) the security interests and liens of Collateral Agent for itself and the benefit of the other Secured Parties;

(b) liens securing the payment of taxes, assessments or other governmental charges or levies either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to such Borrower, or Guarantor or Subsidiary, as the case may be and with respect to which adequate reserves have been set aside on its books or that arose prior to the commencement of the Chapter 11 Cases so long as any action by any Governmental Authority or the person to whom such taxes are owed as to Borrowers or Guarantors or any of their respective assets is at all times effectively stayed pursuant to Section 362 of the Bankruptcy Code;

(c) non-consensual statutory liens (other than liens securing the payment of taxes) arising in the ordinary course of such Borrower's, Guarantor's or Subsidiary's business to the extent: (i) such liens secure Indebtedness which is not overdue or (ii) such liens secure Indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued and available to such Borrower, Guarantor or such Subsidiary, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(d) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of Real Property which do not interfere in any material respect with the use of such Real Property or ordinary conduct of the business of such Borrower, Guarantor or such Subsidiary as presently conducted thereon or materially impair the value of the Real Property which may be subject thereto;

(e) purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property to secure Indebtedness permitted under Section 9.9(d) hereof;

(f) pledges and deposits of cash by any Borrower or Guarantor after the date hereof in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with the current practices of such Borrower or Guarantor as of the date hereof;

(g) pledges and deposits of cash by any Borrower or Guarantor after the date hereof to secure the performance of tenders, bids, leases, trade contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations in each case in the ordinary course of business consistent with the current practices of such Borrower or Guarantor as of the date hereof; provided, that, in connection with any performance bonds issued by a surety or other person, the issuer of such bond shall have waived in writing any rights in or to, or other interest in, any of the Collateral in an agreement, in form and substance satisfactory to Administrative Agent;

(h) liens arising from (i) operating leases and the precautionary UCC financing statement filings in respect thereof and (ii) equipment or other materials which are not owned by any Borrower or Guarantor located on the premises of such Borrower or Guarantor (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and consistent with current practices of such Borrower or Guarantor and the precautionary UCC financing statement filings in respect thereof;

(i) liens or rights of set-off arising from the operation of law on retainers remitted by Borrower and Guarantors to certain of its professionals;

(j) judgments and other similar liens arising in connection with court proceedings that do not constitute an Event of Default provided, that, (i) such liens are being contested in good faith and by appropriate proceedings diligently pursued, (ii) adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor, (iii) a stay of enforcement of any such liens is in effect and (iv) Administrative Agent may establish a Reserve with respect thereto;

(k) (i) the security interests and liens set forth on Schedule 8.4 to the Information Certificate and (ii) the mortgage granted by JD Corp. to Liberty Commercial Mortgage Corporation with respect to the Jackson Drive Real Property securing Indebtedness in the approximate outstanding principal amount of $2,160,000 as of November 30, 2009;

(l) liens (included liens as provided for in the Financing Order) securing the CL Obligations (and the liens securing the Parallel Debts, as defined in the CL Credit Agreement), so long as the Intercreditor Agreement or a replacement intercreditor agreement satisfactory to Administrative Agent and the Required Lenders is in effect;

(m) liens on the assets of the Company's Foreign Subsidiaries incurred in connection with Indebtedness permitted under Section 9.9 hereof;

(n) liens on the assets of Newark Paperboard Products, Ltd. securing Indebtedness of Newark Paperboard Products, Ltd. to TD Mortgage, to the extent permitted by the terms of Section 9.9 hereof;

(o) to the extent described in Section 5.5(c) hereof, the claim to assets and properties of the Company and Guarantors for (1) unpaid fees pursuant to Section 1930 of Title 28 of the United States Code and to the Clerk of the Bankruptcy Court, and (2) accrued and unpaid fees and disbursements incurred by the Court-appointed professionals of the Company and Guarantors in the Chapter 11 Cases and any committee appointed by the U.S. Trustee in the Chapter 11 Cases, in each case allowed by the Bankruptcy Court, in the aggregate amount not to exceed $2,000,000; and

(p) any security created pursuant to the general conditions of a bank operating in the Netherlands based on the general conditions drawn up by the Netherlands Bankers' Association (*Nederlandse Vereniging van Banken*) and the Consumer Union (*Consumentenbond*).

9.9 Indebtedness.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any Indebtedness, or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly), the Indebtedness, performance, obligations or dividends of any other Person, except:

(a) the Obligations and the Parallel Debts;

(b) the CL Obligations (and Parallel Debts, as defined in the CL Credit Agreement) of the Company in an aggregate principal amount not to exceed the CL Cap Amount; provided, that, except as permitted under Section 2.6 herein, Borrowers and Guarantors shall not, directly or indirectly, make any payments in respect of such Indebtedness, except, that, Borrowers and Guarantors may make regularly scheduled payments of interest, and payments of fees, costs and expenses, in respect of such Indebtedness as set forth in the Budget and subject to the approval of the Bankruptcy Court;

(c) Indebtedness of Borrowers and Guarantors and their Subsidiaries existing as of the Closing Date as referenced in the financial statements delivered to Administrative Agent and as set out more specifically in Schedule 9.9 to the Information Certificate;

(d) purchase money Indebtedness (including Capital Leases) arising after the date hereof to the extent secured by purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property not to exceed $**[amount currently outstanding]** in the aggregate at any time outstanding so long as such security interests and mortgages do not apply to any property of such Borrower, Guarantor or Subsidiary other than the Equipment or Real Property so acquired, and the Indebtedness secured thereby does not exceed the cost of the Equipment or Real Property so acquired, as the case may be;

(e) unsecured intercompany Indebtedness among Borrowers and Guarantors (other than the intercompany loan made by the Company to the Dutch Borrower pursuant to the B.V. Intercompany Notes) and their Domestic Subsidiaries; provided, that, any such Indebtedness owed to any Borrower or Guarantor by any Person that is not a Borrower or Guarantor shall be (i) fully

subordinated to the Obligations hereunder on terms reasonably satisfactory to Administrative Agent and (ii) if requested by Administrative Agent and, in any event, if in an amount greater than $5,000,000, evidenced by promissory notes which shall be pledged to Administrative Agent as Collateral for the Obligations;

(f) Indebtedness of Foreign Subsidiaries (excluding the Dutch Borrower) in an aggregate amount not to exceed $3,000,000 in excess of the Indebtedness permitted under Section 9.9(c) hereof at any time outstanding;

(g) Bank Product Debt and unsecured Indebtedness and obligations owing under Hedge Agreements and not for speculative purposes;

(h) Guaranty Obligations in respect of Indebtedness of a Borrower or Guarantor to the extent such Indebtedness is permitted to exist or be incurred pursuant to this Section 9.9;

(i) unsecured Indebtedness owing under the Senior Subordinated Notes;

(j) other unsecured Indebtedness in an aggregate amount not to exceed $25,000,000 at any time outstanding;

(k) [Reserved];

(l) Indebtedness of the Foreign Subsidiaries (other than the Dutch Borrower) owing to the Dutch Borrower to the extent such loan by the Dutch Borrower is permitted pursuant to Permitted Investments;

(m) Indebtedness of Newark Paperboard Products, Ltd. to the Company in an aggregate amount not to exceed CDN$6,292,638 at any time outstanding;

(n) [Reserved];

(o) [Reserved];

(p) [Reserved]; and

(q) other Indebtedness of Borrowers, Guarantors and their Subsidiaries (excluding Guaranty Obligations of any Borrower or Guarantor in favor of any Foreign Subsidiary) which does not exceed $250,000 in the aggregate at any time outstanding.

9.10 Loans, Investments, Etc.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, directly or indirectly, make any loans or advance money or property to any person, or invest in (by capital contribution, dividend or otherwise) or purchase or repurchase the Capital Stock or Indebtedness or all or a substantial part of the assets or property of any person, or form or acquire any Subsidiaries, or agree to do any of the foregoing, except the following, (other than with respect to subsections (b), (e) and (l) below and other than (i) the cash managed by Foreign Subsidiaries in foreign accounts and investments in cash and Cash Equivalents in connection therewith which may continue after the

date hereof and (ii) investments in cash and Cash Equivalents upon a sale of Term Loan Priority Collateral, to the extent such sale is permitted under the Intercreditor Agreement, as set forth in the CL Credit Agreement, which may continue after the date hereof) only to the extent made, invested in or purchased prior to the date hereof (the "Permitted Investments"):

(a) cash and Cash Equivalents;

(b) receivables owing to the Company, the Dutch Borrower or any of their Subsidiaries and advances to suppliers, including, without limitation, notes receivable owing from customers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(c) investments in and loans to any Borrower (other than the Dutch Borrower) or Guarantor; provided, however, that, investments in and loans to NP Cogen shall be limited to those in existence on the Closing Date;

(d) loans and advances to employees in existence as of the Closing Date in an aggregate amount not to exceed $1,000,000;

(e) investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(f) only to the extent made, invested in or purchased prior to the date hereof investments, acquisitions or transactions permitted under Section 9.7;

(g) Hedge Agreements to the extent permitted pursuant to Section 9.9;

(h) [Reserved];

(i) the Investment in and loan to the Dutch Borrower by the Company existing as of the Closing Date and evidenced by the Second Amended and Restated Promissory Note, dated October 13, 2009, by Dutch Borrower payable to the Company in the original principal amount of €6,563,295.99 and the Promissory Note, dated as of March 9, 2007, by Dutch Borrower payable to the Company in the original principal amount of €14,034,497.36 (collectively, the "B.V. Intercompany Notes") in an aggregate principal amount outstanding as of the Closing Date of €20,597,793.35, as such notes are in effect on the Closing Date and as such amount may be reduced from time to time;

(j) [Reserved];

(k) [Reserved];

(l) loans and advances by the Company to, and investments by the Company in, Foreign Subsidiaries (other than the Dutch Borrower) in an aggregate Dollar Amount outstanding at any time not to exceed $5,000,000 (excluding the intercompany loans existing as of the Closing Date made by the Company to Newark Paperboard Products, Ltd. in the amount of $[6,300,000]), provided, that, each of the following conditions have been satisfied: (i) as of the date of any such

loan, advance or investment and after giving effect thereto, Excess Availability shall be not less than $20,000,000 and (ii) as of the date of any such loan, advance or investment and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing; and

(m) investments in and loan to Dutch Borrower and other Foreign Subsidiaries by and from the Dutch Borrower or other Foreign Subsidiaries as set forth in Schedule 9.9 to the Information Certificate.

9.11 Restricted Payments.

Borrowers and Guarantors will not, nor will they permit any Subsidiary to, directly or indirectly, declare, order, make or set apart any sum for or pay any Restricted Payment, except as (a) permitted by order of the Bankruptcy Court in the connection with the Chapter 11 Case, (b) as otherwise approved in writing by Administrative Agent, (c) as contemplated in the Budget or (d) otherwise permitted under the terms of this Agreement.

9.12 Transactions with Affiliates.

(a) Each Borrower and Guarantor shall not, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its officers, directors or other Affiliates (each, an "Affiliate Transaction"), other than:

(i) Affiliate Transactions permitted by paragraph (b) below; and

(ii) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an officer, director or Affiliate of the Borrower or Guarantor.

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a fair market value in excess of $5,000,000 will be approved by the Board of Directors (or comparable governing body) of the applicable Borrower or Guarantor, such approval to be evidenced by resolutions stating that the Board of Directors (or comparable governing body) has determined that such transaction complies with the foregoing provisions. If the any Borrower or Guarantor enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate fair market value of more than $10,000,000, the Company will, prior to the consummation thereof, obtain an opinion from an Independent Financial Advisor stating that such transaction or series of related transactions are fair to the applicable Borrower or Guarantor, as the case may be, from a financial point of view.

(b) The restrictions set forth in Section 9.12(a) shall not apply to:

(i) reasonable fees and compensation paid to and indemnity provisions on behalf of the officers, directors or employees of any Borrower or Guarantor as determined in good faith by the applicable Borrower's or Guarantor's Board of Directors (or comparable governing body);

(ii) transactions exclusively between or among the Borrowers and the Guarantors; provided, that, (A) such transactions are not otherwise prohibited by this Agreement and (B) the aggregate market value of all such transactions (other than transactions contemplated in clause (iii) below) shall not exceed $1,000,000 in the aggregate during the term of this Agreement;

(iii) the purchase of gas by NP Cogen on behalf of the Company d/b/a Newark Pacific in an aggregate amount not to exceed $1,000,000 during the term of this Agreement;

(iv) the purchase or transfer of wastepaper by Integrated Paper Recyclers (a joint venture in which the Company maintains a 50% interest) to the Company d/b/a Newark America in an aggregate amount (or the aggregate value of which shall) not to exceed $6,000,000 during the term of this Agreement;

(v) any agreement or instrument in effect as of the Closing Date or any amendment or replacement thereof or any transaction contemplated thereby (including pursuant to any amendment or replacement thereof) so long as any such amendment or replacement agreement or instrument is, in the good faith judgment of the Board of Directors (or comparable governing body) of the applicable Borrower or Guarantor, not more disadvantageous to the Lenders in any material respect that the original agreement or instrument as in effect on the Closing Date;

(vi) transactions exclusively between or among the Dutch Borrower and the other Foreign Subsidiaries which are not otherwise prohibited by this Agreement; and

(vii) Restricted Payments and Permitted Investments permitted by this Agreement and Indebtedness arising pursuant to Sections 9.9(b) and (p) of this Agreement.

9.13 Compliance with ERISA.

Each Borrower (other than the Dutch Borrower) and Guarantor shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal and State law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (c) not terminate any Pension Plan so as to incur any material liability to the Pension Benefit Guaranty Corporation; (d) not knowingly allow or suffer to exist any prohibited transaction involving any Plan or any trust created thereunder which would subject such Borrower, Guarantor or such ERISA Affiliate to a material tax or other liability on prohibited transactions imposed under Section 4975 of the Code or ERISA; (e) make all required contributions to any Plan which it is obligated to pay under Section 302 of ERISA, Section 412 of the Code or the terms of such Plan; (f) not allow or suffer to exist any accumulated funding deficiency, whether or not waived, with respect to any such Pension Plan; (g) not engage in a transaction with respect to a Pension Plan that could be subject to Section 4069 or 4212(c) of ERISA; or g)not allow or suffer to exist any occurrence of a Reportable Event or any other event or condition which presents a material risk of termination by the Pension Benefit Guaranty Corporation of any Plan that is a single employer plan, which termination could result in any material liability to the Pension Benefit Guaranty Corporation.

9.14 End of Fiscal Years.

No Borrower or Guarantor will, nor will they permit any of their Subsidiaries to, change their fiscal year.

9.15 Change in Business.

Each Borrower and Guarantor shall not engage in any business other than the business of such Borrower or Guarantor on the date hereof and any business reasonably related, ancillary or complimentary to the business in which such Borrower or Guarantor is engaged on the date hereof.

9.16 Limitation of Restrictions Affecting Subsidiaries.

Each Borrower and Guarantor shall not, directly, or indirectly, create or otherwise cause or suffer to exist any encumbrance or restriction which prohibits or limits the ability of any Subsidiary of such Borrower or Guarantor to (a) pay dividends or make other distributions or pay any Indebtedness owed to such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor; (b) make loans or advances to such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor, (c) transfer any of its properties or assets to such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor; (d) create, incur, assume or suffer to exist any lien upon any of its property, assets or revenues, whether now owned or hereafter acquired or (e) act as a Guarantor and pledge its assets pursuant to the Financing Agreements or any renewals, refinancings, exchanges, refundings or extension thereof, other than encumbrances and restrictions arising under (i) applicable law, (ii) this Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor, (iv) customary restrictions on dispositions of real property interests found in reciprocal easement agreements of such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor, (v) any agreement relating to permitted Indebtedness incurred by a Subsidiary of such Borrower or Guarantor prior to the date on which such Subsidiary was acquired by such Borrower or such Guarantor and outstanding on such acquisition date, (vi) the extension or continuation of contractual obligations in existence on the date hereof; provided, that, any such encumbrances or restrictions contained in such extension or continuation are no less favorable to Administrative Agent and Lenders than those encumbrances and restrictions under or pursuant to the contractual obligations so extended or continued, (vii) any document or instrument governing Indebtedness incurred pursuant to Section 9.9(d); provided, that, any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith or (viii) any Permitted Lien or any document or instrument governing any Permitted Lien; provided, that, any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien (with the exception of certain negative pledges set forth in the CL Credit Agreement with respect to Borrower's and Guarantor's Real Property which is not encumbered by a mortgage in favor of the CL Administrative Agent).

9.17 Minimum Excess Availability.

Borrowers shall, at all times during each period set forth below, maintain Excess Availability (after giving effect to, and subtracting an amount equal to, the Special Availability Reserve) of not less than the amount set forth below opposite such period:

Period	Minimum Excess Availability
From the date hereof through and including May 13, 2010	$5,000,000
From May 14, 2010 through and including May 27, 2010	$6,000,000
From May 28, 2010 and at all times thereafter	$7,000,000

9.18 Consolidated EBITDA.

The Consolidated EBITDA of U.S. Borrower, tested on the last day of each fiscal quarter, for the most recently ended trailing twelve (12) fiscal month period shall not be less than eighty (80%) percent of the Consolidated EBITDA projected for such period in the U.S. Borrower's five year projections, dated April 29, 2010 (which projections are attached hereto as Exhibit I).

9.19 [Reserved].

9.20 License Agreements.

(a) Each Borrower and Guarantor shall (i) promptly and faithfully observe and perform all of the material terms, covenants, conditions and provisions of the material License Agreements to which it is a party to be observed and performed by it, at the times set forth therein, if any, (ii) not do, permit, suffer or refrain from doing anything that could reasonably be expected to result in a default under or breach of any of the terms of any material License Agreement, (iii) not cancel, surrender, modify, amend, waive or release any material License Agreement in any material respect or any term, provision or right of the licensee thereunder in any material respect, or consent to or permit to occur any of the foregoing; except, that, subject to Section 9.19(b) below, such Borrower or Guarantor may cancel, surrender or release any material License Agreement in the ordinary course of the business of such Borrower or Guarantor; provided, that, such Borrower or Guarantor (as the case may be) shall give Administrative Agent not less than thirty (30) days prior written notice of its intention to so cancel, surrender and release any such material License Agreement, (iv) give Administrative Agent prompt written notice of any material License Agreement entered into by such Borrower or Guarantor after the date hereof, together with a true, correct and complete copy thereof and such other information with respect thereto as Administrative Agent may request, (v) give Administrative Agent prompt written notice of any material breach of any obligation, or any default, by any party under any material License Agreement, and deliver to Administrative Agent (promptly upon the receipt thereof by such Borrower or Guarantor in the case of a notice to such Borrower or Guarantor and concurrently with the sending thereof in the case of a notice from such Borrower or Guarantor) a copy of each notice of default and every other notice and other communication received or delivered by such Borrower or Guarantor in connection with any material License Agreement which relates to the right of such Borrower or Guarantor to continue to use the property subject to such License Agreement, and (vi) furnish to Administrative Agent, promptly upon the request of Administrative Agent, such information and evidence as Administrative Agent may reasonably require from time to time concerning the observance, performance and compliance by such Borrower or Guarantor or the other party or parties thereto with the material terms, covenants or provisions of any material License Agreement.

(b) Each Borrower and Guarantor will either exercise any option to renew or extend the term of each material License Agreement to which it is a party in such manner as will cause the term of such material License Agreement to be effectively renewed or extended for the period provided by such option and give prompt written notice thereof to Administrative Agent or give Administrative Agent prior written notice that such Borrower or Guarantor does not intend to renew or extend the term of any such material License Agreement or that the term thereof shall otherwise be expiring, not less than sixty (60) days prior to the date of any such non-renewal or expiration. In the event of the failure of such Borrower or Guarantor to extend or renew any material License Agreement to which it is a party, Administrative Agent shall have, and is hereby granted, the irrevocable right and authority, at its option, to renew or extend the term of such material License Agreement, whether in its own name and behalf, or in the name and behalf of a designee or nominee of Administrative Agent or in the name and behalf of such Borrower or Guarantor, as Administrative Agent shall determine at any time that an Event of Default shall exist or have occurred and be continuing. Administrative Agent may, but shall not be required to, perform any or all of such obligations of such Borrower or Guarantor under any of the License Agreements, including, but not limited to, the payment of any or all sums due from such Borrower or Guarantor thereunder. Any sums so paid by Administrative Agent shall constitute part of the Obligations.

9.21 Foreign Assets Control Regulations, Etc.

None of the requesting or borrowing of the Loans or the requesting or issuance, extension or renewal of any Letter of Credit or the use of the proceeds of any thereof will violate the Trading With the Enemy Act (50 USC §1 et seq., as amended) (the "Trading With the Enemy Act") or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) (the "Foreign Assets Control Regulations") or any enabling legislation or executive order relating thereto (including, but not limited to (a) Executive order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the "Executive Order") and (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56). None of Borrowers or any of their Subsidiaries or any of their respective officers, directors or Affiliates is or will become a "blocked person" as described in the Executive Order, the Trading with the Enemy Act or the Foreign Assets Control Regulations or engages or will engage in any dealings or transactions, or be otherwise associated, with any such "blocked person".

9.22 Costs and Expenses.

Borrowers and Guarantors shall pay to Administrative Agent and Arranger on demand all reasonable costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, syndication, administration, collection, liquidation, enforcement and defense of the Obligations, Administrative Agent's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be requested by the Company or required by the Administrative Agent (whether or not executed) or entered into in respect hereof and thereof, including: (a) all costs and expenses of filing or recording (including Uniform Commercial Code financing statement filing taxes and fees, documentary taxes, intangibles taxes and fees, if applicable); (b) to the extent Administrative Agent is authorized in any Financing

Agreement to conduct such activities at Borrower's or Guarantor's expense, costs and expenses and fees for insurance premiums, environmental audits, title insurance premiums, surveys, assessments, engineering reports and inspections, appraisal fees and search fees, background checks, (c) costs and expenses of remitting loan proceeds, collecting checks and other items of payment, and establishing and maintaining the Control Accounts, together with Administrative Agent's customary charges and fees with respect thereto; (d) charges, fees or expenses charged by any Issuing Bank in connection with any Letter of Credit; (e) costs and expenses of preserving and protecting the Collateral; (f) reasonable costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Collateral Agent, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Administrative Agent, Collateral Agent or any Lender arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters) other than claims arising solely out of their gross negligence or willful misconduct, as determined by a court of competent jurisdiction; (g) all out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by Administrative Agent during the course of periodic field examinations of the Collateral and such Borrower's or Guarantor's operations, plus a per diem charge at Administrative Agent's then standard rate for Administrative Agent's examiners in the field and office (which rate as of the date hereof is $1,000 per person per day); and (h) the reasonable fees and disbursements of one counsel (including legal assistants) to Administrative Agent, Collateral Agent and Arranger in connection with any of the foregoing.

9.23 Additional Borrowers and Guarantors.

Upon any Person becoming a direct or indirect Subsidiary of the Company, Borrowers and Guarantors will provide Administrative Agent with written notice thereof setting forth information in reasonable detail describing all of the assets of such Person and shall (a) cause any such Person that is a Domestic Subsidiary to execute and deliver to Administrative Agent a Borrower Joinder Agreement in substantially the form of Exhibit D, causing such Subsidiary to become a party to this Credit Agreement, as a joint and several "Borrower", and (b) deliver such other documentation as Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 financing statements, certified resolutions and other organizational and authorizing documents of such Person and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to Administrative Agent; provided, however, in lieu of the foregoing, at the option of Administrative Agent, Borrowers and Guarantors shall cause such Person to execute and deliver to Administrative Agent a Guarantor Joinder Agreement in substantially the form of Exhibit E causing such Subsidiary to become a party to this Agreement, as a joint and several "Guarantor", as applicable and with the same effect set forth above. If required by Administrative Agent, Company shall cause any of its Foreign Subsidiaries (whether in existence on the Closing Date or formed or acquired thereafter) to execute and deliver to Administrative Agent a Guarantor Joinder Agreement in substantially the form of Exhibit E causing such Subsidiary to become a party to this Agreement as a joint and several "DO Guarantor".

9.24 Pledged Assets.

Each of Borrowers and Guarantors will cause, subject to Permitted Liens, (a) the Priority Collateral, to be subject at all times to a first priority, perfected lien in favor of the Control Agent, Collateral Agent or Administrative Agent, in each case for the benefit of the Secured Parties, pursuant to the terms and conditions of the Security Documents or such other security documents as Control Agent, Collateral Agent or Administrative Agent shall reasonably request, and (b) the CL Priority Collateral (other than Real Property, in which Collateral Agent does not have a security interest) to be subject at all times to a second priority, perfected lien in favor of Control Agent, Collateral Agent or Administrative Agent, in each case for the benefit of the Secured Parties, pursuant to the terms and conditions of the Security Documents or such other security documents as Control Agent, Collateral Agent or Administrative Agent shall reasonably request.

9.25 Amendment of Subordinated Debt; CL Financing Agreements.

(a) Borrowers and Guarantors will not, nor will they permit any Subsidiary to, without the prior written consent of the Required Lenders, amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt.

(b) Borrowers and Guarantors will not, nor will they permit any Subsidiary to, amend, replace, refinance, refund, restructure, amend, supplement, extend or otherwise modify the CL Credit Agreement (i) to violate the provisions of the Intercreditor Agreement or (ii) to increase the then outstanding aggregate principal amount of the loans or other obligations under the CL Credit Agreement to an amount that would exceed the CL Cap Amount (excluding capitalized interest, fees, expenses and other charges).

9.26 Limitations on Activities of NP Cogen.

Neither NP Cogen nor JD Corp. shall engage in any activities or incur any Indebtedness other than (i) owning and operating the assets owned and operated by it in the ordinary course of business as of the Closing Date and (ii) owing the Indebtedness owed by it as of the Closing Date.

9.27 Sale Leasebacks.

Borrowers and Guarantors will not, nor will they permit any Subsidiary to, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a Capital Lease, of any property (whether real, personal or mixed), whether now owned or hereafter acquired, (a) which any Borrower, Guarantor or any Subsidiary has sold or transferred or is to sell or transfer to a Person which is not a Borrower, Guarantor or a Subsidiary or (b) which any Borrower, Guarantor or any Subsidiary intends to use for substantially the same purpose as any other property which has been sold or is to be sold or transferred by a Borrower, Guarantor or a Subsidiary to another Person which is not a Borrower, Guarantor or a Subsidiary in connection with such lease.

9.28 No Further Negative Pledges.

Borrowers and Guarantors will not, nor will they permit any Domestic Subsidiary to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any lien upon any of their properties or assets, whether now owned or hereafter

acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (a) pursuant to this Agreement and the other Financing Agreements, (b) pursuant to any document or instrument governing Indebtedness incurred pursuant to Section 9.9(d); provided, that, any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, and (c) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien; provided, that, any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien (with the exception of certain negative pledges set forth in the CL Credit Agreement with respect to Borrower's and Guarantor's Real Property which is not encumbered by a mortgage in favor of the CL Administrative Agent).

9.29 Limitation on Excluded Subsidiaries.

Borrowers and Guarantors will not permit the Excluded Subsidiaries to (a) own any other assets or to conduct any other business other than such assets owned and such business conducted, in each case as of the Closing Date or (b) to account for, individually or in the aggregate for all such Excluded Subsidiaries, more than 5% of the net income or assets (determined on a consolidated basis) of the Company and its Subsidiaries.

9.30 Bankruptcy Covenants.

Borrowers and Guarantors shall not seek or consent to, any of the following:

(a) without the prior written consent of Administrative Agent, any modification, stay, vacation or amendment to the Financing Order;

(b) the use of cash collateral of Administrative Agent and Lenders under Section 363 of the Bankruptcy Code;

(c) to obtain post-petition loans or other financial accommodations, other than from Administrative Agent and Lenders and from Indebtedness permitted under Section 9.9(p) of this Agreement, pursuant to Sections 364(c) or (d) of the Bankruptcy Code without the prior written consent of Administrative Agent;

(d) to challenge, contest or otherwise seek to impair or object to the validity, extent, enforceability or priority of Administrative Agent's pre-petition and post-petition liens and claims;

(e) to challenge the application of any payments or collections received by Administrative Agent, Collateral Agent or Lenders to the Obligations as provided for herein;

(f) any plan of reorganization that does not provide for the indefeasible payment in full in cash or other immediately available funds and satisfaction of all Obligations on the effective date of such plan unless Administrative Agent and Lenders shall have agreed to such other treatment in writing;

(g) to surcharge the Collateral pursuant to Section 506(c) of the Bankruptcy Code;

(h) to seek relief under the Bankruptcy Code, including without limitation, under Section 105, to the extent any such relief would in any way restrict or impair the rights and remedies of Administrative Agent, Collateral Agent or any Lender as provided herein, in the Financing Agreements or in the Financing Order;

(i) a priority claim or administrative expense or unsecured claim against Borrowers or Guarantors (now existing or hereafter arising of any kind or nature, including any administrative expense of the kind specified in Section 105, 326, 330, 331, 503(a), 503(b), 506(c), 507(b), 546(c), 546(d) or 1114 of the Bankruptcy Code) equal or superior to the priority claim of Administrative Agent, Collateral Agent and Lenders in respect of the Obligations, except to the extent of the Carve-Out or the liens of the CL Administrative Agent as to the CL Priority Collateral to secure the Indebtedness under the CL Credit Agreement, to the extent such liens and Indebtedness are permitted hereunder; and

(j) any order seeking authority to take any action prior to the effectiveness of a plan of reorganization that is prohibited by the terms of this Agreement or the other Financing Agreements or refrain from taking any action that is required to be taken by the terms of this Agreement or any of the other Financing Agreements.

9.31 Prepetition Payables. Each Borrower and Guarantor shall be permitted to pay any prepetition claim arising under Section 503(b)(9) of the Bankruptcy Code or otherwise without the prior written consent of Administrative Agent and Lenders so long as such payments are consistent with the Budget and are approved by an order of the Bankruptcy Court in form and substance satisfactory to Administrative Agent.

9.32 Further Assurances.

At the reasonable request of Administrative Agent at any time and from time to time, Borrowers and Guarantors shall, at their expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements.

9.33 Classification of Senior Indebtedness.

Each Borrower and Guarantor shall cause the Obligations to constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement to be legally valid and enforceable against the parties thereto.

9.34 Post Closing Covenants.

(a) The Company shall use its commercially reasonable efforts to deliver (or cause to be delivered) to Administrative Agent, Collateral Access Agreements or other applicable lien waiver agreements for any warehouse, plant or other leased real property set forth on Schedule 9.34 attached hereto.

(b) The Company shall deliver (or cause to be delivered) to Administrative Agent true, correct and complete copies of the BV Intercompany Notes within ten (10) days of the Closing Date.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES

10.1 Events of Default.

The occurrence or existence of any one or more of the following events are referred to herein individually as an "Event of Default", and collectively as "Events of Default":

(a) (i) any Borrower fails to pay any principal on any Loan when due in accordance with the terms hereof; or any Borrower fails to reimburse any Issuing Bank for any Letter of Credit Obligations when due in accordance with the terms hereof or of any Letter of Credit Document; or any Borrower fails to pay any interest on any Loan or any fee or other amount payable hereunder when due in accordance with the terms hereof (or any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations thereunder);

(ii) any Borrower or Guarantor shall fail to perform, comply with or observe any term, covenant or agreement applicable to it contained in any of Sections 8.31 (but with respect to Sections 8.31(b) and (d), such failure is not cured within one (1) Business Day of its occurrence), 8.32(d), 9.1, 9.6 through 9.12, 9.15 through 9.19, 9.21, or 9.26 through 9.33; or

(iii) any Borrower or Guarantor shall fail to comply with any other covenant, contained in this Agreement or the other Financing Agreements or any other agreement, document or instrument among any Borrower or Guarantor, Administrative Agent and the Lenders or executed by any Borrower or Guarantor in favor of Administrative Agent or the Lenders (other than as described in Sections 10.1(a)(i) or (ii) above), and in the event such breach or failure to comply is capable of cure, is not cured within thirty (30) days of its occurrence; provided, that, such thirty (30) day period shall not apply in the case of: (A) any failure to observe any such covenant which is not capable of being cured at all or within such thirty (30) day period or which has been the subject of a prior failure within a six (6) month period or (B) an intentional breach by any Borrower or Guarantor of any such covenant;

(b) any representation, warranty or statement of fact made by any Borrower or Guarantor to Administrative Agent in this Agreement, the other Financing Agreements or any other written agreement, schedule, confirmatory assignment or otherwise shall when made or deemed made be false or misleading in any material respect on or as of the date made or deemed to be made;

(c) any Guarantor revokes or terminates or purports to revoke or terminate or fails to perform any of the terms, covenants, conditions or provisions of any guarantee, endorsement or other agreement of such party in favor of Administrative Agent or any Lender;

(d) any judgment for the payment of money is rendered against any Borrower or Guarantor in excess of $250,000 in any one case or in excess of $250,000 in the aggregate (to the

extent not covered by insurance where the insurer has assumed responsibility in writing for such judgment) and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed, or any judgment other than for the payment of money, or injunction, attachment, garnishment or execution is rendered against any Borrower or Guarantor or any of the Collateral having a value in excess of $250,000 or a Dutch executory attachment (*executoriaal beslag*) affects any asset of a Borrower or Guarantor having an aggregate value of at least $250,000 (or any equivalent thereof in any other currency);

(e) any Borrower or Guarantor dissolves or discontinues doing business (provided, that, any Guarantor may dissolve or discontinue doing business if its assets are transferred to a Borrower or another Guarantor prior to such dissolution or discontinuation); any Borrower or Guarantor (other than NP Cogen) suspends doing business, other than temporary shutdowns for routine maintenance or otherwise in accordance with past practices and in any event not to exceed five (5) days in any fiscal quarter;

(f) any Borrower or Guarantor makes an assignment for the benefit of creditors, makes or sends notice of a bulk transfer or calls a meeting of its creditors or principal creditors in connection with a moratorium or adjustment of the Indebtedness due to them;

(g) other than with respect to such Borrowers and Guarantors subject to the Chapter 11 Case, a case or proceeding under the bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against any Borrower or Guarantor or all or any part of its properties and such petition or application is not dismissed within sixty (60) days after the date of its filing or any such Borrower or Guarantor shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;

(h) other than with respect to such Borrowers and Guarantors subject to the Chapter 11 Case, a case or proceeding under the bankruptcy laws of the United States of America or comparable proceeding under the laws of any other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by any such Borrower or Guarantor or for all or any part of its property;

(i) any default in respect of any Indebtedness of any Borrower or Guarantor (other than Indebtedness owing to Administrative Agent, Collateral Agent and Lenders hereunder) that is not stayed by the Bankruptcy Court in connection with the Chapter 11 Cases, in any case in an amount in excess of $2,500,000, which default continues for more than the applicable cure period, if any, with respect thereto or any default by any Borrower or Guarantor under any Material Contract that is not stayed by the Bankruptcy Court in connection with the Chapter 11 Cases, which default continues for more than the applicable cure period, if any, with respect thereto and/or is not waived in writing by the other parties thereto;

(j) any material provision hereof or of any of the other Financing Agreements shall for any reason cease to be valid, binding and enforceable with respect to any party hereto or

thereto (other than Administrative Agent or Lenders) in accordance with its terms, or any such party shall challenge the enforceability hereof or thereof, or shall assert in writing, or take any action or fail to take any action based on the assertion that any provision hereof or of any of the other Financing Agreements has ceased to be or is otherwise not valid, binding or enforceable in accordance with its terms, or any security interest provided for herein or in any of the other Financing Agreements shall cease to be a valid and perfected first priority and/or second priority (as applicable) security interest in any of the Collateral purported to be subject thereto (except as otherwise permitted herein or therein);

(k) an ERISA Event shall occur which results in or could reasonably be expected to result in a Material Adverse Effect;

(l) any Change of Control;

(m) the indictment by any Governmental Authority of any Borrower or Guarantor as to which there is a reasonable possibility of an adverse determination, in the good faith determination of Administrative Agent, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against such Borrower or Guarantor, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (i) any of the Collateral having a value in excess of $2,500,000 or (ii) any other property of any Borrower or Guarantor which is necessary or material to the conduct of its business;

(n) there shall be an event of default (after any applicable cure period thereunder has expired) under any of the other material Financing Agreements;

(o) any default (which is not cured within the applicable period of grace or waived) or event of default shall occur under any Subordinated Debt or the subordination provisions contained therein shall cease to be in full force and effect or to give the Lenders the rights, powers and privileges purported to be created thereby;

(p) any uninsured damage to or loss, theft or destruction of any assets of Borrowers or Guarantors or any of their Subsidiaries shall occur that, with respect to any assets of any Borrower or Guarantor, is in excess of $2,500,000 (except with respect to assets of Borrowers and Guarantors, other than inventory, at plants that have ceased to operate for a period of not less than 90 days from the date of receipt by Agent of notice from Borrowers of such closure, is in excess of $5,000,000) and, with respect to any assets of any Subsidiary of Borrowers or Guarantors, is in excess of $5,000,000; or

(q) the Company fails to comply with the terms of the Settlement Agreement or the Final Judgment and any cure right or period prior to which the Commonwealth of Massachusetts or other applicable Governmental Authority shall have the right to (i) enjoin or materially limit the Company's business operations or (ii) levy or issue a fine or penalty that could reasonably be expected to have a Material Adverse Effect shall have expired;

(r) the Company fails to deliver any of the information or other items required by Section 7.1(a) within five (5) Business Days of the later to occur of (i) the date due or (ii) receipt by the Company of notice from Administrative Agent that such information or other items are past due;

(s) the occurrence of any condition or event which permits Administrative Agent, Collateral Agent and Lenders to exercise any of the remedies set forth in the Financing Order, including, without limitation, any "Event of Default" (as defined in the Financing Order);

(t) the termination or non-renewal of the Financing Agreements as provided for in the Financing Order;

(u) any act, condition or event occurring after the date of the commencement of the Chapter 11 Cases that has or would reasonably expect to have a Material Adverse Effect upon the assets, business or prospects of Borrower and Guarantor (taken as a whole) (other than pursuant to a reduction in payment terms by suppliers or reclamation claims), or the Collateral or the rights and remedies of Agent and Lenders under the Loan Agreement or any other Financing Agreements or the Financing Order;

(v) conversion of any Chapter 11 Case to a Chapter 7 case under the Bankruptcy Code;

(w) dismissal of any Chapter 11 Case or any subsequent Chapter 7 case either voluntarily or involuntarily;

(x) the grant of a lien on or other interest in any property of any Borrower or Guarantor other than a lien or encumbrance permitted by Section 9.8 hereof or by the Financing Order or an administrative expense claim other than such administrative expense claim permitted by the Financing Order or this Agreement by the grant of or allowance by the Bankruptcy Court which is superior to or ranks in parity with Collateral Agent's and Lenders' security interest in or lien upon the Collateral or their Superpriority Claim (as defined in the Financing Order);

(y) the Financing Order shall be modified, reversed, revoked, remanded, stayed, rescinded, vacated or amended on appeal or by the Bankruptcy Court without the prior written consent of Administrative Agent, which consent shall not be unreasonably withheld or delayed (and no such consent shall be implied from any other authorization or acquiescence by Administrative Agent, Collateral Agent or any Lender);

(z) the appointment of a trustee pursuant to Sections 1104(a)(1) or 1104(a)(2) of the Bankruptcy Code;

(aa) the appointment of an examiner with special powers pursuant to Section 1104(a) of the Bankruptcy Code;

(bb) the filing of a plan of reorganization or liquidation by or on behalf of any Borrower or Guarantor, to which Administrative Agent has not consented in writing, which does not provide for the payment in full of all Obligations on the effective date thereof in accordance with the terms and conditions contained herein;

(cc) the confirmation of any plan of reorganization or liquidation in the Chapter 11 Case of any Borrower or Guarantor, to which Administrative Agent has not consented to in writing, which does not provide for payment in full of all Obligations on the effective date thereof in accordance with the terms and conditions contained herein; or

(dd) any failure to comply with the minimum Excess Availability requirements set forth in Section 9.17 hereof.

For the purposes of this Section 10.1, in relation to any procedure or step taken in the Netherlands, (i) bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*), emergency procedure (*noodregeling*) or any other procedure having the effect that the entity to which it applies loses the free management or ability to dispose of its property (irrespective of whether that procedure is provisional or final); and (ii) dissolution (*ontbinding*) or any other procedure having the effect that the entity to which it applies ceases to exist, shall qualify as events specified in Sections 10.1(g) and (h) above.

10.2 Remedies.

(a) At any time an Event of Default exists or has occurred and is continuing, Administrative Agent and Lenders shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the UCC and other applicable law, all of which rights and remedies may be exercised without notice to or consent by any Borrower or Guarantor, except as such notice or consent is expressly provided for hereunder or required by applicable law or the Financing Order. All rights, remedies and powers granted to Administrative Agent and Lenders hereunder, under any of the other Financing Agreements, the Financing Order, the UCC or other applicable law, are cumulative, not exclusive and enforceable, in Administrative Agent's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by any Borrower or Guarantor of this Agreement or any of the other Financing Agreements. Subject to Section 12 hereof, Administrative Agent may, and at the direction of the Required Lenders shall, at any time or times, proceed directly against any Borrower or Guarantor to collect the Obligations without prior recourse to the Collateral.

(b) Without limiting the generality of the foregoing, at any time an Event of Default exists or has occurred and is continuing, Administrative Agent may, at its option and shall upon the direction of the Required Lenders, (i) upon notice to Company, accelerate the payment of all Obligations (other than Obligations consisting of Bank Product Debt related to hedging agreements) and demand immediate payment thereof to Administrative Agent for itself and the benefit of Lenders (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), all Obligations shall automatically become immediately due and payable), and (ii) terminate the Commitments whereupon the obligation of each Lender to make any Loan and Issuing Bank to issue any Letter of Credit shall immediately terminate (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), the Commitments and any other obligation of Administrative Agent or a Lender hereunder shall automatically terminate).

(c) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, subject to the terms of the Intercreditor Agreement, Administrative Agent may, in its discretion (i) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (ii) require any Borrower or Guarantor, at Borrowers' expense, to assemble and make available to Administrative Agent any part or all of the Collateral at any place and time designated

by Administrative Agent, (iii) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (iv) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose, (v) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Administrative Agent or elsewhere) at such prices or terms as Administrative Agent may deem reasonable, for cash, upon credit or for future delivery, with Administrative Agent having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of any Borrower or Guarantor, which right or equity of redemption is hereby expressly waived and released by Borrowers and Guarantors and/or (vi) terminate this Agreement. If any of the Collateral is sold or leased by Administrative Agent upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Administrative Agent. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Administrative Agent to Company designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Borrowers and Guarantors waive any other notice. In the event Administrative Agent institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, each Borrower and Guarantor waives the posting of any bond which might otherwise be required. At any time an Event of Default exists or has occurred and is continuing, upon Administrative Agent's request, Borrowers will either, as Administrative Agent shall specify, furnish cash collateral to Issuing Bank to be used to secure and fund the reimbursement obligations to Issuing Bank in connection with any Letter of Credit Obligations or furnish cash collateral to Administrative Agent for the Letter of Credit Obligations. Such cash collateral shall be in the amount equal to one hundred ten (110%) percent of the amount of the Letter of Credit Obligations plus the amount of any fees and expenses payable in connection therewith through the end of the latest expiration date of the Letters of Credit giving rise to such Letter of Credit Obligations. The rights of the Administrative Agent set forth in this clause (c) with respect to the Capital Stock of the Dutch Borrower shall be subject to the terms of the Dutch Deed of Pledge.

(d) At any time or times that an Event of Default exists or has occurred and is continuing, Administrative Agent and Collateral Agent may, in their discretion, enforce the rights of any Borrower or Guarantor against any account debtor, secondary obligor or other obligor in respect of any of the Accounts or other Receivables. Without limiting the generality of the foregoing, Administrative Agent and/or Collateral Agent may, in its discretion, at such time or times (i) notify any or all account debtors, secondary obligors or other obligors in respect thereof that the Receivables have been assigned to Collateral Agent and that Collateral Agent has a security interest therein and Administrative Agent and/or Collateral Agent may direct any or all account debtors, secondary obligors and other obligors to make payment of Receivables directly to Collateral Agent or Administrative Agent, (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Receivables or other obligations included in the Collateral and thereby discharge or release the account debtor or any secondary obligors or other obligors in respect thereof without affecting any of the Obligations, (iii) demand, collect or enforce payment of any Receivables or such other obligations, but without any duty to do so, and Administrative Agent, Collateral Agent and Lenders shall not be liable for any failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and (iv) take whatever other action Administrative Agent

or Collateral Agent may deem necessary or desirable for the protection of its interests and the interests of Lenders. At any time that an Event of Default exists or has occurred and is continuing, at Administrative Agent's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Collateral Agent and are payable directly and only to Collateral Agent and Borrowers and Guarantors shall deliver to Administrative Agent such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Administrative Agent may require. In the event any account debtor returns Inventory when an Event of Default exists or has occurred and is continuing, Borrowers shall, upon Administrative Agent's request, hold the returned Inventory in trust for Collateral Agent, segregate all returned Inventory from all of its other property, dispose of the returned Inventory solely according to Administrative Agent's and Collateral Agent's instructions, and not issue any credits, discounts or allowances with respect thereto without Administrative Agent's prior written consent.

(e) To the extent that applicable law imposes duties on Administrative Agent or Collateral Agent or any Lender to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), each Borrower and Guarantor acknowledges and agrees that it is not commercially unreasonable for Administrative Agent, Collateral Agent or any Lender (i) to fail to incur expenses reasonably deemed significant by Administrative Agent, Collateral Agent or any Lender to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as any Borrower or Guarantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Administrative Agent, Collateral Agent or Lenders against risks of loss, collection or disposition of Collateral or to provide to Administrative Agent, Collateral Agent or Lenders a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Administrative Agent and Collateral Agent in the collection or disposition of any of the Collateral. Each Borrower and Guarantor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Administrative Agent, Collateral Agent or any Lender would not be commercially unreasonable in the exercise by Administrative Agent, Collateral Agent or any Lender of remedies against the Collateral and that other actions or omissions by Administrative Agent, Collateral Agent or any Lender shall not be deemed commercially unreasonable solely on account of not being indicated in

this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to any Borrower or Guarantor or to impose any duties on Administrative Agent, Collateral Agent or Lenders that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

(f) For the purpose of enabling Administrative Agent and Collateral Agent to exercise the rights and remedies hereunder, each Borrower and Guarantor hereby grants to Administrative Agent and Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable at any time an Event of Default shall exist or have occurred and for so long as the same is continuing) without payment of royalty or other compensation to any Borrower or Guarantor, to use, assign, license or sublicense any of the trademarks, service-marks, trade names, business names, trade styles, designs, logos and other source of business identifiers and other Intellectual Property and general intangibles now owned or hereafter acquired by any Borrower or Guarantor, wherever the same maybe located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(g) At any time an Event of Default exists or has occurred and is continuing, Administrative Agent may apply the cash proceeds of Collateral actually received by Administrative Agent or Collateral Agent from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in accordance with the terms hereof, whether or not then due or may hold such proceeds as cash collateral for the Obligations. Borrowers and Guarantors shall remain liable to Administrative Agent, Collateral Agent and Lenders for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including attorneys' fees and expenses.

(h) Without limiting the foregoing, upon the occurrence and during the continuance of a Default or an Event of Default, (i) Administrative Agent and Lenders may, at Administrative Agent's option, and upon the occurrence of an Event of Default at the direction of the Required Lenders, Administrative Agent and Lenders shall, without notice, cease making Loans or arranging for Letters of Credit or reduce the lending formulas or amounts of Loans and Letters of Credit available to Borrowers and (ii) Administrative Agent may, at its option, establish such Reserves as Administrative Agent determines, without limitation or restriction, notwithstanding anything to the contrary contained herein.

(i) Upon the occurrence and during the continuance of an Event of Default, Administrative Agent and Lenders may, by notice to the Dutch Borrower, require the Dutch Borrower to give a guarantee or security in favour of the Lenders and the Dutch Borrower shall comply with such request.

(j) Notwithstanding any provision to the contrary in any Financing Agreement, foreclosure on any security governed by Canadian law, including the right of pledge over the Capital Stock of Newark Paperboard Products, Ltd. (including allocation of the proceeds) shall take place in accordance with Canadian law and any relevant Security Document. Section 10.2(c) hereof shall not apply to any security governed by Canadian law to the extent not permissible under the applicable Canadian law.

(k) Notwithstanding any provision to the contrary in any Financing Agreement, foreclosure on any security governed by Dutch law, including the right of pledge over the Capital Stock of the Dutch Borrower (including allocation of the proceeds), shall take place in accordance with Dutch law and any relevant Security Document (including the Dutch Deed of Pledge).

SECTION 11. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements (except as otherwise provided therein) and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than New York and the Bankruptcy Code; provided, however, that, the Dutch Deed of Pledge shall be governed by the laws of the Netherlands.

(b) Borrowers, Guarantors, Administrative Agent, Lenders, Swingline Lender and Issuing Bank irrevocably consent and submit to the non-exclusive jurisdiction of the United States Bankruptcy Court of the District of New Jersey (and in the event such Bankruptcy Court does not have jurisdiction over any matter or if it has jurisdiction but does not exercise such jurisdiction for any reason, then the courts of the State of New York sitting in New York County, New York and the United States District Court of the Southern District of New York, whichever Administrative Agent may elect), and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except, that, Administrative Agent and Lenders shall have the right to bring any action or proceeding against any Borrower or Guarantor or its or their property in the courts of any other jurisdiction which Administrative Agent deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against any Borrower or Guarantor or its or their property).

(c) Each Borrower and Guarantor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Administrative Agent's option, by service upon any Borrower or Guarantor (or Company on behalf of such Borrower or Guarantor) in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, such Borrower or Guarantor shall appear in answer to such process, failing which such Borrower or Guarantor shall be deemed in default and judgment may be entered by Administrative Agent against such Borrower or Guarantor for the amount of the claim and other relief requested; provided, however, that, enforcement in a Dutch court of this Agreement and the Dutch Deed of Pledge will be subject to Dutch rules of civil procedure.

(d) BORROWERS, GUARANTORS, AGENT, LENDERS AND ISSUING BANK EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. BORROWERS, GUARANTORS, AGENT, LENDERS AND ISSUING BANK EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY BORROWER, ANY GUARANTOR, ADMINISTRATIVE AGENT, ANY LENDER OR ISSUING BANK MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Administrative Agent, Lenders, Swingline Lender and Issuing Bank shall not have any liability to any Borrower or Guarantor (whether in tort, contract, equity or otherwise) for losses suffered by such Borrower or Guarantor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Administrative Agent, such Lender, Swingline Lender and Issuing Bank, that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Administrative Agent, Lenders, Swingline Lender and Issuing Bank shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement. Each Borrower and Guarantor: (i) certifies that neither Administrative Agent, any Lender, Swingline Lender, Issuing Bank nor any representative, agent or attorney acting for or on behalf of Administrative Agent, any Lender, Swingline Lender or Issuing Bank has represented, expressly or otherwise, that Administrative Agent, Lenders, Swingline Lender and Issuing Bank would not, in the event of litigation, seek to enforce any of the waivers provided for in this Agreement or any of the other Financing Agreements and (ii) acknowledges that in entering into this Agreement and the other Financing Agreements, Administrative Agent, Lenders, Swingline Lender and Issuing Bank are relying upon, among other things, the waivers and certifications set forth in this Section 11.1 and elsewhere herein and therein.

11.2 Waiver of Notices.

Each Borrower and Guarantor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and chattel paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on any Borrower or Guarantor which Administrative Agent or any Lender may elect to give shall entitle such Borrower or Guarantor to any other or further notice or demand in the same, similar or other circumstances.

11.3 Amendments and Waivers.

(a) Neither this Agreement nor any other Financing Agreement nor any terms hereof or thereof may be amended, waived, discharged or terminated unless such amendment, waiver, discharge or termination is in writing signed by Administrative Agent and the Required Lenders or at Administrative Agent's option, by Administrative Agent with the authorization or consent of the Required Lenders, and as to amendments to any of the Financing Agreements (other than with respect to any provision of Section 12 hereof), by any Borrower and such amendment, waiver, discharger or termination shall be effective and binding as to all Lenders and Issuing Bank only in the specific instance and for the specific purpose for which given; except, that, no such amendment, waiver, discharge or termination shall:

(b) reduce the interest rate or any fees or extend the time of payment of principal, interest or any fees or reduce the principal amount of any Loan or Letters of Credit, in each case without the consent of each Lender directly affected thereby,

(i) increase the Commitment of any Lender over the amount thereof then in effect or provided hereunder, in each case without the consent of the Lender directly affected thereby,

(ii) release Collateral with a fair market value in excess of $2,000,000 (except as expressly required hereunder or under any of the other Financing Agreements or applicable law and except as permitted under Section 12.11(b) hereof), without the consent of Administrative Agent and all of Lenders,

(iii) release any Borrower or any material Guarantor (as determined by Administrative Agent) from obligations hereunder, without the consent of Administrative Agent and all of the Lenders,

(iv) reduce any percentage specified in the definition of Required Lenders, without the consent of Administrative Agent and all of Lenders,

(v) consent to the assignment or transfer by any Borrower or Guarantor of any of their rights and obligations under this Agreement, without the consent of Administrative Agent and all of Lenders,

(vi) amend, modify or waive any terms of this Section 11.3 hereof, without the consent of Administrative Agent and all of Lenders,

(vii) increase the advance rates constituting part of the U.S. Borrowing Base, increase the Letter of Credit Limit or modify the definitions of Eligible Accounts or Eligible Inventory such that more credit would be available to Borrowers, without the consent of Administrative Agent and all of Lenders,

(viii) amend, modify or waive any requirements of Section 12.8 or 12.11 such that the amount of permitted overadvances or Special Agent Advances may be increased without the consent of Administrative Agent and each Lender,

(ix) amend Section 6.4(a) without the consent of Administrative Agent and each Lender, or

(x) amend, modify or waive any requirements of Section 9.18 without the consent of Administrative Agent and each Lender.

(c) Administrative Agent, Lenders and Issuing Bank shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its or their rights, powers and/or remedies unless such waiver shall be in writing and signed as provided herein. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Administrative Agent, any Lender or Issuing Bank of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Administrative Agent, any Lender or Issuing Bank would otherwise have on any future occasion, whether similar in kind or otherwise.

(d) Notwithstanding anything to the contrary contained in Section 11.3(a) above, in connection with any amendment, waiver, discharge or termination, in the event that any Lender whose consent thereto is required shall fail to consent or fail to consent in a timely manner (such Lender being referred to herein as a "Non-Consenting Lender"), but the consent of any other Lenders to such amendment, waiver, discharge or termination that is required are obtained, if any, then Wells Fargo shall have the right, but not the obligation, at any time thereafter, and upon the exercise by Wells Fargo of such right, such Non-Consenting Lender shall have the obligation, to sell, assign and transfer to Wells Fargo or such Eligible Transferee as Wells Fargo may specify, the Commitment of such Non-Consenting Lender and all rights and interests of such Non-Consenting Lender pursuant thereto. Wells Fargo shall provide the Non-Consenting Lender with prior written notice of its intent to exercise its right under this Section, which notice shall specify on date on which such purchase and sale shall occur. Such purchase and sale shall be pursuant to the terms of an Assignment and Acceptance (whether or not executed by the Non-Consenting Lender); except, that, on the date of such purchase and sale, Wells Fargo, or such Eligible Transferee specified by Wells Fargo, shall pay to the Non-Consenting Lender (except as Wells Fargo and such Non-Consenting Lender may otherwise agree) the amount equal to: (i) the principal balance of the Loans held by the Non-Consenting Lender outstanding as of the close of business on the business day immediately preceding the effective date of such purchase and sale, plus (ii) amounts accrued and unpaid in respect of interest and fees payable to the Non-Consenting Lender to the effective date of the purchase (but in no event shall the Non-Consenting Lender be deemed entitled to any early termination fee), minus (iii) the amount of the closing fee received by the Non-Consenting Lender pursuant to the terms hereof or of any of the other Financing Agreements multiplied by the fraction, the numerator of which is the number of months remaining in the then current term of the Credit Facility and the denominator of which is the number of months in the then current term thereof. Such purchase and sale shall be effective on the date of the payment of such amount to the Non-Consenting Lender and the Commitment of the Non-Consenting Lender shall terminate on such date.

(e) The consent of Administrative Agent shall be required for any amendment, waiver or consent affecting the rights or duties of Administrative Agent hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section and the exercise by Administrative Agent of any of its rights hereunder with respect to Reserves or Eligible Accounts or Eligible Inventory shall not be deemed an amendment to the

advance rates provided for in this Section 11.3. The consent of Issuing Bank shall be required for any amendment, waiver or consent affecting the rights or duties of Issuing Bank hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section; provided, that, the consent of Issuing Bank shall not be required for any other amendments, waivers or consents. The consent of Swingline Lender shall be required for any amendment, waiver or consent affecting the rights or duties of Swingline Lender hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section. Notwithstanding anything to the contrary contained in Section 11.3(a) above, (i) in the event that Administrative Agent shall agree that any items otherwise required to be delivered to Administrative Agent as a condition of the initial Loans and Letters of Credit hereunder may be delivered after the date hereof, Administrative Agent may, in its discretion, agree to extend the date for delivery of such items or take such other action as Administrative Agent may deem appropriate as a result of the failure to receive such items as Administrative Agent may determine or may waive any Event of Default as a result of the failure to receive such items, in each case without the consent of any Lender and (ii) Administrative Agent may consent to any change in the type of organization, jurisdiction of organization or other legal structure of any Borrower, Guarantor or any of their Subsidiaries and amend the terms hereof or of any of the other Financing Agreements as may be necessary or desirable to reflect any such change, in each case without the approval of any Lender.

11.4 Waiver of Counterclaims.

Each Borrower and Guarantor waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other then compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

11.5 Indemnification.

Each Borrower and Guarantor shall, jointly and severally, indemnify and hold Administrative Agent, each Lender, the Arranger and Issuing Bank, and their respective officers, directors, agents, employees, advisors and counsel and their respective Affiliates (each such person being an "Indemnitee"), harmless from and against any and all losses, claims, damages, liabilities, costs or expenses (including attorneys' fees and expenses) imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel; except, that, Borrowers and Guarantors shall not have any obligation under this Section 11.5 to indemnify an Indemnitee with respect to a matter covered hereby resulting from the gross negligence or willful misconduct of such Indemnitee as determined pursuant to a final, non-appealable order of a court of competent jurisdiction (but without limiting the obligations of Borrowers or Guarantors as to any other Indemnitee). To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Borrowers and Guarantors shall pay the maximum portion which it is permitted to pay under applicable law to Administrative Agent and Lenders in satisfaction of indemnified matters under this Section. To the extent permitted by applicable law, no Borrower or

Guarantor shall assert, and each Borrower and Guarantor hereby waives, any claim against any Indemnitee, on any theory of liability for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Financing Agreements or any undertaking or transaction contemplated hereby. No Indemnitee referred to above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any of the other Financing Agreements or the transaction contemplated hereby or thereby. All amounts due under this Section shall be payable upon demand. The foregoing indemnity shall survive the payment of the Obligations and the termination of this Agreement.

SECTION 12. THE AGENT

12.1 Appointment, Powers and Immunities.

Each Lender and Issuing Bank irrevocably designates, appoints and authorizes Wells Fargo to act as Administrative Agent and Collateral Agent hereunder and under the other Financing Agreements with such powers as are specifically delegated to Administrative Agent and Collateral Agent, as applicable, by the terms of this Agreement and of the other Financing Agreements, together with such other powers as are reasonably incidental thereto. Administrative Agent and Collateral Agent (a) shall have no duties or responsibilities except those expressly set forth in this Agreement and in the other Financing Agreements, and shall not by reason of this Agreement or any other Financing Agreement be a trustee or fiduciary for any Lender; (b) shall not be responsible to Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any of the other Financing Agreements, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Financing Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Financing Agreement or any other document referred to or provided for herein or therein or for any failure by any Borrower or any Guarantor or any other Person to perform any of its obligations hereunder or thereunder; and (c) shall not be responsible to Lenders for any action taken or omitted to be taken by it hereunder or under any other Financing Agreement or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Administrative Agent may employ agents and attorneys in fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys in fact selected by it in good faith. Administrative Agent may deem and treat the payee of any note as the holder thereof for all purposes hereof unless and until the assignment thereof pursuant to an agreement (if and to the extent permitted herein) in form and substance satisfactory to Administrative Agent shall have been delivered to and acknowledged by Administrative Agent.

12.2 Reliance by Administrative Agent.

Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts

selected by Administrative Agent. As to any matters not expressly provided for by this Agreement or any other Financing Agreement, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Required Lenders or all of Lenders as is required in such circumstance, and such instructions of such Agents and any action taken or failure to act pursuant thereto shall be binding on all Lenders.

12.3 Events of Default.

(a) Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or an Event of Default or other failure of a condition precedent to the Loans and Letters of Credit hereunder, unless and until Administrative Agent has received written notice from a Lender, or Borrower specifying such Event of Default or any unfulfilled condition precedent, and stating that such notice is a "Notice of Default or Failure of Condition". In the event that Administrative Agent receives such a Notice of Default or Failure of Condition, Administrative Agent shall give prompt notice thereof to the Lenders. Administrative Agent shall (subject to Section 12.7) take such action with respect to any such Event of Default or failure of condition precedent as shall be directed by the Required Lenders to the extent provided for herein; provided, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to or by reason of such Event of Default or failure of condition precedent, as it shall deem advisable in the best interest of Lenders. Without limiting the foregoing, and notwithstanding the existence or occurrence and continuance of an Event of Default or any other failure to satisfy any of the conditions precedent set forth in Section 4 of this Agreement to the contrary, unless and until otherwise directed by the Required Lenders, Administrative Agent may, but shall have no obligation to, continue to make Loans and Issuing Bank may, but shall have no obligation to, issue or cause to be issued any Letter of Credit for the ratable account and risk of Lenders from time to time if Administrative Agent believes making such Loans or issuing or causing to be issued such Letter of Credit is in the best interests of Lenders.

(b) Except with the prior written consent of Administrative Agent, no Lender or Issuing Bank may assert or exercise any enforcement right or remedy in respect of the Loans, Letter of Credit Obligations or other Obligations, as against any Borrower or Guarantor or any of the Collateral or other property of any Borrower or Guarantor.

12.4 Wells Fargo in its Individual Capacity.

With respect to its Commitment and the Loans made and Letters of Credit issued or caused to be issued by it (and any successor acting as Administrative Agent), so long as Wells Fargo shall be a Lender hereunder, it shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Administrative Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Wells Fargo in its individual capacity as Lender hereunder. Wells Fargo (and any successor acting as Administrative Agent) and its Affiliates may (without having to account therefor to any Lender) lend money to, make investments in and generally engage in any kind of business with Borrowers (and any of its Subsidiaries or Affiliates) as if it were not acting as Administrative Agent, and Wells Fargo and its Affiliates may accept fees and other consideration from any Borrower or Guarantor and any of its

Subsidiaries and Affiliates for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

12.5 Indemnification.

Lenders agree to indemnify Administrative Agent and Issuing Bank (to the extent not reimbursed by Borrowers hereunder and without limiting any obligations of Borrowers hereunder) ratably, in accordance with their Pro Rata Shares, for any and all claims of any kind and nature whatsoever that may be imposed on, incurred by or asserted against Administrative Agent (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other Financing Agreement or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including the costs and expenses that Administrative Agent is obligated to pay hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents; provided, that, no Lender shall be liable for any of the foregoing to the extent it arises from the gross negligence or willful misconduct of the party to be indemnified as determined by a final non-appealable judgment of a court of competent jurisdiction. The foregoing indemnity shall survive the payment of the Obligations and the termination of this Agreement.

12.6 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender agrees that it has, independently and without reliance on Administrative Agent or other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrowers and Guarantors and has made its own decision to enter into this Agreement and that it will, independently and without reliance upon Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any of the other Financing Agreements. Administrative Agent shall not be required to keep itself informed as to the performance or observance by any Borrower or Guarantor of any term or provision of this Agreement or any of the other Financing Agreements or any other document referred to or provided for herein or therein or to inspect the properties or books of any Borrower or Guarantor. Administrative Agent will use reasonable efforts to provide Lenders with any information received by Administrative Agent from any Borrower or Guarantor which is required to be provided to Lenders or deemed to be requested by Lenders hereunder and with a copy of any Notice of Default or Failure of Condition received by Administrative Agent from any Borrower or any Lender; provided, that, Administrative Agent shall not be liable to any Lender for any failure to do so, except to the extent that such failure is attributable to Administrative Agent's own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Except for notices, reports and other documents expressly required to be furnished to Lenders by Administrative Agent or deemed requested by Lenders hereunder, Administrative Agent shall not have any duty or responsibility to provide any Lender with any other credit or other information concerning the affairs, financial condition or business of any Borrower or Guarantor that may come into the possession of Administrative Agent.

12.7 Failure to Act.

Except for action expressly required of Administrative Agent hereunder and under the other Financing Agreements, Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from Lenders of their indemnification obligations under Section 12.5 hereof against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

12.8 Additional Loans.

Administrative Agent shall not make any Revolving Loans or Issuing Bank provide any Letter of Credit to any Borrower on behalf of Lenders intentionally and with actual knowledge that such Revolving Loans or Letter of Credit would cause the aggregate Dollar Amount of the total outstanding Loans and Letter of Credit Obligations to exceed the U.S. Borrowing Base, without the prior consent of all Lenders; except, that, Administrative Agent may make such additional Revolving Loans or Issuing Bank may provide such additional Letter of Credit on behalf of Lenders, intentionally and with actual knowledge that such Revolving Loans or Letter of Credit will cause the total outstanding Loans and Letter of Credit Obligations to exceed the U.S. Borrowing Base, as Administrative Agent may deem necessary or advisable in its discretion; provided, that: (a) the total principal Dollar Amount of the additional Revolving Loans or additional Letters of Credit to any Borrower which Administrative Agent may make or provide after obtaining such actual knowledge that the aggregate principal Dollar Amount of the Loans and Letter of Credit Obligations equal or exceed the U.S. Borrowing Base, plus the amount of Special Administrative Agent Advances made pursuant to Section 12.11(a)(ii) hereof then outstanding, shall not exceed the aggregate amount equal to ten (10%) percent of the Maximum Credit and shall not cause the total principal Dollar Amount of the Loans and Letters of Credit to exceed the Maximum Credit and (b) no such additional Revolving Loan or Letter of Credit shall be outstanding more than ninety (90) days after the date such additional Revolving Loan or Letter of Credit is made or issued (as the case may be), except as the Required Lenders may otherwise agree. Each Lender shall be obligated to pay Administrative Agent the amount of its Pro Rata Share of any such additional Revolving Loans or Letters of Credit.

12.9 Concerning the Collateral and the Related Financing Agreements.

Each Lender authorizes and directs Administrative Agent to enter into this Agreement and the other Financing Agreements. Each Lender agrees that any action taken by Administrative Agent or Required Lenders in accordance with the terms of this Agreement or the other Financing Agreements and the exercise by Administrative Agent or Required Lenders of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

12.10 Field Audit, Examination Reports and other Information; Disclaimer by Lenders.

By signing this Agreement, each Lender: is deemed to have requested that Administrative Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report and report with respect to the U.S. Borrowing Base prepared or received by Administrative Agent (each field audit or examination report and report with respect to the U.S. Borrowing Base being referred to herein as a "Report" and collectively, "Reports"), appraisals with respect to the Collateral and financial statements with respect to Company and its Subsidiaries received by Administrative Agent;

(a) expressly agrees and acknowledges that Administrative Agent (i) does not make any representation or warranty as to the accuracy of any Report, appraisal or financial statement or (ii) shall not be liable for any information contained in any Report, appraisal or financial statement;

(b) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Administrative Agent or any other party performing any audit or examination will inspect only specific information regarding Borrowers and Guarantors and will rely significantly upon Borrowers' and Guarantors' books and records, as well as on representations of Borrowers' and Guarantors' personnel; and

(c) agrees to keep all Reports confidential and strictly for its internal use in accordance with the terms of Section 13.5 hereof, and not to distribute or use any Report in any other manner.

12.11 Collateral Matters.

(a) Administrative Agent may, at its option, from time to time, at any time on or after an Event of Default and for so long as the same is continuing or upon any other failure of a condition precedent to the Loans and Letters of Credit hereunder, make such disbursements and advances ("Special Administrative Agent Advances") which Administrative Agent, in its sole discretion, (i) deems necessary or desirable either to preserve or protect the Collateral or any portion thereof or (ii) to enhance the likelihood or maximize the amount of repayment by Borrowers and Guarantors of the Loans and other Obligations; provided, that, (A) the aggregate principal Dollar Amount of the Special Administrative Agent Advances pursuant to this clause (ii) outstanding at any time, plus the then outstanding principal Dollar Amount of the additional Loans and Letters of Credit which Administrative Agent may make or provide as set forth in Section 12.8 hereof, shall not exceed the amount equal to ten (10%) percent of the Maximum Credit and (B) the aggregate principal Dollar Amount of the Special Administrative Agent Advances pursuant to this clause (ii) outstanding at any time, plus the then outstanding principal Dollar Amount of the Loans, shall not exceed the Maximum Credit, except at Administrative Agent's option; provided, that, to the extent that the aggregate principal amount of Special Administrative Agent Advances plus the then outstanding principal amount of the Loans exceed the Maximum Credit the Special Administrative Agent Advances that are in excess of the Maximum Credit shall be for the sole account and risk of Administrative Agent and notwithstanding anything to the contrary set forth below, no Lender shall have any obligation to provide its share of such Special Administrative Agent Advances in excess of the Maximum Credit, or (iii) to pay any other amount chargeable to any Borrower or Guarantor pursuant to the terms of this Agreement or any of the other Financing Agreements consisting of (A) costs, fees and expenses and (B) payments to Issuing Bank in respect of any Letter of Credit Obligations. The Special Administrative Agent Advances shall be repayable on demand and together with all interest thereon shall constitute Obligations secured by the Collateral. Special Administrative Agent Advances shall not constitute Loans but shall otherwise constitute Obligations hereunder. Interest on Special Administrative Agent Advances shall be payable at the Interest Rate then applicable to Prime Rate Loans and shall be payable on demand. Without limitation of its obligations pursuant to Section 6.11, each Lender agrees that it shall make available to Administrative Agent, upon Administrative Agent's demand, in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Special Administrative Agent Advance.

If such funds are not made available to Administrative Agent by such Lender, such Lender shall be deemed a Defaulting Lender and Administrative Agent shall be entitled to recover such funds, on demand from such Lender together with interest thereon for each day from the date such payment was due until the date such amount is paid to Administrative Agent at the Federal Funds Rate for each day during such period (as published by the Federal Reserve Bank of New York or at Administrative Agent's option based on the arithmetic mean determined by Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of the three leading brokers of Federal funds transactions in New York City selected by Administrative Agent) and if such amounts are not paid within three (3) days of Administrative Agent's demand, at the highest Interest Rate provided for in Section 3.1 hereof applicable to Prime Rate Loans.

(b) Lenders hereby irrevocably authorize Administrative Agent and Collateral Agent, at their option and in their discretion to release any security interest in or lien upon, any of the Collateral (i) upon termination of the Commitments and payment and satisfaction of all of the Obligations and delivery of cash collateral to the extent required under Section 13.1 below, or (ii) constituting property being sold or disposed of if Company or any Borrower or Guarantor certifies to Administrative Agent or Collateral Agent that the sale or disposition is made in compliance with Section 9.7 hereof (and Administrative Agent and Collateral Agent may rely conclusively on any such certificate, without further inquiry), or (iii) constituting property in which any Borrower or Guarantor did not own an interest at the time the security interest or lien was granted or at any time thereafter, or (iv) having a value in the aggregate in any twelve (12) month period of less than $500,000, and to the extent Collateral Agent may release its security interest in and lien upon any such Collateral pursuant to the sale or other disposition thereof, such sale or other disposition shall be deemed consented to by Lenders, or (v) if required or permitted under the terms of any of the other Financing Agreements, including any intercreditor agreement, or (vi) approved, authorized or ratified in writing by all of Lenders. Except as provided above, Collateral Agent and Administrative Agent will not release any security interest in or lien upon, any of the Collateral without the prior written authorization of all of Lenders. Upon request by Collateral Agent or Administrative Agent at any time, Lenders will promptly confirm in writing Collateral Agent's or Administrative Agent's authority to release particular types or items of Collateral pursuant to this Section. In no event shall the consent or approval of Issuing Bank to any release of Collateral be required.

(c) Without in any manner limiting Administrative Agent's authority to act without any specific or further authorization or consent by the Required Lenders, each Lender agrees to confirm in writing, upon request by Collateral Agent or Administrative Agent, the authority to release Collateral conferred upon Collateral Agent under this Section. Collateral Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release of the security interest or liens granted to Collateral Agent upon any Collateral to the extent set forth above; provided, that, (i) Collateral Agent shall not be required to execute any such document on terms which, in Collateral Agent's or Administrative Agent's opinion, would expose Collateral Agent or Administrative Agent to liability or create any obligations or entail any consequence other than the release of such security interest or liens without recourse or warranty and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any security interest or lien upon (or obligations of any Borrower or Guarantor in respect of) the Collateral retained by such Borrower or Guarantor.

(d) Neither Collateral Agent nor Administrative Agent shall have any obligation whatsoever to any Lender, Issuing Bank or any other Person to investigate, confirm or assure that the Collateral exists or is owned by any Borrower or Guarantor or is cared for, protected or insured or has been encumbered, or that any particular items of Collateral meet the eligibility criteria applicable in respect of the Loans or Letters of Credit hereunder, or whether any particular reserves are appropriate, or that the liens and security interests granted to Collateral Agent pursuant hereto or any of the Financing Agreements or otherwise have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Collateral Agent or Administrative Agent in this Agreement or in any of the other Financing Agreements, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, subject to the other terms and conditions contained herein, Collateral Agent and Administrative Agent may act in any manner it may deem appropriate, in its discretion, given Collateral Agent's own interest in the Collateral as a Lender and that neither Collateral Agent nor Administrative Agent shall have any duty or liability whatsoever to any other Lender or Issuing Bank.

12.12 Agency for Perfection.

Each Lender and Issuing Bank hereby appoints Administrative Agent, Collateral Agent, Control Agen and each other Lender and Issuing Bank as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral of Collateral Agent in assets which, in accordance with Article 9 of the UCC can be perfected only by possession (or where the security interest of a secured party with possession has priority over the security interest of another secured party) and Collateral Agent, Administrative Agent, Control Agent and each Lender and Issuing Bank hereby acknowledges that it holds possession of any such Collateral for the benefit of Collateral Agent as secured party. Should any Lender or Issuing Bank obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor shall deliver such Collateral to Collateral Agent or Control Agent or in accordance with Administrative Agent's instructions.

12.13 Successor Administrative Agent.

Administrative Agent may resign as Administrative Agent upon thirty (30) days' notice to Lenders and Company; provided, that, if Administrative Agent resigns, it shall also resign as Collateral Agent and Control Agent (if applicable). If Administrative Agent resigns under this Agreement, the Required Lenders shall appoint a successor agent for Lenders. If no successor agent is appointed prior to the effective date of the resignation of Administrative Agent, Administrative Agent may appoint, after consulting with Lenders and Company, a successor agent but no Lender shall be required to accept such appointment. Upon the acceptance by a Person as successor agent hereunder, such successor agent shall succeed to all of the rights, powers and duties of the retiring Administrative Agent and Collateral Agent and the terms "Administrative Agent" and "Collateral Agent" as used herein and in the other Financing Agreements shall mean such successor agent and the retiring Administrative Agent's and Collateral Agent's appointment, powers and duties as Administrative Agent and Collateral Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent and Collateral Agent's resignation hereunder as Collateral Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken

or omitted by it while it was Administrative Agent or Collateral Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent and Collateral Agent by the date which is thirty (30) days after the date of a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nonetheless thereupon become effective and Lenders shall perform all of the duties of Administrative Agent and Collateral Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. The successor Administrative Agent and Collateral Agent shall execute all documents and take all other actions necessary in connection with the substitution, in accordance with applicable law, of the successor Administrative Agent and Collateral Agent as creditor of the Company's Parallel Debts and as holder of the security created pursuant to the Financing Agreements.

12.14 Other Agent Designations.

Administrative Agent may at any time and from time to time determine that a Lender may, in addition, be a "Co-Administrative Agent", "Syndication Agent", "Documentation Agent", "Collateral Agent", "Control Agent" or similar designation hereunder and enter into an agreement with such Lender to have it so identified for purposes of this Agreement. Any such designation shall be effective upon written notice by Administrative Agent to Company of any such designation. Any Lender that is so designated as a Co-Administrative Agent, Syndication Agent, Documentation Agent, Collateral Agent, Control Agent or such similar designation by Administrative Agent shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any of the other Financing Agreements other than those applicable to all Lenders as such. Without limiting the foregoing, the Lenders so identified shall not have or be deemed to have any fiduciary relationship with any Lender and no Lender shall be deemed to have relied, nor shall any Lender rely, on a Lender so identified as a Co-Administrative Agent, Syndication Agent, Documentation Agent, Collateral Agent, Control Agent or such similar designation in deciding to enter into this Agreement or in taking or not taking action hereunder.

12.15 Intercreditor Agreement.

Each of the Lenders hereby acknowledges that it has received and reviewed the Intercreditor Agreement and agrees to be bound by the terms thereof. Each Lender (and each Person that becomes a Lender hereunder pursuant to Section 13.7) hereby (i) acknowledges that Wells Fargo is acting under the Intercreditor Agreement in multiple capacities as Administrative Agent and as a Control Agent and (ii) waives any conflict of interest, now contemplated or arising hereafter, in connection therewith and agrees not to assert against Wells Fargo any claims, causes of action, damages or liabilities of whatever kind or nature relating thereto. Each Lender (and each Person that becomes a Lender hereunder pursuant to Section 13.7) hereby authorizes and directs Wells Fargo to enter into the Intercreditor Agreement on behalf of such Lender and agrees that Wells Fargo, in its various capacities thereunder, may take such actions on its behalf as is contemplated by the terms of the Intercreditor Agreement.

12.16 Parallel Debts and Administrative Agent.

(a) Notwithstanding any provision to the contrary in any Financing Agreement, in relation to the Company's Parallel Debts and any security governed by Dutch law (i) Administrative Agent (or Collateral Agent, as applicable) shall act for itself and not as agent for any Lender (but

always for the benefit of the Lenders in accordance with the provisions of the Financing Agreements); and (ii) the rights, powers and authorities vested in Administrative Agent (or Collateral Agent, as applicable) pursuant to the Financing Agreements are subject to any restrictions imposed by mandatory Dutch law.

(b) If Collateral Agent resigns in accordance with Section 12.13, the Company shall execute such documents and take all such other action as necessary or (in the opinion of Collateral Agent) desirable in connection with the substitution, in accordance with applicable law, of the successor Collateral Agent as creditor of the Parallel Debts and as beneficiary of any security securing the Parallel Debts.

SECTION 13. TERM OF AGREEMENT; MISCELLANEOUS

13.1 Term.

(a) This Agreement and the other Financing Agreements shall become effective as of the date set forth on the first page hereof and shall mature with all Obligations to be paid and satisfied in full in immediately available funds on the Termination Date. Upon the Termination Date, or earlier if accelerated pursuant to Section 10.2, Borrowers shall pay to Administrative Agent all outstanding and unpaid Obligations and shall furnish cash collateral to Administrative Agent (or at Administrative Agent's option, a letter of credit issued for the account of Borrowers and at Borrowers' expense, in form and substance satisfactory to Administrative Agent, by an issuer reasonably acceptable to Administrative Agent and payable to Administrative Agent as beneficiary) in such amounts as Administrative Agent determines are reasonably necessary to secure Administrative Agent, Lenders and Issuing Bank from loss, cost, damage or expense, including attorneys' fees and expenses, in connection with any contingent Obligations, including issued and outstanding Letter of Credit Obligations and checks or other payments provisionally credited to the Obligations and/or as to which Administrative Agent or any Lender has not yet received final and indefeasible payment and any continuing obligations of Administrative Agent or any Lender pursuant to any Account Control Agreement. The amount of such cash collateral (or letter of credit, as Administrative Agent may determine) as to any Letter of Credit Obligations shall be in the amount equal to one hundred five (105%) percent of the amount of the Letter of Credit Obligations plus the amount of any fees and expenses payable in connection therewith through the end of the latest expiration date of the Letters of Credit giving rise to such Letter of Credit Obligations. Such payments in respect of the Obligations and cash collateral shall be remitted by wire transfer in Federal funds to the Agent Payment Account or such other bank account of Administrative Agent, as Administrative Agent may, in its discretion, designate in writing to Company for such purpose. Interest shall be due until and including the next Business Day, if the amounts so paid by Borrowers to the Agent Payment Account or other bank account designated by Administrative Agent are received in such bank account later than 12:00 noon, Charlotte, North Carolina time.

(b) No termination of the Commitments, this Agreement or any of the other Financing Agreements shall relieve or discharge any Borrower or Guarantor of its respective duties, obligations and covenants under this Agreement or any of the other Financing Agreements until all Obligations (other than contingent indemnification and like Obligations which by the terms thereof are stated to survive termination of the Financing Agreements) have been fully and finally discharged and paid, and Collateral Agent's continuing security interest in the Collateral and the

rights and remedies of Administrative Agent, Collateral Agent and Lenders hereunder, under the other Financing Agreements and applicable law, shall remain in effect until all such Obligations have been fully and finally discharged and paid. Accordingly, each Borrower and Guarantor waives any rights it may have under the UCC to demand the filing of termination statements with respect to the Collateral and neither Collateral Agent nor Administrative Agent shall be required to send such termination statements to Borrowers or Guarantors, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all such Obligations paid and satisfied in full in immediately available funds.

13.2 Interpretative Provisions.

All terms used herein which are defined in Article 1, Article 8 or Article 9 of the UCC shall have the meanings given therein unless otherwise defined in this Agreement.

(a) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

(b) All references to any Borrower, Guarantor, Administrative Agent, Collateral Agent and Lenders pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns, including, without limitation, as to such Borrower or Guarantor, such Borrower or Guarantor, as Debtor and Debtor-in-Possession under the Bankruptcy Code, and any trustee or other fiduciary hereafter appointed as its legal representative or with respect to the property of the estate of such Borrower or Guarantor under Chapter 11 or Chapter 7 of the Bankruptcy Code and any successor upon the conclusion of the Chapter 11 Cases..

(c) The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(d) The word "including" when used in this Agreement shall mean "including, without limitation" and the word "will" when used in this Agreement shall be construed to have the same meaning and effect as the word "shall".

(e) An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 11.3 or is cured in a manner satisfactory to Administrative Agent, if such Event of Default is capable of being cured as determined by Administrative Agent.

(f) All references to the term "good faith" used herein when applicable to Administrative Agent or any Lender shall mean, notwithstanding anything to the contrary contained herein or in the UCC, honesty in fact in the conduct or transaction concerned. Borrowers and Guarantors shall have the burden of proving any lack of good faith on the part of Administrative Agent or any Lender alleged by any Borrower or Guarantor at any time.

(g) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed unless otherwise specifically provided herein, in

accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the financial statements of Company most recently received by Administrative Agent prior to the date hereof. Notwithstanding the foregoing, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards No. 159 (or any similar accounting principle) permitting a Person to value its financial liabilities or Indebtedness at the fair value thereof. Notwithstanding anything to the contrary contained in GAAP or any interpretations or other pronouncements by the Financial Accounting Standards Board or otherwise, the term "unqualified opinion" as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is unqualified and also does not include any explanation, supplemental comment or other comment concerning the ability of the applicable person to continue as a going concern or the scope of the audit.

(h) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including".

(i) Unless otherwise expressly provided herein, (i) references herein to any agreement, document or instrument shall be deemed to include all subsequent amendments, modifications, supplements, extensions, renewals, restatements or replacements with respect thereto, but only to the extent the same are not prohibited by the terms hereof or of any other Financing Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, recodifying, supplementing or interpreting the statute or regulation.

(j) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(k) This Agreement and other Financing Agreements may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(l) This Agreement and the other Financing Agreements are the result of negotiations among and have been reviewed by counsel to Administrative Agent and the other parties, and are the products of all parties. Accordingly, this Agreement and the other Financing Agreements shall not be construed against Administrative Agent or Lenders merely because of Administrative Agent's or any Lender's involvement in their preparation.

13.3 Notices.

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. Notices delivered through electronic communications shall be effective to the extent set forth in Section 13.3(b) below. All notices, requests and demands upon the parties are to be given to

the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

The Company and the other Borrowers and Guarantors:	The Newark Group, Inc. 20 Jackson Drive Cranford, New Jersey 07016 Attention: Mr. Joseph E. Byrne, Vice President and Chief Financial Officer Telecopier: (908) 276-2888 Telephone: (908) 276-4000 Email: jbyrne@tngus.com
with a copy to:	Lowenstein Sandler PC 65 Livingston Avenue Roseland, New Jersey07068 Attention: Mr. Daniel J. Barkin Telecopier: (973) 597-2400 Telephone: (973 597-2500 Email: dbarkin@lowenstein.com
The Administrative Agent:	Wells Fargo Bank, National Association, as Administrative Agent 12 East 49th Street New York, New York 10017 Attention: Portfolio Manager Telecopier: (212) 545-4420 Telephone: (212) 545-4535 Email: herb.korn@wellsfargo.com
The Lenders:	The address set forth on each Lender's Administrative Details Form

(b) Notices and other communications to Lenders and Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent or as otherwise determined by Administrative Agent; provided, that, the foregoing shall not apply to notices to any Lender or Issuing Bank pursuant to Section 2 hereof if such Lender or Issuing Bank, as applicable, has notified Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. Unless Administrative Agent otherwise requires, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that, if such notice or other communication is not given during the normal business hours of the recipient, such notice shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing

clause (i) of notification that such notice or communications is available and identifying the website address therefor.

13.4 Partial Invalidity.

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

13.5 Confidentiality.

(a) Administrative Agent, each Lender and Issuing Bank shall use all reasonable efforts to keep confidential, in accordance with its customary procedures for handling confidential information and safe and sound lending practices, any non-public information supplied to it by any Borrower pursuant to this Agreement which is clearly and conspicuously marked as confidential at the time such information is furnished by such Borrower to Administrative Agent, such Lender or Issuing Bank; provided, that, nothing contained herein shall limit the disclosure of any such information: (i) to the extent required by statute, rule, regulation, subpoena or court order, (ii) to bank examiners and other regulators, auditors and/or accountants, in connection with any litigation to which Administrative Agent, such Lender or Issuing Bank is a party, (iii) to any Lender or Participant (or prospective Lender or Participant) or Issuing Bank or to any Affiliate of any Lender so long as such Lender, Participant (or prospective Lender or Participant), Issuing Bank or Affiliate shall have been instructed to treat such information as confidential in accordance with this Section 13.5, or (iv) to counsel for Administrative Agent, any Lender, Participant (or prospective Lender or Participant) or Issuing Bank.

(b) In the event that Administrative Agent, any Lender or Issuing Bank receives a request or demand to disclose any confidential information pursuant to any subpoena or court order, Administrative Agent or such Lender or Issuing Bank, as the case may be, agrees (i) to the extent permitted by applicable law or if permitted by applicable law, to the extent Administrative Agent or such Lender or Issuing Bank determines in good faith that it will not create any risk of liability to Administrative Agent or such Lender or Issuing Bank, Administrative Agent or such Lender or Issuing Bank will promptly notify Company of such request so that Company may seek a protective order or other appropriate relief or remedy and (ii) if disclosure of such information is required, disclose such information and, subject to reimbursement by Borrowers of Administrative Agent's or such Lender's or Issuing Bank's expenses, cooperate with Company in the reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the disclosed information which Company so designates, to the extent permitted by applicable law or if permitted by applicable law, to the extent Administrative Agent or such Lender or Issuing Bank determines in good faith that it will not create any risk of liability to Administrative Agent or such Lender or Issuing Bank.

(c) In no event shall this Section 13.5 or any other provision of this Agreement, any of the other Financing Agreements or applicable law be deemed: (i) to apply to or restrict disclosure of information that has been or is made public by any Borrower, Guarantor or any third

party or otherwise becomes generally available to the public other than as a result of a disclosure in violation hereof, (ii) to apply to or restrict disclosure of information that was or becomes available to Administrative Agent, any Lender (or any Affiliate of any Lender) or Issuing Bank on a non-confidential basis from a person other than a Borrower or Guarantor, (iii) to require Administrative Agent, any Lender or Issuing Bank to return any materials furnished by a Borrower or Guarantor to Administrative Agent, a Lender or Issuing Bank or prevent Administrative Agent, a Lender or Issuing Bank from responding to routine informational requests in accordance with the Code of Ethics for the Exchange of Credit Information promulgated by The Robert Morris Associates or other applicable industry standards relating to the exchange of credit information. The obligations of Administrative Agent, Lenders and Issuing Bank under this Section 13.5 shall supersede and replace the obligations of Administrative Agent, Lenders and Issuing Bank under any confidentiality letter signed prior to the date hereof or any other arrangements concerning the confidentiality of information provided by any Borrower or Guarantor to Administrative Agent or any Lender. In addition, Administrative Agent and Lenders may disclose information relating to the Credit Facility to Gold Sheets and other publications, with such information to consist of deal terms and other information customarily found in such publications and that Wells Fargo may otherwise use the corporate name and logo of Borrowers and Guarantors or deal terms in "tombstones" or other advertisements, public statements or marketing materials.

13.6 Successors.

This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon and inure to the benefit of and be enforceable by Administrative Agent, Lenders, Issuing Bank, Borrowers, Guarantors and their respective successors and assigns; except, that, Borrower may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Administrative Agent and Lenders. Any such purported assignment without such express prior written consent shall be void. No Lender may assign its rights and obligations under this Agreement without the prior written consent of Administrative Agent and the Company, except as provided in Section 13.7 below. The terms and provisions of this Agreement and the other Financing Agreements are for the purpose of defining the relative rights and obligations of Borrowers, Guarantors, Administrative Agent, Lenders and Issuing Bank with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Agreement or any of the other Financing Agreements.

13.7 Assignments; Participations.

(a) Each Lender may, with the prior written consent of Administrative Agent and, so long as there is no Default or Event of Default that has occurred and is continuing (which such approval shall not be unreasonably withheld or delayed), the Company, assign all or, if less than all, a portion equal to at least $5,000,000 in the aggregate for the assigning Lender, of such rights and obligations under this Agreement to one or more Eligible Transferees (but not including for this purpose any assignments in the form of a participation), each of which assignees shall become a party to this Agreement as a Lender by execution of an Assignment and Acceptance; provided, that, (i) such transfer or assignment will not be effective until recorded by Administrative Agent on the Register and (ii) Administrative Agent shall have received for its sole account payment of a processing fee from the assigning Lender or the assignee in the amount of $3,500. Administrative

Agent shall maintain a register of the names and addresses of Lenders, their Commitments and the principal amount of their Loans (the "Register"). Administrative Agent shall also maintain a copy of each Assignment and Acceptance delivered to and accepted by it and shall modify the Register to give effect to each Assignment and Acceptance. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and any Borrowers, Guarantors, Administrative Agent and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Company and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and to the other Financing Agreements and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations (including, without limitation, the obligation to participate in Letter of Credit Obligations) of a Lender hereunder and thereunder and the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement.

(c) By execution and delivery of an Assignment and Acceptance, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any of the other Financing Agreements or the execution, legality, enforceability, genuineness, sufficiency or value of this Agreement or any of the other Financing Agreements furnished pursuant hereto, (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower, Guarantor or any of their Subsidiaries or the performance or observance by any Borrower or Guarantor of any of the Obligations; (iii) such assignee confirms that it has received a copy of this Agreement and the other Financing Agreements, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such assignee will, independently and without reliance upon the assigning Lender, Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Financing Agreements, (v) such assignee appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Financing Agreements as are delegated to Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Financing Agreements are required to be performed by it as a Lender. Administrative Agent and Lenders may furnish any information concerning any Borrower or Guarantor in the possession of Administrative Agent or any Lender from time to time to assignees and Participants.

(d) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement and the other Financing Agreements (including, without limitation, all or a portion of its Commitments and the Loans owing to it and its participation in the Letter of Credit Obligations, without the consent of Administrative

Agent or the other Lenders); provided, that, (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) and the other Financing Agreements shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and Borrowers, Guarantors, the other Lenders and Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Financing Agreements, and (iii) the Participant shall not have any rights under this Agreement or any of the other Financing Agreements (the Participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the Participant relating thereto) and all amounts payable by any Borrower or Guarantor hereunder shall be determined as if such Lender had not sold such participation.

(e) Nothing in this Agreement shall prevent or prohibit any Lender from pledging its Loans hereunder to a Federal Reserve Bank in support of borrowings made by such Lenders from such Federal Reserve Bank; provided, that, no such pledge shall release such Lender from any of its obligations hereunder or substitute any such pledgee for such Lender as a party hereto.

(f) Borrowers and Guarantors shall assist Administrative Agent or any Lender permitted to sell assignments or participations under this Section 13.7 in whatever manner reasonably necessary in order to enable or effect any such assignment or participation, including (but not limited to) the execution and delivery of any and all agreements, notes and other documents and instruments as shall be requested and the delivery of informational materials, appraisals or other documents for, and the participation of relevant management in meetings and conference calls with, potential Lenders or Participants. Borrowers shall certify the correctness, completeness and accuracy, in all material respects, of all descriptions of Borrowers and Guarantors and their affairs provided, prepared or reviewed by any Borrower or Guarantor that are contained in any selling materials and all other information provided by it and included in such materials.

(g) Any Lender that is an Issuing Bank may at any time assign all of its Commitments pursuant to this Section 13.7. If such Issuing Bank ceases to be Lender, it may, at its option, resign as Issuing Bank and such Issuing Bank's obligations to issue Letters of Credit shall terminate but it shall retain all of the rights and obligations of Issuing Bank hereunder with respect to Letters of Credit outstanding as of the effective date of its resignation and all Letter of Credit Obligations with respect thereto (including the right to require Lenders to make Revolving Loans or fund risk participations in outstanding Letter of Credit Obligations), shall continue.

(h) The Lenders signatory hereto that have executed and delivered Assignment and Acceptances with respect to the credit facility under the Existing Financing Agreements hereby confirm that such Assignment and Acceptances are replaced and superseded by the terms hereof.

13.8 Entire Agreement.

This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning

the subject matter hereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

13.9 USA Patriot Act.

Each Lender subject to the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Act") hereby notifies Borrowers and Guarantors that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each person or corporation who opens an account and/or enters into a business relationship with it, which information includes the name and address of Borrowers and Guarantors and other information that will allow such Lender to identify such person in accordance with the Act and any other applicable law. Borrowers and Guarantors are hereby advised that any Loans or Letters of Credit hereunder are subject to satisfactory results of such verification.

13.10 Counterparts, Etc.

This Agreement or any of the other Financing Agreements may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement or any of the other Financing Agreements by telefacsimile or other electronic method of transmission shall have the same force and effect as the delivery of an original executed counterpart of this Agreement or any of such other Financing Agreements. Any party delivering an executed counterpart of any such agreement by telefacsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of such agreement.

13.11 Dutch Obligations.

(a) Notwithstanding anything set forth in this Agreement or any other Financing Agreement to the contrary, the Dutch Borrower shall not at any time be liable, directly or indirectly, for any portion of the Domestic Obligations, including, without limitation, the principal of the Loans or any interest thereon or fees or expenses payable with respect thereto made to any U.S. Borrower (and the U.S. Borrowers and Guarantors are solely liable for such Obligations), and no property of the Dutch Borrower shall at any time serve, directly or indirectly, as Collateral or any other type of collateral or security for any portion of the Domestic Obligations.

(b) Notwithstanding anything in this Agreement or in the other Financing Agreements to the contrary, the parties hereto acknowledge and agree that (i) each of Borrowers, in its capacity as a Borrower hereunder, is jointly and severally liable for the Obligations of the other Borrowers; provided, that, it is acknowledged and agreed that the Company has guaranteed the Obligations of the Dutch Borrower and that the Dutch Borrower has not guaranteed the Domestic Obligations and (ii) the Dutch Borrower shall not be required to repay or prepay, or to guarantee, nor shall any amount paid by the Dutch Borrower be applied to, any Domestic Obligations.

13.12 [Intentionally Omitted].

13.13 Parallel Debts.

(a) Without prejudice to the other provisions of this Agreement and the other Financing Agreements and for the purpose of ensuring the validity and effect of any security right governed by Dutch law and granted or to be granted by the Company pursuant to the Financing Agreements, the Company undertakes, as a separate and independent obligation to Collateral Agent, to pay to Collateral Agent its Parallel Debts.

(b) (i) The Company may not pay its Parallel Debts other than at the instruction of, and in the manner determined by, Collateral Agent. All payments to be made by the Company under the Financing Agreements shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

(ii) Without prejudice to paragraph (i) above, the Company shall be obliged to pay its Parallel Debts (or, if the Company's Underlying Debts are due at different times, amounts of its Parallel Debts corresponding to each such Underlying Debts) only when its Underlying Debts have fallen due.

(c) Any payment made, or amount recovered, in respect of the Company's Parallel Debts shall reduce the Company's Underlying Debts to any Lender by the amount which that Lender is entitled to receive out of that payment or recovery under the Financing Agreement.

(d) Each Parallel Debt is a separate and independent obligation and shall not constitute the Collateral Agent and any Lender as joint creditor of any Underlying Debt.

(e) If (notwithstanding Section 13.13(d)) any Parallel Debt constitutes the Collateral Agent as a joint creditor with any Lender, the Collateral Agent may determine (at its discretion) that that Parallel Debt and one or more other Parallel Debts shall be combined into one single Parallel Debt (a "Combined Parallel Debt"), whereupon those Parallel Debts shall be combined into a Combined Parallel Debt:

(i) the amount of which shall be equal to the aggregate of the amounts of the Underlying Debts combined into it;

(ii) which shall, if the Underlying Debts are expressed in different currencies, be expressed in such of those currencies or Euro as the Collateral Agent my determine (and, for this purpose, each Underlying Debt shall be converted into the current of the Combined Parallel Debt in accordance with Section 6.13);

(iii) which shall, if the Underlying Debts combined into it fall due at different times, fall due in parts corresponding to those Underlying Debts; and

(iv) to which this Agreement shall otherwise apply as if the Combined Parallel Debt were a Parallel Debt.

(f) If any Underlying Debt is avoided or reduced other than (i) as a result of payment to, or recovery or discharge by, the Lender to which the Underlying Debt is owed, or (ii) otherwise with the consent of that Lender, then the amount of the Parallel Debt corresponding to that Underlying Debt shall be equal to the amount which the Underlying Debt would have had if the avoidance or reduction had not occurred.

13.14 Concerning Joint and Several Liability of Borrowers.

(a) Each of U.S. Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each of U.S. Borrowers and in consideration of the undertakings of each of U.S. Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each of U.S. Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other U.S. Borrowers with respect to the payment and performance of all of the Obligations, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the U.S. Borrowers without preferences or distinction among them.

(c) If and to the extent that any of the U.S. Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other U.S. Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The obligations of each U.S. Borrower under the provisions of this Section 13.14 constitute full recourse obligations of such Borrower, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein, each U.S. Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Loan made under this Agreement, notice of occurrence of any Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by any Lender under or in respect of any of the Obligations, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Agreement. Each U.S. Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by any Lender at any time or times in respect of any default by any U.S. Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by any Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any U.S. Borrower. Without limiting the generality of the foregoing, each U.S. Borrower assents to any other action or delay in acting or failure to act on the part of any Lender, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with the applicable laws or regulations thereunder which might, but for the provisions of this Section 13.14, afford grounds for terminating, discharging or relieving such Borrower, in whole or in part, from any of its obligations under this Section 13.14, it being the intention of each U.S. Borrower that, so long as any of the Obligations remain unsatisfied, the obligations of such Borrower under this Section 13.14 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each U.S. Borrower under this Section 13.14 shall not be

diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Borrower or any Lender. The joint and several liability of U.S. Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any Borrower or any Lender.

(f) The provisions of this Section 13.14 are made for the benefit of the Lenders and their respective successors and assigns, and may be enforced by any such Person from time to time against any of the U.S. Borrowers as often as occasion therefor may arise and without requirement on the part of any Lender first to marshal any of its claims or to exercise any of its rights against any of the other U.S. Borrowers or to exhaust any remedies available to it against any of the other U.S. Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy. The provisions of this Section 13.14 shall remain in effect until all the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by any Lender upon the insolvency, bankruptcy or reorganization of any of the U.S. Borrowers, or otherwise, the provisions of this Section 13.14 will forthwith be reinstated in effect, as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Financing Agreements, to the extent the joint obligations of a Borrower shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each U.S. Borrower hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

(h) U.S. Borrowers hereby agree, as among themselves, that if any U.S. Borrower shall become an Excess Funding Borrower (as defined below), each other U.S. Borrower shall, on demand of such Excess Funding Borrower (but subject to the next sentence hereof and to subsection (B) below), pay to such Excess Funding Borrower an amount equal to such Borrower's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, assets, liabilities and debts of such Excess Funding Borrower) of such Excess Payment (as defined below). The payment obligation of any U.S. Borrower to any Excess Funding Borrower under this Section 13.14(h) shall be subordinate and subject in right of payment to the prior payment in full of the Obligations of such Borrower under the other provisions of this Agreement, and such Excess Funding Borrower shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such Obligations. For purposes hereof, (i) "Excess Funding Borrower" shall mean, in respect of any Obligations arising under the other provisions of this Credit Agreement (hereafter, the "Joint Obligations"), a U.S. Borrower that has paid an amount in excess of its Pro Rata Share of the Joint Obligations; (ii) "Excess Payment" shall mean, in respect of any Joint Obligations, the amount paid by an Excess Funding Borrower in excess of its Pro Rata Share of such Joint Obligations; and (iii) "Pro Rata Share", for the purposes of this Section 13.14(h) only, shall mean, for any U.S. Borrower, the ratio (expressed as a percentage) of (A) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Borrower (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Borrower hereunder) to (B) the amount by which the aggregate present fair salable value of all assets and other properties of such Borrower and all of the

other U.S. Borrowers exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Borrower and the other U.S. Borrowers hereunder) of such Borrower and all of the other U.S. Borrowers, all as of the Closing Date (if any Borrower becomes a party hereto subsequent to the Closing Date, then for the purposes of this Section 13.14(h) such subsequent Borrower shall be deemed to have been a Borrower as of the Closing Date and the information pertaining to, and only pertaining to, such Borrower as of the date such Borrower became a Borrower shall be deemed true as of the Closing Date).

13.15 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Financing Agreement in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrowers in respect of any such sum due from it to Administrative Agent or any Lender hereunder or under the other Financing Agreements shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by Administrative Agent or such Lender of any sum adjudged to be so due in the Judgment Currency, Administrative Agent or such Lender may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Administrative Agent or such Lender in the Agreement Currency, Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify Administrative Agent or such Lender or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Administrative Agent or such Lender in such currency, Administrative Agent or such Lender agrees to return the amount of any excess to Borrowers (or to any other Person who may be entitled thereto under applicable law).

13.16 Waiver.

Administrative Agent and Lenders hereby waive (a) each "Event of Default" (as such term is defined in the Existing Loan Agreement) arising under the Existing Loan Agreement identified on Schedule 13.16 hereto and (b) any other non-material technical "Event of Default" (as such term is defined in the Existing Loan Agreement) which may have occurred under the Existing Loan Agreement, which has otherwise been cured or remedied, but that continues as of the Closing Date solely as a result of the failure to cure or remedy within the time period specified under the Existing Loan Agreement.

SECTION 14. GUARANTY OF U.S. OBLIGATIONS

14.1 The Domestic Guaranty.

In order to induce the Lenders to enter into this Agreement with the Company or any of its Domestic Subsidiaries and to extend credit hereunder, and in recognition of the direct benefits to be

received by Guarantors from the Revolving Loans hereunder, each of the Guarantors hereby agrees with Administrative Agent and the Lenders as follows: each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the U.S. Borrowers to Administrative Agent, and the Lenders. If any or all of the indebtedness of the U.S. Borrowers to Administrative Agent and the Lenders becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to Administrative Agent and the Lenders, or order, on demand, together with any and all reasonable expenses which may be incurred by Administrative Agent, or the Lenders in collecting any of the indebtedness. The word "indebtedness" is used in this Section 14 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the U.S. Borrowers, including all U.S. Obligations, arising in connection with this Agreement, or the other Financing Agreements, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the U.S. Borrowers may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable. The Domestic Guaranty set forth in this Section 14 is a guaranty of timely payment and not of collection.

Notwithstanding any provision to the contrary contained herein or in any other of the Financing Agreements, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the United States Bankruptcy Code).

14.2 Bankruptcy.

Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all indebtedness of the U.S. Borrowers to the Lenders whether or not due or payable by the U.S. Borrowers arising during the Chapter 11 Cases, and unconditionally promises to pay such indebtedness to Administrative Agent for the account of the Lenders, or order, on demand when due, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the U.S. Borrowers or a Guarantor shall make a payment or a transfer of an interest in any property to Administrative Agent, or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to a U.S. Borrower or a Guarantor, the estate of a U.S. Borrower or a Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

14.3 Nature of Liability.

The liability of each Guarantor hereunder is exclusive and independent of any security for or other Domestic Guaranty of the indebtedness of the U.S. Borrowers whether executed by any such Guarantor, any other Guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by any U.S. Borrower or by any other party, (b) any other continuing or other Domestic Guaranty, undertaking or maximum liability of a Guarantor or of any other party as to the indebtedness of the U.S. Borrowers, (c) any payment on or in reduction of any such other Domestic Guaranty or undertaking, (d) any dissolution, termination or increase, decrease or change in personnel by any U.S. Borrower, or (e) any payment made to Administrative Agent, or any Lenders on the indebtedness which Administrative Agent, or such repay the U.S. Borrowers pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

14.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the U.S. Borrowers, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the U.S. Borrowers and whether or not any other Guarantor or any U.S. Borrower is joined in any such action or actions.

14.5 Authorization.

Each of the Guarantors authorizes Administrative Agent, and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of the Domestic Guaranty or the indebtedness and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, the U.S. Borrowers or other obligors.

14.6 Reliance.

It is not necessary for Administrative Agent, or the Lenders to inquire into the capacity or powers of any U.S. Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

14.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require Administrative Agent, or any Lender to (i) proceed against any U.S. Borrower, any other Guarantor or any other party, (ii) proceed against or exhaust any security held from any U.S. Borrower, any other Guarantor or any other party, or (iii) pursue any other remedy in Administrative Agent's, or any Lender's power whatsoever. Each of the

Guarantors waives any defense based on or arising out of any defense of any U.S. Borrower, any other Guarantor or any other party other than payment in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of any U.S. Borrower, any other Guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of any U.S. Borrower other than payment in full of the indebtedness. Administrative Agent or any of the Lenders may, at their election, exercise any right or remedy Administrative Agent and any Lender may have against any U.S. Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the indebtedness has been paid. Each of the Guarantors waives any defense arising out of any such election by Administrative Agent and each of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Guarantors against any U.S. Borrower or any other party.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of the Domestic Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of the Domestic Guaranty (whether contractual, under Section 509 of the United States Bankruptcy Code, or otherwise) to the claims of the Lenders against any U.S. Borrower or any other Guarantor of the indebtedness of any U.S. Borrower owing to the Lenders (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of the Domestic Guaranty until such time as the Loans hereunder shall have been paid and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which Administrative Agent, or the Lenders now has or may hereafter have against any Other Party, any endorser or any other Guarantor of all or any part of the indebtedness of any U.S. Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to secure payment of the indebtedness of any U.S. Borrower until such time as the Loans hereunder shall have been paid and the Commitments have been terminated.

14.8 Limitation on Enforcement.

The Lenders agree that this Domestic Guaranty may be enforced only by the action of Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce the Domestic Guaranty, it being understood and agreed that such rights and remedies may be exercised by Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this Domestic Guaranty may not be enforced against any director, officer, employee or stockholder of Guarantors.

14.9 Confirmation of Payment.

Administrative Agent and the Lenders will, upon request after payment in cash in full of the indebtedness and obligations which are the subject of the Domestic Guaranty and termination of the Commitments relating thereto, confirm to the U.S. Borrowers, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated.

SECTION 15. GUARANTY OF THE DUTCH BORROWER OBLIGATIONS

15.1 The DO Guaranty.

In order to induce the Lenders to enter into this Agreement with the Dutch Borrower or any of its Subsidiaries and to extend credit hereunder and thereunder, and in recognition of the direct benefits to be received by the DO Guarantors from the Loans made to the Dutch Borrower hereunder, each of the DO Guarantors hereby agrees with Administrative Agent and the Lenders as follows: each DO Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the Dutch Borrower to Administrative Agent, and the Lenders. If any or all of the indebtedness of the Dutch Borrower to Administrative Agent and the Lenders becomes due and payable hereunder, each DO Guarantor unconditionally promises to pay such indebtedness to Administrative Agent and the Lenders, or order, on demand, together with any and all reasonable expenses which may be incurred by Administrative Agent, or the Lenders in collecting any of the indebtedness. The word "indebtedness" is used in this Section 15 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Dutch Borrower, including all Obligations of the Dutch Borrower, arising in connection with this Agreement, or the other Financing Agreements, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Dutch Borrower may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable. The DO Guaranty set forth in this Section 15 is a guaranty of timely payment and not of collection.

15.2 Bankruptcy.

Additionally, each of the DO Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all indebtedness of the Dutch Borrower to the Lenders whether or not due or payable by the Dutch Borrower upon the occurrence of any of the events specified in Section 10.1(g) or (h), and unconditionally promises to pay such indebtedness to Administrative Agent for the account of the Lenders, or order, on demand when due, in lawful money of the United States. Each of the DO Guarantors further agrees that to the extent that the Dutch Borrower or a DO Guarantor shall make a payment or a transfer of an interest in any property to Administrative Agent, or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Dutch

Borrower or a DO Guarantor, the estate of the Dutch Borrower or a DO Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

15.3 Nature of Liability.

The liability of each DO Guarantor hereunder is exclusive and independent of any security for or other DO Guaranty of the indebtedness of the Dutch Borrower whether executed by any such DO Guarantor, any other DO Guarantor or by any other party, and no DO Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Dutch Borrower or by any other party, (b) any other continuing or other DO Guaranty, undertaking or maximum liability of a DO Guarantor or of any other party as to the indebtedness of the Dutch Borrower, (c) any payment on or in reduction of any such other DO Guaranty or undertaking, (d) any dissolution, termination or increase, decrease or change in personnel by the Dutch Borrower, or (e) any payment made to Administrative Agent, or the Lenders on the indebtedness which Administrative Agent, such Lenders repay the Dutch Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the DO Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

15.4 Independent Obligation.

The obligations of each DO Guarantor hereunder are independent of the obligations of any other DO Guarantor or the Dutch Borrower, and a separate action or actions may be brought and prosecuted against each DO Guarantor whether or not action is brought against any other DO Guarantor or the Dutch Borrower and whether or not any other DO Guarantor or the Dutch Borrower is joined in any such action or actions.

15.5 Authorization.

Each of the DO Guarantors authorizes Administrative Agent, and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any DO Guarantor or any other party for the payment of the DO Guaranty or the indebtedness and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, DO Guarantors, the Dutch Borrower or other obligors.

15.6 Reliance.

It is not necessary for Administrative Agent, or the Lenders to inquire into the capacity or powers of the Dutch Borrower or the officers, directors, members, partners or agents acting or

purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

15.7 Waiver.

(a) Each of the DO Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require Administrative Agent, or any Lender to (i) proceed against the Dutch Borrower, any other DO Guarantor or any other party, (ii) proceed against or exhaust any security held from the Dutch Borrower, any other DO Guarantor or any other party, or (iii) pursue any other remedy in Administrative Agent's, or any Lender's power whatsoever. Each of the DO Guarantors waives any defense based on or arising out of any defense of the Dutch Borrower, any other DO Guarantor or any other party other than payment in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of the Dutch Borrower, any other DO Guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of the Dutch Borrower other than payment in full of the indebtedness. Administrative Agent or any of the Lenders may, at their election, exercise any right or remedy Administrative Agent and any Lender may have against the Dutch Borrower or any other party, or any security, without affecting or impairing in any way the liability of any DO Guarantor hereunder except to the extent the indebtedness has been paid. Each of the DO Guarantors waives any defense arising out of any such election by Administrative Agent and each of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the DO Guarantors against the Dutch Borrower or any other party.

(b) Each of the DO Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of the DO Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each DO Guarantor assumes all responsibility for being and keeping itself informed of the Dutch Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which such DO Guarantor assumes and incurs hereunder, and agrees that neither Administrative Agent nor any Lender shall have any duty to advise such DO Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the DO Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of the DO Guaranty (whether contractual, under Section 509 of the United States Bankruptcy Code, or otherwise) to the claims of the Lenders against the Dutch Borrower or any other DO Guarantor of the indebtedness of the Dutch Borrower owing to the Lenders (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of the DO Guaranty until such time as the Loans hereunder shall have been paid and the Commitments have been terminated. Each of the DO Guarantors hereby further agrees not to exercise any right to enforce any other remedy which Administrative Agent, or the Lenders now have or may hereafter have against any Other Party, any endorser or any other DO Guarantor of all or any part of the indebtedness of the Dutch Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to

secure payment of the indebtedness of the Dutch Borrower until such time as the Loans hereunder shall have been paid and the Commitments have been terminated.

15.8 Limitation on Enforcement.

The Lenders agree that this DO Guaranty may be enforced only by the action of Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce the DO Guaranty, it being understood and agreed that such rights and remedies may be exercised by Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this DO Guaranty may not be enforced against any director, officer, employee or stockholder of the DO Guarantors.

15.9 Confirmation of Payment.

Administrative Agent and the Lenders will, upon request after payment in cash in full of the indebtedness and obligations which are the subject of the DO Guaranty and termination of the Commitments relating thereto, confirm to the Dutch Borrower, the DO Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated.

SECTION 16. RELEASE

16.1 Release of Pre-Petition Claims.

(a) On the date hereof, in consideration of the agreements of Administrative Agent and Lenders contained herein and the making of any Loans by Administrative Agent and Lenders, each Borrower and Guarantor, pursuant to this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, on behalf of itself and its respective successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Administrative Agent, Collateral Agent, each Lender and each other Secured Party and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (Administrative Agent, Collateral Agent, each Lender and each other Secured Party and all such other parties being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "Pre-Petition Released Claim" and collectively, "Pre-Petition Released Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Borrower or Guarantor, or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the day and date of this Agreement, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Existing Loan Agreement, as amended and supplemented prior to the date hereof, and the other Existing Financing Agreements.

(b) On the date hereof, each Borrower and Guarantor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Pre-Petition Released Claim released, remised and discharged by each Borrower and Guarantor pursuant to this Section 16.1. If any Borrower or Guarantor violates the foregoing covenant, Borrowers and Guarantors agree to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

16.2 Release of Post-Petition Claims. Upon (a) the receipt by Administrative Agent, on behalf of itself and the other Lenders, of payment in full of all Obligations in cash or other immediately available funds, plus cash collateral or other collateral security acceptable to Administrative Agent to secure any Obligations that survive or continue beyond the termination of the Financing Agreements, and (b) the termination of the Financing Agreements (the "Payment Date"), in consideration of the agreements of Administrative Agent and Lenders contained herein and the making of any Loans by Administrative Agent and Lenders, each Borrower and Guarantor hereby covenants and agrees to execute and deliver in favor of Administrative Agent and Lenders a valid and binding termination and release agreement, in form and substance satisfactory to Administrative Agent. If any Borrower or Guarantor violates such covenant, Borrowers and Guarantor agree to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

16.3 Releases Generally.

(a) Each Borrower and Guarantor understands, acknowledges and agrees that the releases set forth above in Sections 16.1 and 16.2 hereof may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such releases.

(b) Each Borrower and Guarantor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final and unconditional nature of the releases set forth in Section 16.1 hereof and, when made, Section 16.2 hereof.

SECTION 17. ACKNOWLEDGMENT AND RESTATEMENT

17.1 Existing Obligations.

Borrowers hereby acknowledge, confirm and agree that Borrowers are indebted to Administrative Agent and Lenders for (which amounts shall be repaid in full on the date hereof): (a) Loans and advances to Borrowers under the Existing Loan Agreement, as of the close of business on _____ __, 2010, in the aggregate principal amount of $_____ and (b) Letter of Credit Accommodations (as defined in the Existing Loan Agreement) incurred at the request or for the benefit of Borrowers in the aggregate principal amount of $_____, together with all interest accrued and accruing thereon (to the extent applicable), and all fees, costs, expenses and other charges relating thereto, all of which are unconditionally owing by Borrowers to Administrative

Agent and Lenders, without offset, defense or counterclaim of any kind, nature or description whatsoever.

17.2 Acknowledgment of Security Interests.

Borrowers and Guarantors hereby acknowledge, confirm and agree that Collateral Agent, for itself and the benefit of the other Secured Parties, has and shall continue to have a security interest in and lien upon the Collateral heretofore granted to Collateral Agent pursuant to the Existing Financing Agreements to secure the Obligations, as well as any Collateral granted under this Agreement or under any of the other Financing Agreements or otherwise granted to or held by Collateral Agent or Secured Parties. The liens and security interests of Collateral Agent, for itself and the benefit of the other Secured Parties, in the Collateral shall be deemed to be continuously granted and perfected from the earliest date of the granting and perfection of such liens and security interests, whether under the Existing Financing Agreements, this Agreement or any other Financing Agreements.

17.3 Existing Loan Agreement.

Borrowers and Guarantors hereby acknowledge, confirm and agree that: (a) the Existing Financing Agreements have been duly executed and delivered by Borrowers and Guarantors and are in full force and effect as of the date hereof and (b) the agreements and obligations of Borrowers and Guarantors contained in the Existing Financing Agreements constitute the legal, valid and binding obligations of Borrowers and Guarantors enforceable against them in accordance with their respect terms and Borrowers and Guarantors have no valid defense to the enforcement of such obligations and (c) Agent and Lenders are entitled to all of the rights and remedies provided for in the Existing Financing Agreements.

17.4 Restatement.

(a) Except as otherwise stated in Section 17.2 hereof and this Section 17.4, as of the date hereof, the terms, conditions, agreements, covenants, representations and warranties set forth in the Existing Financing Agreements are hereby amended and restated in their entirety, and as so amended and restated, replaced and superseded, by the terms, conditions, agreements, covenants, representations and warranties set forth in this Agreement and the other Financing Agreements; except, that, nothing herein or in the other Financing Agreements shall impair or adversely affect the continuation of the liability of Borrowers and Guarantors for the Obligations heretofore incurred and the security interests, liens and other interests in the Collateral heretofore granted, pledged and/or assigned by Borrowers and Guarantors to Collateral Agent or any Secured Party. The amendment and restatement contained herein shall not, in any manner, be construed to constitute payment of, or impair, limit, cancel or extinguish, or constitute a novation in respect of, the Indebtedness and other obligations and liabilities of Borrowers and Guarantors evidenced by or arising under the Existing Financing Agreements, and the liens and security interests securing such Indebtedness and other obligations and liabilities, which shall not in any manner be impaired, limited, terminated, waived or released.

(b) The principal amount of the Loans and Letter of Credit Accommodations outstanding as of the date hereof under the Existing Loan Agreement, if any, shall be allocated to the

Loans and Letters of Credit hereunder in such manner and in such amounts as Administrative Agent shall determine.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Administrative Agent, Collateral Agent, Control Agent, Lenders, Borrowers and Guarantors have caused these presents to be duly executed as of the day and year first above written.

COMPANY:

THE NEWARK GROUP, INC.,
Debtor and Debtor-in-Possession
a New Jersey corporation

By: _____
Name: Joseph E. Byrne
Title: Vice President, Chief Financial Officer and Assistant Treasurer

DUTCH BORROWER:

NEWARK GROUP INTERNATIONAL B.V.,

By: Trust International Management (T.I.M.) B.V., its Managing Director

By: _____
Name:
Title:

GUARANTORS:

NP COGEN, INC.,
Debtor and Debtor-in-Possession
a California corporation

By: _____
Name: Joseph E. Byrne
Title: Vice President, Chief Financial Officer and Assistant Treasurer

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

AGENTS AND LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Collateral Agent, Control Agent, Swingline Lender and a Lender

By: _____
Name: _____
Title: _____

EXHIBIT D

SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

by and among

THE NEWARK GROUP, INC.,
as a Borrower

NEWARK GROUP INTERNATIONAL B.V.,
as a Borrower

and

CERTAIN DOMESTIC SUBSIDIARIES OF THE NEWARK GROUP, INC.
FROM TIME TO TIME PARTIES HERETO,
as Borrowers

and

THE OTHER SUBSIDIARIES OF THE NEWARK GROUP, INC.
FROM TIME TO TIME PARTIES HERETO,
as Guarantors

THE LENDERS AND ISSUING BANK FROM TIME TO TIME PARTY HERETO

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent and Collateral Agent

[----------],
as Syndication Agent

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Sole Lead Arranger and Sole Bookrunner

Dated as of _____ __, 2010

TABLE OF CONTENTS

		Page
SECTION 1.	DEFINITIONS	2
SECTION 2.	CREDIT FACILITIES	38
2.1	Loans	38
2.2	Letters of Credit	40
2.3	Commitments.	43
2.4	Incremental Facility.	43
2.5	Swingline Loan Subfacility.	44
2.6	Mandatory Repayments.	46
SECTION 3.	INTEREST AND FEES	47
3.1	Interest.	47
3.2	Fees.	48
3.3	Changes in Laws and Increased Costs of Loans.	49
SECTION 4.	CONDITIONS PRECEDENT	51
4.1	Conditions Precedent to Amendment and Restatement	51
4.2	Conditions Precedent to All Loans and Letters of Credit.	56
SECTION 5.	GRANT AND PERFECTION OF SECURITY INTEREST	57
5.1	Grant of Security Interest.	57
5.2	Perfection of Security Interests.	59
5.3	Control Collateral Held by Control Agent.	64
5.4	Intercreditor Provisions.	64
SECTION 6.	COLLECTION AND ADMINISTRATION	64
6.1	Borrowers' Loan Accounts.	64
6.2	Statements.	64
6.3	Collection of Accounts.	64
6.4	Payments.	65
6.5	Taxes.	67
6.6	Authorization to Make Loans.	70
6.7	Use of Proceeds.	70
6.8	Appointment of Company as Administrative Agent for Requesting Loans and Receipts of Loans and Statements.	70
6.9	Pro Rata Treatment.	71

6.10	Sharing of Payments, Etc.	71
6.11	Settlement Procedures.	72
6.12	Obligations Several; Independent Nature of Lenders' Rights.	77
6.13	Exchange Rates; Currency Equivalents.	77
SECTION 7.	COLLATERAL REPORTING AND COVENANTS	77
7.1	Collateral Reporting.	77
7.2	Accounts Covenants.	79
7.3	Inventory Covenants.	80
7.4	Equipment Covenants.	81
7.5	Power of Attorney.	81
7.6	Right to Cure.	82
7.7	Access to Premises.	83
SECTION 8.	REPRESENTATIONS AND WARRANTIES	83
8.1	Corporate Existence, Power and Authority.	83
8.2	Name; State of Organization; Chief Executive Office; Collateral Locations.	84
8.3	Financial Statements; No Material Adverse Change	84
8.4	Priority of Liens; Title to Properties.	85
8.5	Tax Returns.	85
8.6	Litigation.	85
8.7	Compliance with Other Agreements and Applicable Laws	86
8.8	Environmental Compliance	86
8.9	Employee Benefits	87
8.10	Bank Accounts.	88
8.11	Intellectual Property.	88
8.12	Subsidiaries; Affiliates; Capitalization; Solvency.	89
8.13	Labor Disputes.	89
8.14	Restrictions on Subsidiaries.	90
8.15	Material Contracts.	90
8.16	Payable Practices.	90
8.17	Accuracy and Completeness of Information.	90
8.18	Survival of Warranties; Cumulative.	90
8.19	Investment Company Act.	91
8.20	Indebtedness.	91
8.21	Investments.	91
8.22	No Burdensome Restrictions.	91
8.23	Brokers' Fees.	91
8.24	Security Documents.	91
8.25	Classification of Senior Indebtedness.	92
8.26	Anti-Terrorism Laws.	92
8.27	Compliance with OFAC Rules and Regulations.	92
8.28	Compliance with FCPA.	92
8.29	Commercial Activity; Absence of Immunity.	92
8.30	Assets Owned by Certain Subsidiaries.	93

8.31 Confirmation Order. 93

SECTION 9. AFFIRMATIVE AND NEGATIVE COVENANTS 93

9.1 Maintenance of Existence. 93
9.2 New Collateral Locations. 94
9.3 Compliance with Laws, Regulations, Etc. 94
9.4 Payment of Taxes and Claims. 95
9.5 Insurance. 95
9.6 Financial Statements and Other Information. 96
9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc. 99
9.8 Encumbrances. 101
9.9 Indebtedness. 102
9.10 Loans, Investments, Etc. 106
9.11 Restricted Payments. 107
9.12 Transactions with Affiliates. 109
9.13 Compliance with ERISA 110
9.14 End of Fiscal Years 110
9.15 Change in Business 110
9.16 Limitation of Restrictions Affecting Subsidiaries. 111
9.17 Financial Covenants. 111
9.18 Classification of Senior Indebtedness 112
Each Borrower and Guarantor shall cause the Obligations to constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement to be legally valid and enforceable against the parties thereto. 112
9.19 License Agreements. 112
9.20 Foreign Assets Control Regulations, Etc. 113
9.21 Costs and Expenses. 113
9.22 Additional Borrowers and Guarantors. 114
9.23 Pledged Assets 115
9.24 Amendment of Subordinated Debt; CL Financing Agreements. 115
9.25 Limitations on Activities of NP Cogen and JD Corp. 115
9.26 Sale Leasebacks 115
9.27 No Further Negative Pledges. 116
9.28 Limitation on Excluded Subsidiaries 116
9.29 Further Assurances. 116
9.30 Post Closing Covenants. 116

SECTION 10. EVENTS OF DEFAULT AND REMEDIES 117

10.1 Events of Default. 117
10.2 Remedies. 120

SECTION 11. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW 123

11.1	Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver	123
11.2	Waiver of Notices.	125
11.3	Amendments and Waivers.	125
11.4	Waiver of Counterclaims.	128
11.5	Indemnification.	128
SECTION 12.	THE AGENT	129
12.1	Appointment, Powers and Immunities.	129
12.2	Reliance by Administrative Agent.	129
12.3	Events of Default.	129
12.4	Wells Fargo in its Individual Capacity.	130
12.5	Indemnification.	130
12.6	Non-Reliance on Administrative Agent and Other Lenders.	131
12.7	Failure to Act.	131
12.8	Additional Loans.	131
12.9	Concerning the Collateral and the Related Financing Agreements.	132
12.10	Field Audit, Examination Reports and other Information; Disclaimer by Lenders.	132
12.11	Collateral Matters.	133
12.12	Agency for Perfection.	135
12.13	Successor Administrative Agent.	135
12.14	Other Agent Designations.	136
12.15	Intercreditor Agreement.	136
12.16	Parallel Debts and Administrative Agent.	136
SECTION 13.	TERM OF AGREEMENT; MISCELLANEOUS	137
13.1	Term.	137
13.2	Interpretative Provisions.	137
13.3	Notices.	139
13.4	Partial Invalidity.	140
13.5	Confidentiality.	140
13.6	Successors.	142
13.7	Assignments; Participations.	142
13.8	Entire Agreement.	144
13.9	USA Patriot Act.	144
13.10	Counterparts, Etc.	144
13.11	Dutch Obligations.	145
13.12	[Intentionally Omitted].	145
13.13	Parallel Debts.	145
13.14	Concerning Joint and Several Liability of Borrowers.	146
13.15	Judgment Currency.	148
SECTION 14.	GUARANTY OF U.S. OBLIGATIONS	149
14.1	The Domestic Guaranty.	149

14.2 Bankruptcy. 150
14.3 Nature of Liability. 150
14.4 Independent Obligation. 150
14.5 Authorization. 150
14.6 Reliance. 151
14.7 Waiver. 151
14.8 Limitation on Enforcement. 152
14.9 Confirmation of Payment. 152

SECTION 15. GUARANTY OF THE DUTCH BORROWER OBLIGATIONS 152

15.1 The DO Guaranty. 152
15.2 Bankruptcy. 153
15.3 Nature of Liability. 153
15.4 Independent Obligation. 153
15.5 Authorization. 154
15.6 Reliance. 154
15.7 Waiver. 154
15.8 Limitation on Enforcement. 155
15.9 Confirmation of Payment. 155

SECTION 16. ACKNOWLEDGMENT AND RESTATEMENT 155

16.1 Existing Obligations. 155
16.2 Acknowledgment of Security Interests. 156
16.3 Existing Loan Agreement. 156
16.4 Restatement. 156

INDEX
TO
EXHIBITS AND SCHEDULES

Exhibit A	Form of Assignment and Acceptance
Exhibit B	Information Certificate
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Borrower Joinder Agreement
Exhibit E	Form of Guarantor Joinder Agreement
Exhibit F	Authorized Officers
Exhibit G	Form of Borrowing Base Certificate
Exhibit H	Confirmation Order
Schedule 1(a)	Lenders and Commitments
Schedule 1.63	Designated Holders
Schedule 9.30	Post Closing Collateral Access Agreements

SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Second Amended and Restated Loan and Security Agreement dated as of [_____, 2010] is entered into by and among THE NEWARK GROUP, INC., a New Jersey corporation (the "Company"), NEWARK GROUP INTERNATIONAL B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands and a wholly-owned subsidiary of the Company (the "Dutch Borrower"), those certain Domestic Subsidiaries of the Company from time to time party hereto pursuant to Section 9.22 (the "Subsidiary Borrowers"; and together with the Company and the Dutch Borrower, each individually a "Borrower" and collectively, "Borrowers" as hereinafter further defined), those certain Domestic Subsidiaries of the Company from time to time party hereto as guarantors (each individually a "Guarantor" and collectively, "Guarantors" as hereinafter further defined), the parties hereto from time to time as lenders, whether by execution of this Agreement or an Assignment and Acceptance (each individually, a "Lender" and collectively, "Lenders" as hereinafter further defined) and WELLS FARGO BANK, NATIONAL ASSOCIATION, successor by merger to Wachovia Bank, National Association, a national banking association, in its capacity as administrative agent and collateral agent for Lenders (in such capacity, "Administrative Agent" and "Collateral Agent" as hereinafter further defined) and as Control Agent.

W I T N E S S E T H:

WHEREAS, Chapter 11 Borrower (as hereinafter defined) and Chapter 11 Guarantor (as hereinafter defined) have filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code (as hereinafter defined);

WHEREAS, Agent and Existing Lenders (as hereinafter defined) have provided a secured revolving credit facility to Chapter 11 Borrower and Dutch Borrower in the Chapter 11 Case (as hereinafter defined) pursuant to the Existing Loan Documents (as hereinafter defined) and the Final Financing Order (as hereinafter defined);

WHEREAS, the Plan of Reorganization (as hereinafter defined) has been confirmed in the Chapter 11 Case pursuant to the Confirmation Order (as hereinafter defined), and concurrently with the making of the initial loans or issuance of letters of credit hereunder, the Plan Effective Date (as hereinafter defined) has occurred;

WHEREAS, Borrowers are willing to assume the Pre-Effective Date Obligations (as hereinafter defined) of Chapter 11 Borrower and Dutch Borrower under the Existing Loan Agreement (as hereinafter defined), as amended and restated by the terms hereof;

WHEREAS, Borrowers and Guarantors have requested that Agent and Lenders enter into financing arrangements with Borrowers pursuant to which the Lenders will make loans and provide other financial accommodations to Borrowers on the terms and conditions contained herein on and after the Plan Effective Date; and

WHEREAS, each Lender is willing to agree (severally and not jointly) to make such loans and provide such financial accommodations to Borrowers on a pro rata basis according to its Commitment (as hereinafter defined) on the terms and conditions set forth herein, and Agent and

Arranger are willing to act in their respective capacities as agents hereunder for the Lenders on the terms and conditions set forth herein and the other Financing Agreements;

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

1.1 "Account Control Agreement" shall mean an agreement in writing, in form and substance reasonably satisfactory to Administrative Agent, by and among the applicable Control Agent (or Collateral Agent and CLTL Agent), the applicable Borrower or Guarantor with an account at any depository institution and such depository institution at which such account is at any time maintained which provides that such depository institution will comply with instructions originated by such Control Agent (or Collateral Agent and CLTL Agent, as the case may be) after delivery of a Control Notice and has such other terms and conditions as Administrative Agent or Collateral Agent may reasonably require (for the avoidance of doubt, the Account Control Agreement (in one agreement or in separate agreements, as such depository institution may require) may be entered into for the benefit of the Administrative Agent and the CL Administrative Agent).

1.2 "Accounts" shall mean, as to each Borrower and Guarantor, all of the following now owned or hereafter arising or acquired (a) present and future rights of such Borrower and Guarantor to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a secondary obligation incurred or to be incurred, or (d) arising out of the use of a credit or charge card or information contained on or for use with the card and (b) other "accounts" (as defined in the UCC) of such Borrower or Guarantor.

1.3 "Adjusted Eurodollar Rate" shall mean, with respect to each Interest Period for any Eurodollar Rate Loan comprising part of the same borrowing (including conversions, extensions and renewals), the greater of (a) the rate per annum determined by dividing (i) the London Interbank Offered Rate for such Interest Period by (ii) a percentage equal to: (A) one (1) minus (B) the Reserve Percentage and (b) one and one-half (1.50%) percent per annum. For purposes hereof, "Reserve Percentage" shall mean for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as such regulation may be amended from time to time or any successor regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to Eurocurrency liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of Eurodollar Rate Loans is determined), whether or not any Lender has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Rate Loans shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that

may be available from time to time to a Lender. The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Percentage.

1.4 "Administrative Agent" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its capacity as administrative agent on behalf of Lenders pursuant to the terms hereof and any replacement or successor administrative agent hereunder.

1.5 "Administrative Details Form" shall mean, with respect to any Lender, a document containing such Lender's contact information for purposes of notices provided under this Agreement and account details for purposes of payments made to such Lender under this Agreement.

1.6 "Affiliate" shall mean, with respect to a specified Person, any other Person which directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person, and without limiting the generality of the foregoing, includes (a) any Person which beneficially owns or holds ten (10%) percent (except, with respect to Section 8.27 herein, twenty (20%) percent) or more of any class of Voting Stock of such Person or other equity interests in such Person and (b) any Person of which such Person beneficially owns or holds ten (10%) percent (except, with respect to Section 8.27 herein, twenty (20%) percent) or more of any class of Voting Stock or in which such Person beneficially owns or holds ten (10%) percent (except, with respect to Section 8.27 herein, twenty (20%) percent) or more of the equity interests. For the purposes of this definition, the term "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise. Notwithstanding anything to the contrary contained in this definition, in no event shall Wells Fargo Bank, N.A. be considered an Affiliate of any Borrower or Guarantor.

1.7 "Agent Payment Account" shall mean account no. 5000000149830 of Administrative Agent at Wells Fargo, or such other account of Administrative Agent as Administrative Agent may from time to time designate as the Agent Payment Account for purposes of this Agreement and the other Financing Agreements.

1.8 "Amended Environmental Permit" shall mean the amended and/or new "Comprehensive Plan Approval(s)" required to be obtained under the Settlement Agreement.

1.9 "Agreement" shall mean this Second Amended and Restated Loan and Security Agreement, as amended, modified or supplemented from time to time in accordance with its terms.

1.10 "Arranger" shall mean Wells Fargo Bank, National Association, in its capacity as sole lead arranger.

1.11 "Assignment and Acceptance" shall mean an Assignment and Acceptance substantially in the form of Exhibit A attached hereto (with blanks appropriately completed) delivered to Administrative Agent in connection with an assignment of a Lender's interest hereunder in accordance with the provisions of Section 13.7 hereof.

1.12 "Authorized Officers" shall mean the officers listed on the attached Exhibit F or such replacement Exhibit that any Authorized Officer may in the future provide to the Administrative Agent in writing.

1.13 "Bank Product" shall mean any of the following products, services or facilities extended to any Borrower or Subsidiary by any Hedge Agreement Provider (as defined in Section 5.1 hereof) or Bank Product Provider (as defined in Section 5.1 hereof), as applicable: (a) Cash Management Services; (b) products under any Hedge Agreement and not for speculative purposes; (c) commercial credit card and merchant card services; and (d) other banking products or services as may be requested by any Borrower or Subsidiary, other than Letters of Credit. For any of the foregoing to be included as an "Obligation", the applicable Secured Party must have previously provided written notice to Administrative Agent of (i) the existence of such Bank Product and (ii) the maximum dollar amount of obligations arising thereunder (the "Bank Product Amount"). The Bank Product Amount may be changed from time to time upon written notice to Administrative Agent by the Secured Party.

1.14 "Bank Product Debt" shall mean the Indebtedness and other obligations of a Borrower or Subsidiary relating to Bank Products.

1.15 "Bankruptcy Code" shall mean the United States Bankruptcy Code, being Title 11 of the United States Code (11 U.S.C. Sections 101-1330), as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all official rules and regulations thereunder.

1.16 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of New Jersey.

1.17 "Borrowers" shall mean, collectively, the following (together with their respective successors and assigns: (a) The Newark Group, Inc., a New Jersey corporation, as successor to Chapter 11 Borrower upon conclusion of the Chapter 11 Case pursuant to the Confirmation Order, (b) Newark Group International B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands, (c) those certain Domestic Subsidiaries of the Company from time to time party hereto pursuant to Section 9.22; each sometimes being referred to herein individually as a "Borrower".

1.18 "Borrowing Base Certificate" shall mean a borrowing base certificate in substantially the form of Exhibit G hereto or such other form as may be reasonably satisfactory to Administrative Agent.

1.19 "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of New York or the State of North Carolina, and a day on which Administrative Agent is open for the transaction of business; except, that, if a determination of a Business Day shall relate to any Eurodollar Rate Loans, the term Business Day shall also exclude any day on which banks are closed for dealings in dollar deposits in the London interbank market or other applicable Eurodollar Rate market.

1.20 "B.V. Intercompany Notes" has the meaning provided in Section 9.10.

1.21 "Capital Expenditures" shall mean expenditures for the acquisition (including the acquisition by capitalized lease) or improvement of capital assets, as determined in accordance with GAAP.

1.22 "Capital Lease" shall mean, as applied to any Person, any lease of (or any agreement conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee which in accordance with GAAP, is required to be reflected as a liability on the balance sheet of such Person.

1.23 "Capital Stock" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock or partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such capital stock).

1.24 "Cash Equivalents" shall mean, at any time, (a) any evidence of Indebtedness with a maturity date of ninety (90) days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof; provided, that, the full faith and credit of the United States of America is pledged in support thereof; (b) certificates of deposit or bankers' acceptances with a maturity of 364 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $250,000,000; (c) commercial paper (including variable rate demand notes) with a maturity of ninety (90) days or less issued by a corporation (except an Affiliate of any Borrower or Guarantor) organized under the laws of any State of the United States of America or the District of Columbia and rated at least A-1 by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. or at least P-1 by Moody's Investors Service, Inc.; (d) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (a) above entered into with any financial institution having combined capital and surplus and undivided profits of not less than $250,000,000; (e) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or issued by any governmental agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within ninety (90) days or less from the date of acquisition; provided, that, the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985; and (f) investments in money market funds and mutual funds which invest substantially all of their assets in securities of the types described in clauses (a) through (e) above.

1.25 "Cash Management Event" shall mean (a) the occurrence and continuation of an Event of Default or (b) the determination by the Administrative Agent that Excess Availability on any day is equal to or less than $20,000,000; provided, that, once no Event of Default exists for ninety (90) consecutive days and Excess Availability exceeds $20,000,000 for such ninety (90) consecutive days, such Cash Management Event shall terminate; provided, further, that, no more than two (2) Cash Management Events may be terminated by curing the applicable Event of Default or maintaining sufficient Excess Availability in any twelve-month period.

1.26 "Cash Management Services" shall mean any services provided from time to time by any Lender or any of its Affiliates to any Borrower or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services.

1.27 "Change of Control" shall mean the occurrence of any of the following events: (a) the failure of the Company to own, directly or indirectly, 100% of the combined voting power of all Voting Stock and the economic interests of the Dutch Borrower, (b) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of the Company then in office (it being understood that any change to the number of directors appointed by Permitted Holder pursuant to Sections 2.1(b) and (c) of the Stockholders Agreement, as in effect on the date hereof, arising as a result of a reduction of the outstanding shares of the Company owned by Permitted Holder shall not constitute a Change of Control), or (c) (i) the Permitted Holder having beneficial ownership, directly or indirectly, of less than 25% of the Voting Stock of the Company or (ii) the Designated Holders, collectively, having beneficial ownership, directly or indirectly, of less than 51% of the Voting Stock of the Company. As used herein, "beneficial ownership" and "group" shall have the meanings provided in Rule 13d-3 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934.

1.28 "Chapter 11 Borrower" shall mean The Newark Group, Inc., as debtor and debtor-in-possession, a New Jersey corporation.

1.29 "Chapter 11 Case" shall mean the Chapter 11 Case of Chapter 11 Borrower and Chapter 11 Guarantor under the Bankruptcy Code referred to as In re The Newark Group, Inc., et al., Chapter 11 Case No. [_____], which was pending in the Bankruptcy Court.

1.30 "Chapter 11 Guarantor" shall mean NP Cogen, Inc., as debtor and debtor-in - possession, a California corporation.

1.31 "CL Administrative Agent" shall mean Orix Finance Corp., in its capacity as administrative agent and/or collateral agent under the CL Credit Agreement and the other CL Financing Agreements.

1.32 "CL Cap Amount" shall have the meaning provided in the Intercreditor Agreement.

1.33 "CL Credit Agreement" shall mean the Amended and Restated Loan and Security Agreement, dated as of the date hereof, by and among the Company, the guarantors from time to time party thereto, the CL Lenders and the CL Administrative Agent pursuant to which the CL Lenders agree to provide a term loan facility available to the Company, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.34 "CL Financing Agreements" shall have the meaning specified for the term "Financing Agreements" in the CL Credit Agreement.

1.35 "CL Lenders" shall mean those certain lenders and other financial institutions from time to time party to the CL Credit Agreement.

1.36 "CL Obligations" shall have the meaning specified for the term "Obligations" in the CL Credit Agreement.

1.37 "CL Priority Collateral" shall have the meaning specified for the term "Term Loan Priority Collateral" in the Intercreditor Agreement.

1.38 "Closing Date" shall mean the date hereof.

1.39 "Code" shall mean the Internal Revenue Code of 1986, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

1.40 "Collateral" shall mean a collective reference to all real and personal property pledged to Collateral Agent and/or Administrative Agent pursuant to the terms of this Agreement, the other Financing Agreements or otherwise, as is more specifically described in Section 5.1 hereof and in such Financing Agreements and including, without limitation, the Priority Collateral and the CL Priority Collateral.

1.41 "Collateral Access Agreement" shall mean an agreement in writing, in form and substance reasonably satisfactory to Administrative Agent, from any lessor of premises to any Borrower or Guarantor, or any other person to whom any Collateral is consigned or who has custody, control or possession of any such Collateral or is otherwise the owner or operator of any premises on which any of such Collateral is located, in favor of Collateral Agent with respect to the Collateral at such premises or otherwise in the custody, control or possession of such lessor, consignee or other person.

1.42 "Collateral Agent" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its capacity as collateral agent on behalf of Lenders pursuant to the terms hereof and any replacement or successor collateral agent hereunder.

1.43 "Commitment" shall mean the Revolving Commitments and the Swingline Commitment, individually or collectively, as appropriate.

1.44 "Company" shall have the meaning set forth in the first paragraph of this Agreement.

1.45 "Compliance Certificate" shall have the meaning provided in Section 9.6(a)(i).

1.46 "Confirmation Order" means the order captioned "[Order Confirming the Joint Plan of Reorganization of The Newark Group, Inc. and Affiliated Debtors]" as entered by the Bankruptcy Court on [_____ __], 2010 in the Chapter 11 Case in the form of Exhibit H hereto, with such changes thereto as may be approved by Agent in good faith.

1.47 "Consigned Inventory Loan Limit" shall mean, at any time, the amount equal to ten 10% percent of the aggregate Dollar Amount of Eligible Inventory at such time.

1.48 "Consolidated Cash Taxes" shall mean, for any applicable period of computation, the sum of all taxes paid in cash by the Company and its Subsidiaries during such period, determined on a consolidated basis in accordance with applicable law and GAAP.

1.49 "Consolidated EBITDA" shall mean, for any period, the sum (without duplication) of: (a) Consolidated Net Income for such period, plus (b) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (i) interest expense, (ii) total federal, state, local and foreign income, value added and similar taxes, (iii) depreciation and amortization expense, (iv) other non-cash charges (excluding non-cash charges that are expected to become cash charges in a future period or that are reserves for future cash charges, but including non-cash charges related to foreign currency translation and remeasurement), (v) non-cash charges related to stock-related compensation, (vi) non-capitalized fees and expenses incurred in connection with the closing of the Plan of Reorganization and the related reorganization of the Company and its Subsidiaries; provided, that, such fees and expenses incurred after the Closing Date shall not exceed the aggregate amount of $1,000,000 over the term of this Agreement, (vii) other cash restructuring charges in an aggregate amount not to exceed $2,000,000 in any fiscal quarter and $10,000,000 over the term of this Agreement; provided, that, no amount under this clause (vii) shall be so added back in any period unless average Excess Availability for the thirty (30) day period immediately preceding the date of such add back under this clause (vii) shall be not less than $15,000,000, and (viii) pension plan expenses, all as determined in accordance with GAAP, minus (c) actuarially determined minimum pension funding obligations, minus (d) to the extent included in determining such Consolidated Net Income, all non-cash income and any gains related to foreign currency translation and remeasurement. For the avoidance of doubt, Consolidated EBITDA shall not include any cancellation of indebtedness income arising in connection wit the cancellation and discharge of any of the Indebtedness of Borrowers and Guarantors and other liabilities in connection with the Chapter 11 Case.

1.50 "Consolidated Fixed Charges" shall mean, for any applicable period of computation, without duplication, the sum of (a) all Consolidated Interest Expense for such period plus (b) Consolidated Scheduled Funded Indebtedness Payments made in cash during such period plus (c) cash dividends or other cash distributions or cash payments paid by the Company pursuant to Section 9.11 during such period plus all payments of principal in respect of the CL Obligations made in cash pursuant to Section 2.5(a) of the CL Credit Agreement (as in effect on the date hereof).

1.51 "Consolidated Funded Indebtedness" shall mean, as of any date of determination, all Funded Indebtedness of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

1.52 "Consolidated Interest Expense" shall mean, for any period, all cash interest expense of the Company and its Subsidiaries (including, without limitation, the interest component under Capital Leases and the net interest payable in connection with hedging agreements), as determined in accordance with GAAP.

1.53 "Consolidated Net Income" shall mean, for any period, net income (excluding extraordinary items and excluding income received from joint venture investments to the extent not received in cash) after taxes for such period of the Company and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

1.54 "Consolidated Scheduled Funded Indebtedness Payments" shall mean, for any applicable period of computation, for the Company and its Subsidiaries, the sum of all scheduled payments of principal on Consolidated Funded Indebtedness for such period (including the principal

component of payments due on Capital Leases or under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product and all payments of principal in respect of the CL Obligations made pursuant to Section 2.5(b) of the CL Credit Agreement (as in effect on the date hereof), in each case during such period, but excluding any mandatory prepayment of the CL Obligations as permitted under Section 2.6 of this Agreement, determined on a consolidated basis in accordance with GAAP.

1.55 "Continuing Directors" shall mean during any period of 24 consecutive months commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Company (together with any new director (i) whose election by the Company's board of directors or whose nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved or (ii) who was designated or appointed by the Permitted Holder pursuant to a designation or appointment right of the Permitted Holder contained in the certificate of incorporation and/or bylaws of the Company).

1.56 "Control Accounts" shall have the meaning set forth in Section 6.3 hereof.

1.57 "Control Agent" shall have the meaning provided in the Intercreditor Agreement.

1.58 "Control Collateral" shall have the meaning provided in the Intercreditor Agreement.

1.59 "Control Notice" shall mean a written notice delivered pursuant to an Account Control Agreement having the effect of giving Collateral Agent the exclusive right to control the disposition of funds in the deposit account that is covered thereby and instructing the depository bank to comply with instructions originated by Collateral Agent with respect to such deposit account without further consent of any Borrower or any Guarantor.

1.60 "Credit Facility" shall mean the Revolving Loans and Letters of Credit provided to or for the benefit of any Borrower pursuant to Sections 2.1, 2.2, 2.3 and 2.4 hereof.

1.61 "Default" shall mean an act, condition or event which with notice or passage of time or both would constitute an Event of Default.

1.62 "Defaulting Lender" shall have the meaning set forth in Section 6.11 hereof.

1.63 "Designated Holders" shall mean each of the entities set forth on Schedule 1.63 attached hereto.

1.64 "DO Guarantors" shall mean the U.S. Borrowers and the Guarantors.

1.65 "DO Guaranty" shall mean the guaranty of the DO Guarantors set forth in Section 15.

1.66 "Dollar Amount" shall mean, at any time, (a) with respect to Dollars or an amount denominated in Dollars, such amount and (b) with respect to an amount of Euros or an amount denominated in Euros, the equivalent amount thereof in Dollars as determined by Administrative

Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with Euros.

1.67 "Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

1.68 "Domestic Guaranty" shall mean the guaranty of Guarantors set forth in Section 14.

1.69 "Domestic Obligations" shall mean the Obligations owing by any or all of U.S. Borrowers to Administrative Agent, any Lender, any of their Affiliates or any Issuing Bank.

1.70 "Domestic Subsidiaries" shall mean, with respect to any Person, any Subsidiary of such Person which is incorporated or organized under the laws of any state of the United States or the District of Columbia.

1.71 "Dutch Borrower" shall have the meaning set forth in the first paragraph of this Agreement.

1.72 "Dutch Deed of Pledge" shall mean the Deed of Pledge, dated as of_____, 2010, by and among the Company, the Dutch Borrower and Collateral Agent providing for a right of pledge over the shares in the capital of the Dutch Borrower, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.73 "Dutch Revolving Loan Limit" shall mean, as to the Dutch Borrower, at any time, the Dollar Amount equal to (a) the lesser of (i) €15,000,000 or (ii) the Maximum Credit at such time minus (b) the aggregate Dollar Amount of any outstanding investments, loans or advances made by any Borrower or Guarantor to Foreign Subsidiaries (other than Newark Paperboard Products, Ltd.) excluding (i) the intercompany loans made by the Company to the Dutch Borrower pursuant to the B.V. Intercompany Notes and (ii) any investment, loan or advance by the Company to the Dutch Borrower from the proceeds of Loans made to the Company on the Closing Date, in order to repay outstanding indebtedness of the Dutch Borrower on the Closing Date.

1.74 "Dutch Subsidiary" shall mean a Subsidiary organized under Dutch law.

1.75 "Eligible Accounts" shall mean Accounts created by a Borrower that in each case satisfy the criteria set forth below as reasonably determined in accordance with Administrative Agent's customary practices. In general, Accounts shall be Eligible Accounts if:

(a) such Accounts arise from the actual and bona fide sale and delivery of goods by such Borrower or rendition of services by such Borrower in the ordinary course of its business which transactions are completed in accordance with the terms and provisions contained in any documents related thereto;

(b) such Accounts are not unpaid more than (i) ninety (90) days after the date of the original invoice therefor or (ii) more than sixty (60) days after the date of the original due date therefor; provided, that, Administrative Agent may in its discretion deem Accounts for which the applicable Borrower has granted extended trade terms to be Eligible Accounts;

(c) such Accounts comply with the terms and conditions contained in Section 7.2(b) of this Agreement;

(d) such Accounts do not arise from sales on consignment, guaranteed sale, sale and return, sale on approval, or other terms under which payment by the account debtor may be conditional or contingent;

(e) the chief executive office of the account debtor with respect to such Accounts is located in the United States of America or Canada (provided, that, at any time promptly upon Administrative Agent's request, such Borrower shall execute and deliver, or cause to be executed and delivered, such other agreements, documents and instruments as may be required by Administrative Agent to perfect the security interests of Administrative Agent in those Accounts of an account debtor with its chief executive office or principal place of business in Canada in accordance with the applicable laws of the Province of Canada in which such chief executive office or principal place of business is located and take or cause to be taken such other and further actions as Administrative Agent may request to enable Administrative Agent as secured party with respect thereto to collect such Accounts under the applicable Federal or Provincial laws of Canada) or, at Administrative Agent's option, if the chief executive office and principal place of business of the account debtor with respect to such Accounts is located other than in the United States of America or Canada, then if either: (i) the account debtor has delivered to such Borrower an irrevocable letter of credit issued or confirmed by a bank satisfactory to Administrative Agent and payable only in the United States of America and in U.S. dollars, sufficient to cover such Account, in form and substance satisfactory to Administrative Agent and if required by Administrative Agent, the original of such letter of credit has been delivered to Administrative Agent or Administrative Agent's agent and the issuer thereof, and such Borrower has complied with the terms of Section 5.2(f) hereof with respect to the assignment of the proceeds of such letter of credit to Administrative Agent or naming Administrative Agent as transferee beneficiary thereunder, as Administrative Agent may specify, or (ii) such Account is subject to credit insurance payable to Administrative Agent issued by an insurer and on terms and in an amount reasonably acceptable to Administrative Agent, or (iii) such Account is otherwise acceptable in all respects to Administrative Agent, provided, that, the aggregate face amount of all Accounts deemed Eligible Accounts pursuant to this clause (iii) shall not exceed $500,000;

(f) such Accounts do not consist of progress billings (such that the obligation of the account debtors with respect to such Accounts is conditioned upon such Borrower's satisfactory completion of any further performance under the agreement giving rise thereto), bill and hold invoices or retainage invoices, except as to bill and hold invoices, if Administrative Agent shall have received an agreement in writing from the account debtor, in form and substance satisfactory to Administrative Agent, confirming the unconditional obligation of the account debtor to take the goods related thereto and pay such invoice;

(g) the account debtor with respect to such Accounts has not asserted a counterclaim, defense or dispute and is not owed or does not claim to be owed any amounts that may give rise to any right of setoff or recoupment against such Accounts (but the portion of the Accounts of such account debtor in excess of the amount at any time and from time to time owed by such Borrower to such account debtor or claimed owed by such account debtor shall be deemed Eligible Accounts);

(h) there are no facts, events or occurrences which would impair the validity, enforceability or collectability of such Accounts or reduce the amount payable or delay payment thereunder;

(i) such Accounts are subject to the first priority, valid and perfected security interest of Collateral Agent and any goods giving rise thereto are not, and were not at the time of the sale thereof, subject to any liens except those permitted in this Agreement that are subject to an intercreditor agreement in form and substance satisfactory to Administrative Agent between the holder of such security interest or lien and Administrative Agent or Collateral Agent;

(j) neither the account debtor nor any officer or employee of the account debtor with respect to such Accounts is an officer, employee, agent or other Affiliate of any Borrower or Guarantor;

(k) the account debtors with respect to such Accounts are not any foreign government, the United States of America, any State, political subdivision, department, agency or instrumentality thereof, unless, if the account debtor is the United States of America, any State, political subdivision, department, agency or instrumentality thereof, upon Administrative Agent's request, the Federal Assignment of Claims Act of 1940, as amended or any similar State or local law, if applicable, has been complied with in a manner satisfactory to Administrative Agent;

(l) there are no proceedings or actions which are threatened or pending against the account debtors with respect to such Accounts which might result in any material adverse change in any such account debtor's financial condition (including, without limitation, any bankruptcy, dissolution, liquidation, reorganization or similar proceeding);

(m) the aggregate amount of such Accounts owing by a single account debtor do not constitute more than ten (10%) percent of the aggregate amount of all otherwise Eligible Accounts (but the portion of the Accounts not in excess of the applicable percentages may be deemed Eligible Accounts);

(n) such Accounts are not owed by an account debtor who has Accounts unpaid more than the periods permitted in clause (b) of this definition which constitute more than fifty (50%) percent of the total Accounts of such account debtor;

(o) the account debtor is not located in a state requiring the filing of a Notice of Business Activities Report or similar report in order to permit such Borrower to seek judicial enforcement in such State of payment of such Account, unless such Borrower has qualified to do business in such state or has filed a Notice of Business Activities Report or equivalent report for the then current year or such failure to file and inability to seek judicial enforcement is capable of being remedied without any material delay or material cost;

(p) such Accounts are owed by account debtors whose total indebtedness to such Borrower does not exceed the credit limit with respect to such account debtors as determined by such Borrower from time to time, to the extent such credit limit as to any account debtor is established consistent with the current practices of such Borrower as of the date hereof and such credit limit is acceptable to Administrative Agent (but the portion of the Accounts not in excess of such credit limit may be deemed Eligible Accounts); and

(q) such Accounts are owed by account debtors deemed creditworthy at all times by Administrative Agent in its Permitted Discretion.

The criteria for Eligible Accounts set forth above may only be changed and any new criteria for Eligible Accounts may only be established by Administrative Agent in good faith based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii) an event, condition or other circumstance existing on the date hereof to the extent Administrative Agent has no written notice thereof from a Borrower prior to the date hereof, in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Accounts in the good faith determination of Administrative Agent. Any Accounts that are not Eligible Accounts shall nevertheless be part of the Collateral.

1.76 "Eligible Consigned Inventory" shall mean Inventory which otherwise constitutes Eligible Inventory except for the fact that it is on consignment and with respect to which (a) Administrative Agent has received evidence reasonably satisfactory to Administrative Agent that the applicable Borrower has a valid and effective consignment agreement in place with the consignee of such Inventory, (b) Administrative Agent has received evidence reasonably satisfactory to Administrative Agent that the applicable Borrower has filed a precautionary UCC-1 financing statement in the appropriate jurisdiction naming the consignee as consignee or debtor, (c) Administrative Agent has received current UCC searches against the consignee in the consignee's jurisdiction of organization, (d) Administrative Agent has received evidence reasonably satisfactory to Administrative Agent that the applicable Borrower has provided notice to the consignee's secured parties of the consignment arrangement and (e) Administrative Agent shall have received a Collateral Access Agreement from the owner and lessor of the premises on which such Inventory is held and/or such other documentation as it shall reasonably require.

1.77 "Eligible Inventory" shall mean Inventory of each Borrower consisting of finished goods held for resale in the ordinary course of the business of a Borrower and raw materials for such finished goods, that in each case satisfy the criteria set forth below as reasonably determined by Administrative Agent in accordance with Administrative Agent's customary practices. In general, Eligible Inventory shall not include: (a) work-in-process; (b) components which are not part of finished goods; (c) spare parts for equipment; (d) packaging and shipping materials; (e) supplies used or consumed in such Borrower's business; (f) Inventory at premises other than those owned or leased and controlled by any Borrower, except (i) Inventory at premises leased to a Borrower by a third party that has executed and delivered to Administrative Agent a Collateral Access Agreement, (ii) Inventory at premises leased to a Borrower by a third party with respect to which a Reserve satisfactory to Administrative Agent has been established and (iii) Eligible Consigned Inventory in an amount not to exceed the Consigned Inventory Loan Limit; (g) Inventory subject to a security interest or lien in favor of any Person other than Collateral Agent except those permitted in this Agreement that are subject to an intercreditor agreement in form and substance satisfactory to Administrative Agent between the holder of such security interest or lien and Administrative Agent or Collateral Agent; (h) bill and hold goods; (i) unserviceable, obsolete or slow moving Inventory; (j) Inventory that is not subject to the first priority, valid and perfected security interest of Collateral Agent; (k) returned, damaged and/or defective Inventory; (l) Inventory purchased or sold on consignment, except Eligible Consigned Inventory and (m) Inventory located outside the United States of America. The criteria for Eligible Inventory set forth above may only be changed and any new criteria for Eligible Inventory may only be established by Administrative Agent in good faith

based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii) an event, condition or other circumstance existing on the date hereof to the extent Administrative Agent has no written notice thereof from a Borrower prior to the date hereof, in either case under clause (i) or (ii) which materially and adversely affects or could reasonably be expected to materially and adversely affect the Inventory in the good faith determination of Administrative Agent. Any Inventory that is not Eligible Inventory shall nevertheless be part of the Collateral.

The amount of Eligible Inventory of any Borrower shall, at Administrative Agent's option, be determined based on the lesser of the amount of Inventory set forth in the general ledger of such Borrower or the perpetual inventory record maintained by such Borrower.

1.78 "Eligible Transferee" shall mean (a) any Lender; (b) the parent company of any Lender and/or any Affiliate of such Lender which is at least fifty (50%) percent owned by such Lender or its parent company; (c) any person (whether a corporation, partnership, trust or otherwise) that is engaged in the business of making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor, and in each case is approved by Administrative Agent; and (d) any other commercial bank, financial institution or "accredited investor" (as defined in Regulation D under the Securities Act of 1933) approved by Administrative Agent; provided, that, in each case, (i) except as Administrative Agent and Required Lenders may otherwise specifically agree, (A) neither any Borrower nor any Guarantor or any Affiliate of any Borrower or Guarantor shall qualify as an Eligible Transferee, (B) no Person to whom any Indebtedness which is in any way subordinated in right of payment to any other Indebtedness of any Borrower or Guarantor shall qualify as an Eligible Transferee and (C) no Person in substantially the same line of business as the Borrowers shall qualify as an Eligible Transferee and (ii) a Person shall qualify as an Eligible Transferee in respect of Loans made to the Dutch Borrower, only if it is a PMP.

1.79 "EMU" shall mean Economic and Monetary Union as contemplated in the Treaty on European Union.

1.80 "EMU Legislation" shall mean legislative measures of the European Council (including without limitation European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

1.81 "Environmental Laws" shall mean all foreign, federal, state and local laws (including common law), legislation, rules, codes, licenses, permits (including any conditions imposed therein), authorizations, judicial or administrative decisions, injunctions or agreements between any Borrower or Guarantor and any Governmental Authority, (a) relating to pollution and the protection, preservation or restoration of the environment (including air (outdoor and indoor), water vapor, surface water, ground water, drinking water, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource), or to human health or safety, (b) relating to the exposure to, or the use, storage, recycling, treatment, generation, manufacture, processing, distribution, transportation, handling, labeling, production, release or disposal, or threatened release,

of Hazardous Materials, or (c) relating to all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials. The term "Environmental Laws" includes (i) the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, including the federal Superfund Amendments and Reauthorization Act, the federal Water Pollution Control Act of 1972, the federal Clean Water Act, the federal Clean Air Act, the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984), the federal Toxic Substances Control Act, the federal Insecticide, Fungicide and Rodenticide Act, and the Federal Safe Drinking Water Act of 1974, (ii) applicable foreign, state or local counterparts to such laws and (iii) any common law or equitable doctrine that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Materials.

1.82 "Equipment" shall mean, as to each Borrower and Guarantor, all of such Borrower's and Guarantor's now owned and hereafter acquired (a) equipment, wherever located, including machinery, data processing and computer equipment (whether owned or licensed and including embedded software), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located and (b) other "equipment" (as defined in the UCC) and all attachments, accessions and property now or hereafter affixed to any of the foregoing or used in connection therewith, and substitutions and replacements thereof, wherever located.

1.83 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, together with all rules, regulations and interpretations thereunder or related thereto.

1.84 "ERISA Affiliate" shall mean any person, trades or businesses (whether or not incorporated) required to be aggregated with any Borrower, any Guarantor or any of its or their respective Subsidiaries under Sections 414(b), 414(c), 414(m) or 414(o) of the Code.

1.85 "ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Pension Plan, other than events as to which the requirement of notice has been waived in regulations issued by the Pension Benefit Guaranty Corporation; (b) the adoption of any amendment to a Pension Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) a complete or partial withdrawal by any Borrower, Guarantor or any ERISA Affiliate from a Multiemployer Plan or a cessation of operations which is treated as such a withdrawal or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pensions Plan, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Pension Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (f) the imposition of any liability under Title IV of ERISA, other than the Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower, Guarantor or any ERISA Affiliate in excess of $1,000,000, (g) any other event or condition with respect to a Plan including any Pension Plan subject to Title IV of ERISA maintained, or contributed to, by any ERISA Affiliate that could reasonably be expected to result in liability of any Borrower in excess of $1,000,000 and (h) an event

or transaction which might reasonably be expected to give rise to liability under Sections 4069 or 4212(c) of ERISA.

1.86 "ESOP Plan" shall mean The Newark Group, Inc. Employees' Stock Ownership Plan dated as of April 22, 2002, as such ESOP Plan may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

1.87 "ESOP Settlement Agreement" shall mean the Agreement by and between Grandview Capital Strategies, Inc. (in its capacity as Independent Fiduciary of The Newark Group, Inc. Employee Stock Ownership Plan) and The Newark Group, Inc., dated [April ___, 2010], as the same now exists or may be amended, modified, extended, restated, replaced or supplemented from time to time.

1.88 "Euro", "EUR" and "€" mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

1.89 "Eurodollar Rate Loans" shall mean any Revolving Loans or portion thereof on which interest is payable based on the Adjusted Eurodollar Rate in accordance with the terms hereof.

1.90 "Event of Default" shall mean the occurrence or existence of any event or condition described in Section 10.1 hereof.

1.91 "Excess Availability" shall mean the amount, as determined by Administrative Agent, calculated at any date, equal to: (a) the lesser of: (i) the U.S. Borrowing Base and (ii) the Maximum Credit (in each case under (i) or (ii) after giving effect to any Reserves (other than any Reserves in respect of Letter of Credit Obligations and other than the Special Availability Reserve)), minus (b) the sum of: (i) the amount of all then outstanding and unpaid Obligations (but not including for this purpose Obligations arising pursuant to any guarantees in favor of Administrative Agent and Lenders of the Obligations of the other Borrowers or any outstanding Letter of Credit Obligations), plus (ii) the amount of all Reserves then established in respect of Letter of Credit Obligations, plus (iii) the aggregate amount of all then outstanding and unpaid trade payables and other obligations of Borrowers which are outstanding more than sixty (60) days past due as of the end of the immediately preceding month or at Administrative Agent's option, as of a more recent date based on such reports as Administrative Agent may from time to time specify (other than trade payables or other obligations being contested or disputed by the applicable Borrower in good faith), plus (iv) without duplication, the amount of checks issued by any Borrower to pay trade payables and other obligations which are more than sixty (60) days past due as of the end of the immediately preceding month or at Administrative Agent's option, as of a more recent date based on such reports as Administrative Agent may from time to time specify (other than trade payables or other obligations being contested or disputed by the applicable Borrower in good faith), but not yet sent.

1.92 "Exchange Act" shall mean the Securities Exchange Act of 1934, together with all rules, regulations and interpretations thereunder or related thereto.

1.93 "Excluded Deposit Accounts" shall have the meaning given to such term in Section 5.2(d).

1.94 "Excluded Subsidiaries" shall mean NP Cogen, Inc. and JD Corp.

1.95 "Existing Lenders" means the various financial institutions and other Persons from time to time party to the Existing Loan Agreement.

1.96 "Existing Letters of Credit" means the letters of credit issued by Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, to or for the account of Borrowers pursuant to the Existing Loan Agreement.

1.97 "Existing Loan Agreement" means the Amended and Restated Loan and Security Agreement, dated [_____ __], 2010, by and among Chapter 11 Borrower, Dutch Borrower, Chapter 11 Guarantor, Administrative Agent, Collateral Agent and Existing Lenders (as heretofore amended or otherwise modified).

1.98 "Existing Loan Documents" means, collectively, the Existing Loan Agreement together with all documents, certificates, instruments, notes, guarantees and agreements executed and delivered by Chapter 11 Borrower, Dutch Borrower and Chapter 11 Guarantor in connection therewith, whether or not specifically mentioned herein or therein, in each case as amended, supplemented, amended and restated, replaced or otherwise modified from time to time.

1.99 "Existing Loans" means, collectively, the Existing Revolving Loans and the Existing Swingline Loans.

1.100 "Existing Revolving Loans" means the revolving loans made by the Existing Lenders to Borrowers pursuant to the Existing Loan Agreement.

1.101 "Existing Swingline Loans" means the swingline loans made by Wachovia Bank, National Association, as swingline lender, to Borrowers pursuant to the Existing Loan Agreement.

1.102 "Extension of Credit" shall mean, as to any Lender, the making of a Loan by such Lender or the issuance of, or participation in, a Letter of Credit by such Lender.

1.103 "Fee Letter" shall mean the letter agreement, dated as of October 22, 2009, by and among the Company, Administrative Agent and Wachovia Bank, National Association setting forth certain fees payable by Borrowers to Administrative Agent for the benefit of itself and Lenders, as amended as of [_____], 2010, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.104 "Final Financing Order" means the Final Order Pursuant to Sections 105, 361, 362, 363, 364(c) and 364(d) of the Bankruptcy Code and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (I) Authorizing Debtors to Obtain Secured Post-Petition Financing on a Superpriority Priming Lien Basis and Modifying the Automatic Stay, (II) Authorizing Debtors to Use Pre-Petition Secured Lenders' Cash Collateral and Granting Adequate Protection, (III) Authorizing the Repayment in Full of all Claims of Debtors' Pre-Petition Secured Lenders, as entered by the Bankruptcy Court on [_____ __], 2010 in the Chapter 11 Case, and (IV) granting related relief.

1.105 "Final Judgment" shall mean the final judgment issued or to be issued by the Superior Court of Suffolk County, Massachusetts or other applicable court with respect to the Settlement Agreement and/or the agreements set forth therein.

1.106 "Final Order" means an order or judgment of the Bankruptcy Court duly entered on the docket of the Bankruptcy Court that (a) has not been modified or amended without the consent of Administrative Agent and the Required Lenders, or vacated, reversed, revoked, rescinded, stayed or appealed from, except as Administrative Agent and the Required Lenders may otherwise specifically agree, (b) with respect to which the time to appeal, petition for certiorari, application or motion for reversal, rehearing, reargument, stay, or modification has expired, (c) no petition, application or motion for reversal, rehearing, reargument, stay or modification thereof or for a writ of certiorari with respect thereto has been filed or granted or the order or judgment of the Bankruptcy Court has been affirmed by the highest court to which the order or judgment was appealed and (d) is no longer subject to any or further appeal or petition, application or motion for reversal, rehearing, reargument, stay or modification thereof or for any writ of certiorari with respect thereto or further judicial review in any form.

1.107 "Financial Markets Supervision Act" shall mean the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

1.108 "Financing Agreements" shall mean, collectively, this Agreement, the Intercreditor Agreement, the Fee Letter, the Security Documents, the Revolving Notes, the Swingline Notes, all Letter of Credit Documents, all other notes, guarantees, Account Control Agreements, investment property control agreements, intercreditor agreements and all other agreements, documents and instruments now or at any time hereafter executed and/or delivered by any Borrower or Guarantor in connection with this Agreement; provided, that, in no event shall the term Financing Agreements be deemed to include any Hedge Agreement.. For the avoidance of doubt, Financing Agreements shall not include the CL Financing Agreements, other than the Intercreditor Agreement.

1.109 "Fixed Charge Coverage Ratio" shall mean, as of the last day of each month for the trailing twelve (12) months, the ratio of (a) (i) Consolidated EBITDA (computed on the last day of each month for the trailing twelve (12) months) minus (ii) Unfinanced Capital Expenditures for such period, minus (iii) Consolidated Cash Taxes for such period to (b) Consolidated Fixed Charges (computed on the last day of each month for the trailing twelve (12) months).

1.110 "Foreign Currency Equivalent" shall mean, with respect to any amount denominated in Dollars, the equivalent amount thereof in Euros as determined by Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Euros with Dollars.

1.111 "Foreign Currency Loan" shall mean any Loan denominated in Euros.

1.112 "Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which a Borrower is resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

1.113 "Foreign Obligations" shall mean the Obligations of the Dutch Borrower.

1.114 "Foreign Subsidiary" shall mean, with respect to any Person, any Subsidiary of such Person which is not a Domestic Subsidiary.

1.115 "Funded Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices, but including, without limitation, all earn-outs and similar deferred payment obligations); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) except with respect to the ESOP Plan, all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law, (i) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP, (j) in respect of letters of credit issued on behalf of the Borrowers and Guarantors (and/or in connection with the Borrowers and Guarantors have reimbursement obligations) and (k) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements, hedging agreements, collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values.

1.116 "Funding Bank" shall have the meaning given to such term in Section 3.3 hereof.

1.117 "GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied; except, that, subject to the second sentence of Section 13.2(g) hereof, for purposes of Sections 9.17 and 9.18 hereof, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with

those used in the preparation of the most recent audited financial statements delivered to Administrative Agent prior to the date hereof.

1.118 "Governmental Authority" shall mean any nation or government, any state, province, or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

1.119 "Guarantors" shall mean, collectively, the following (together with their successors and assigns: (a) NP Cogen, Inc., a California corporation, as successor to Chapter 11 Guarantor upon conclusion of the Chapter 11 Case pursuant to the Confirmation Order, and (b) any other Person that at any time after the date hereof becomes party to a guarantee in favor of Agent or otherwise liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations (other than Borrowers); each sometimes referred to herein individually as a "Guarantor".

1.120 "Guaranty Obligations" shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting security therefor, (b) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (c) to lease or purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (d) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

1.121 "Hazardous Materials" shall mean any hazardous, toxic or dangerous substances, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, mold, fungi, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

1.122 "Hedge Agreement" shall mean an agreement between any Borrower or Guarantor and Administrative Agent, Collateral Agent, any Hedge Agreement Provider (as defined in Section 5.1) or any Bank Product Provider (as defined in Section 5.1) that is a rate swap agreement, basis swap, forward rate agreement, commodity swap, interest rate option, forward foreign exchange agreement, spot foreign exchange agreement, rate cap agreement rate, floor agreement, rate collar agreement, currency swap agreement, cross-currency rate swap agreement, currency option, any

other similar agreement (including any option to enter into any of the foregoing or a master agreement for any the foregoing together with all supplements thereto) for the purpose of protecting against or managing exposure to fluctuations in interest or exchange rates, currency valuations or commodity prices; sometimes being collectively referred to herein as "Hedge Agreements".

1.123 "Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices, but including, without limitation, all earn-outs and similar deferred payment obligations); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements and collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values; (i) all obligations owed by such Person under License Agreements with respect to non-refundable, advance or minimum guarantee royalty payments; (j) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law and (k) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP.

1.124 "Independent Financial Advisor" shall mean a firm (a) that does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in any Borrower or Guarantor and (b) that, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

1.125 "Information Certificate" shall mean, collectively, the Information Certificates of Borrowers and Guarantors constituting Exhibit B hereto containing material information with respect to Borrowers and Guarantors, their respective businesses and assets provided by or on behalf of Borrowers and Guarantors to Administrative Agent in connection with the preparation of this Agreement and the other Financing Agreements and the financing arrangements provided for herein.

1.126 "Intellectual Property" shall mean, as to each Borrower and Guarantor, such Borrower's and Guarantor's now owned and hereafter arising or acquired: patents, patent rights, patent applications, copyrights, works which are the subject matter of copyrights, copyright applications, copyright registrations, trademarks, servicemarks, trade names, trade styles, trademark and service mark applications, and licenses and rights to use any of the foregoing and all applications, registrations and recordings relating to any of the foregoing as may be filed in the United States Copyright Office, the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country or jurisdiction, together with all rights and privileges arising under applicable law with respect to any Borrower's or Guarantor's use of any of the foregoing; all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing; all rights to sue for past, present and future infringement of any of the foregoing; inventions, trade secrets, formulae, processes, compounds, drawings, designs, blueprints, surveys, reports, manuals, and operating standards; goodwill (including any goodwill associated with any trademark or servicemark, or the license of any trademark or servicemark); customer and other lists in whatever form maintained; trade secret rights, copyright rights, rights in works of authorship, domain names and domain name registration; software and contract rights relating to computer software programs, in whatever form created or maintained.

1.127 "Intercreditor Agreement" shall mean the Intercreditor Agreement, dated as of [_____ __], 2010 by and among Administrative Agent, the CL Administrative Agent and the Control Agent, as amended, restated, supplemented and/or modified from time to time in accordance with the provisions thereof.

1.128 "Interest Period" shall mean for any Eurodollar Rate Loan, a period of approximately one (1), two (2), or three (3) months duration as any Borrower (or Company on behalf of such Borrower) may elect, the exact duration to be determined in accordance with the customary practice in the applicable Eurodollar Rate market; provided, that, such Borrower (or Company on behalf of such Borrower) may not elect an Interest Period which will end after the Termination Date.

1.129 "Interest Rate" shall mean:

(a) For any day, the rate per annum set forth below opposite the applicable level then in effect (based on Monthly Average Excess Availability for the immediately preceding calendar month), it being understood that the Interest Rate for (i) Revolving Loans that are Prime Rate Loans shall be a rate equal to the sum of (A) the Prime Rate plus (B) the percentage set forth under the column "Prime Rate Loans", (ii) Revolving Loans that are Eurodollar Rate Loans shall be a rate equal to the sum of (A) the Adjusted Eurodollar Rate plus (B) the percentage set forth under the column "Eurodollar Rate Loans", (iii) the Letter of Credit Fee shall be the percentage set forth under the column "Letter of Credit Fee", and (iv) the Unused Line Fee shall be the percentage set forth under the column "Unused Line Fee":

Tier	Monthly Average Excess Availability	Prime Rate Loans	Eurodollar Rate Loans	Letter of Credit Fee	Unused Line Fee
1	Greater than $30,000,000	2.75%	3.75%	3.75%	1.00%
2	Less than or equal to $30,000,000 and greater than $15,000,000	3.00%	4.00%	4.00%	0.75%
3	Less than or equal to $15,000,000	3.25%	4.25%	4.25%	0.50%

(b) Notwithstanding anything to the contrary contained in clause (a) of this definition, the Interest Rate shall mean the rate two (2%) percent per annum in excess of the applicable amount set forth above, at Administrative Agent's option, without notice, (i) either (A) for the period on and after the date of termination hereof until such time as all Obligations are indefeasibly paid and satisfied in full in immediately available funds, or (B) for the period from and after the date of the occurrence of any Event of Default, and for so long as such Event of Default is continuing as determined by Administrative Agent, (ii) on the Loans at any time outstanding in excess of the U.S. Borrowing Base (whether or not such excess arises or is made with or without Administrative Agent's or any Lender's knowledge or consent and whether made before or after an Event of Default) and (iii) on the Loans to the Dutch Borrower at any time outstanding in excess of the Dutch Revolving Loan Limit (whether or not such excess arises or is made with or without Administrative Agent's or any Lender's knowledge or consent and whether made before or after an Event of Default).

(c) The initial Interest Rate shall be based on Tier 2 (as shown above) and shall remain at Tier 2 until the last day of the sixth complete calendar month following the Closing Date.

(d) The "Interest Rate" shall be calculated and established once each calendar month, effective as of the first day of such calendar month and shall remain in effect until adjusted thereafter at the end of the next calendar month.

(e) In the event that any financial information or certification provided to Administrative Agent in accordance with the provisions of Section 9.6(a) is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Interest Rate for any period (an "Applicable Period") than the Interest Rate applied for such Applicable Period, then (i) Borrowers shall immediately deliver to Administrative Agent a corrected Compliance Certificate for such Applicable Period, (ii) the Interest Rate shall be determined as if Tier 3 were applicable for such Applicable Period, and (iii) Borrowers shall immediately pay to Administrative Agent the accrued additional interest owing as a result of such increased Interest Rate for such Applicable Period.

1.130 "Inventory" shall mean, as to each Borrower and Guarantor, all of such Borrower's and Guarantor's now owned and hereafter existing or acquired (a) goods, wherever located, which (i) are leased by such Borrower or Guarantor as lessor; (ii) are held by such Borrower or Guarantor for sale or lease or to be furnished under a contract of service; (iii) are furnished by such Borrower or Guarantor under a contract of service; or (iv) consist of raw materials, work in process, finished

goods or materials used or consumed in its business and (b) other "inventory" (as defined in the UCC) wherever located.

1.131 "Investment Property Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Administrative Agent, by and among Collateral Agent, any Borrower or Guarantor (as the case may be) and any securities intermediary, commodity intermediary or other person who has custody, control or possession of any investment property of such Borrower or Guarantor acknowledging that such securities intermediary, commodity intermediary or other person has custody, control or possession of such investment property on behalf of Collateral Agent, that it will comply with entitlement orders originated by Collateral Agent with respect to such investment property, or other instructions of Collateral Agent, and has such other terms and conditions as Administrative Agent or Collateral Agent may require.

1.132 "Issuing Bank" shall mean Wells Fargo or any Lender that is approved by Administrative Agent that shall issue a Letter of Credit for the account of a Borrower and has agreed in a manner satisfactory to Administrative Agent to be subject to the terms hereof as an Issuing Bank.

1.133 "Jackson Drive Real Property" shall have the meaning set forth in Section 8.30.

1.134 "JD Corp." shall mean Jackson Drive Corp.

1.135 "Lenders" shall have the meaning set forth in the first paragraph of this Agreement.

1.136 "Letter of Credit Documents" shall mean, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any application therefor, and any agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk or (b) any collateral security for such obligations.

1.137 "Letter of Credit Fee" shall have the meaning set forth in Section 3.2.

1.138 "Letter of Credit Limit" shall mean $15,000,000.

1.139 "Letter of Credit Obligations" shall mean, at any time, the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time, plus (b) the aggregate amount of all drawings under Letters of Credit for which Issuing Bank has not at such time been reimbursed, plus (c) without duplication, the aggregate amount of all payments made by each Lender to Issuing Bank with respect to such Lender's participation in Letters of Credit as provided in Section 2.2 for which Borrowers have not at such time reimbursed the Lenders, whether by way of a Revolving Loan or otherwise.

1.140 "Letters of Credit" shall mean all letters of credit (whether documentary or stand-by and whether for the purchase of inventory, equipment or otherwise) issued by an Issuing Bank for the account of any Borrower pursuant to this Agreement, and all amendments, renewals, extensions or replacements thereof and including, but not limited to, the Existing Letters of Credit.

1.141 "License Agreements" shall have the meaning set forth in Section 8.11 hereof.

1.142 "Loans" shall mean (a) Revolving Loans and (b) Swingline Loans, as appropriate.

1.143 "London Interbank Offered Rate" shall mean, with respect to any Eurodollar Rate Loan for the Interest Period applicable thereto, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to eurodollar deposits in dollars in the London interbank market) at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, that, if more than one rate is specified on such Page for such comparable period, the applicable rate shall be the arithmetic mean of all such rates (rounded to the nearest 1/100th of 1%). In the event that such rate is not available at such time for any reason, then the term "London Interbank Offered Rate" shall mean, with respect to any Eurodollar Rate Loan for the Interest Period applicable thereto, the rate of interest per annum at which dollar deposits of $5,000,000 and for a term comparable to such Interest Period are offered by the principal London office of Wells Fargo Bank, N.A., as specified by Administrative Agent (or, in the event there is a successor Administrative Agent at the time, any other commercial bank approved by the U.S. Borrower, Required Lenders and such successor Administrative Agent), in immediately available funds in the London interbank market at approximately 11:00 a.m. London time two (2) Business Days prior to the commencement of such Interest Period.

1.144 "Mandatory Swingline Borrowing" shall have the meaning set forth in Section 2.5(b)(ii).

1.145 "Material Adverse Effect" shall mean a material adverse effect on (a) the financial condition, business, performance or operations of Borrowers; (b) the legality, validity or enforceability of this Agreement or any of the other Financing Agreements; (c) the legality, validity, enforceability, perfection or priority of the security interests and liens of Collateral Agent upon the Collateral; (d) the Collateral or its value; (e) the ability of Borrowers to repay the Obligations or of Borrowers to perform their obligations under this Agreement or any of the other Financing Agreements as and when to be performed; or (f) the ability of Administrative Agent or any Lender to enforce the Obligations or realize upon the Collateral or otherwise with respect to the rights and remedies of Administrative Agent and Lenders under this Agreement or any of the other Financing Agreements.

1.146 "Material Contract" shall mean any contract or other agreement (other than the Financing Agreements), whether written or oral, to which any Borrower or Guarantor is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto would have a Material Adverse Effect.

1.147 "Maximum Credit" shall mean the amount of $50,000,000 (as such amount may be reduced from time to time as provided in the definition of "Reserves"(other than with respect to the Special Availability Reserve) or in Section 2.1(e) or increased from time to time as provided in Section 2.4).

1.148 "Monthly Average Excess Availability" shall mean, at any time, the daily average of the Excess Availability (after giving effect to, and subtracting an amount equal to, the Special Availability Reserve) for the immediately preceding calendar month as calculated by Administrative Agent.

1.149 "Multiemployer Plan" shall mean a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by any Borrower, Guarantor or any ERISA Affiliate or with respect to which any Borrower, Guarantor or any ERISA Affiliate may incur any liability.

1.150 "Net Cash Proceeds" shall mean the aggregate cash proceeds received by any Borrower or Guarantor in respect of any insurance and condemnation recoveries, any sale, lease, transfer or other disposition of any assets or properties, or interest in assets and properties or as proceeds from the issuance and/or sale of any Capital Stock or Indebtedness, in each case net of the reasonable and customary direct costs relating to such sale, lease, transfer or other disposition or issuance and/or sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and taxes paid or payable as a result thereof and in the case of a sale of any assets or properties or interest in assets and properties, amounts applied to the repayment of Indebtedness secured by a valid and enforceable lien (other than a lien created under the Financing Agreements) on the asset or assets that are the subject of such sale or other disposition required to be repaid in connection with such transaction, including any amounts paid or advanced for such costs or expenses with proceeds of Revolving Loans. Until the CL Obligations have been paid in full, any reference to "Net Cash Proceeds" herein relating solely to CL Priority Collateral and any mandatory prepayments of CL Obligations permitted to be made under Section 2.6 hereof shall have the meaning set forth in the CL Credit Agreement (as in effect on the date hereof).

1.151 "Net Recovery Percentage" shall mean the fraction, expressed as a percentage, (a) the numerator of which is the amount equal to the amount of the recovery in respect of the Inventory at such time on a "net orderly liquidation value" basis as set forth in the most recent appraisal of such inventory in form and containing assumptions and appraisal methods reasonably satisfactory to Administrative Agent by an appraiser reasonably acceptable to Administrative Agent, on which Administrative Agent and the Lenders are expressly permitted to rely, net of operating expenses, liquidation expenses and commissions, and (b) the denominator of which is the applicable original cost of the aggregate amount of the Inventory subject to such appraisal; provided, that, the Net Recovery Percentage established on the Closing Date will be mutually agreed upon by Administrative Agent and the Company.

1.152 "NP Cogen" shall mean NP Cogen, Inc., a California corporation.

1.153 "Obligations" means collectively, the Pre-Effective Date Obligations (to the extent not indefeasibly paid in full at or prior to the Closing Date) and the Post-Effective Date Obligations.

1.154 "OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

1.155 "Other Taxes" shall have the meaning given to such term in Section 6.5 hereof.

1.156 "Parallel Debt" shall mean, in relation to an Underlying Debt (and subject to Section 13.13 herein), an obligation to pay to Collateral Agent an amount equal to (and in the same currency as) the amount of such Underlying Debt.

1.157 "Participant" shall mean any financial institution that acquires and holds a participation in the interest of any Lender in any of the Loans and Letters of Credit in conformity with the provisions of Section 13.7 of this Agreement governing participations.

1.158 "Participating Member State" means the states of the European Union that have adopted the Euro as their lawful currency as of the Closing Date (being, Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia and Spain).

1.159 "Patriot Act" shall mean the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

1.160 "Pension Plan" shall mean a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which any Borrower or Guarantor sponsors, maintains, or to which any Borrower, Guarantor or ERISA Affiliate makes, is making, or is obligated to make contributions, has made contributions at any time during the immediately preceding six (6) plan years or may have any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during any preceding six (6) year period, or could reasonably be expected to be deemed to be a contributing sponsor under section 4069 of ERISA other than a Multiemployer Plan.

1.161 "Permitted Acquisition" shall mean an acquisition or any series of related acquisitions by a Borrower, Guarantor or any Foreign Subsidiary of (a) the assets or a majority of the outstanding Voting Stock or economic interests of any Person, (b) any division, line of business or other business unit of any Person or (c) Capital Stock of a joint venture constituting a majority of the Capital Stock of such Person to the extent such Borrower, Guarantor or Foreign Subsidiary already owns Capital Stock of such joint venture (such Person or such division, line of business or other business unit of such Person or such joint venture shall be referred to herein as the "Target"), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by Borrowers, Guarantors and their Subsidiaries pursuant to the terms hereof, so long as (i) no Default or Event of Default shall then exist or would exist after giving effect thereto, (ii) to the extent doing so would not create material adverse tax consequences to the Borrowers or Guarantors, Collateral Agent, on behalf of the Lenders, shall have received (or shall receive in connection with the closing of such acquisition) a perfected security interest in all property (including, without limitation, Capital Stock) acquired with respect to the Target subject to Permitted Liens and in accordance with the Security Documents and the Target, if a U.S. Person, shall have executed a joinder agreement in accordance with the terms of Section 9.22, (iii) the Target shall have earnings before interest, taxes, depreciation and amortization for the four fiscal quarters prior to the acquisition date in an amount greater than $0 (with pro forma adjustments acceptable to the Administrative Agent), (iv) such acquisition shall not be a "hostile" acquisition and shall have been approved by the Board of Directors and/or shareholders of the applicable Borrower, Guarantor, or Foreign Subsidiary and the Target, (v) immediately after giving effect to such acquisition, there shall be at least $20,000,000 of Excess Availability (including Eligible Inventory and Eligible Accounts of the Target, it being agreed that

no Inventory of the Target shall be Eligible Inventory until Administrative Agent shall have received all documentation that it reasonably requests, including, without limitation, a satisfactory appraisal, and no Accounts of the Target shall be Eligible Accounts until Administrative Agent shall have received all documentation that it reasonably requests, including, without limitation, a satisfactory field examination), (vi) Administrative Agent shall have received detailed projections for Company and its Subsidiaries through the date that is three (3) years from the Closing Date giving pro forma effect to such acquisition, based on assumptions satisfactory to Administrative Agent and demonstrating pro forma compliance with the Fixed Charge Coverage Ratio covenant set forth in Section 9.17(a) of this Agreement immediately prior to giving effect to such acquisition and after giving effect to such acquisition through such date, prepared in good faith and in a manner and using such methodology as is consistent with the most recent financial statements delivered to Administrative Agent pursuant to Section 9.6 hereof and in form and substance satisfactory to Administrative Agent, and (vii) the total cash consideration (without taking into account the proceeds of Subordinated Debt, unsecured Indebtedness or Capital Stock issued, in each case, used to pay a portion or all of the consideration for the Target) for (A) all such acquisitions made during any twelve month period shall not exceed $10,000,000 in the aggregate and (B) all such acquisitions made during the term of this Agreement shall not exceed $20,000,000 in the aggregate.

1.162 "Permitted Discretion" shall mean, as used in this agreement with references to Administrative Agent, a determination made in good faith in the exercise of its reasonable business judgment based on how an asset based lender with similar rights providing a credit facility of the type set forth herein would act in similar circumstances at the time with the information then available to it.

1.163 "Permitted Holder" shall mean, collectively, any one or more funds and/or accounts managed and/or advised by DDJ Capital Management, LLC.

1.164 "Permitted Investments" shall have the meaning set forth in Section 9.10.

1.165 "Permitted Liens" shall have the meaning set forth in Section 9.8.

1.166 "Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.167 "Plan" shall mean an employee benefit plan (as defined in Section 3(3) of ERISA) which any Borrower or Guarantor sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiemployer Plan has made contributions at any time during the immediately preceding six (6) plan years or with respect to which any Borrower or Guarantor may incur liability.

1.168 "Plan Effective Date" shall mean the date after which the Confirmation Order shall have become a Final Order and that all of the conditions precedent the effectiveness of the Plan of Reorganization shall have been satisfied as determined by Agent in its Permitted Discretion, or with the consent of Agent, waived in accordance with the terms thereof.

1.169 "Plan of Reorganization" shall mean the Joint Plan of Reorganization of The Newark Group, Inc. and Affiliated Debtors, dated [_____ __, 20__], in the form filed with the Bankruptcy Court and any amendments, supplements or modifications thereto.

1.170 "Pledge Agreement" shall mean the Pledge Agreement dated as of March 9, 2007, executed by Borrowers and Guarantors party thereto in favor of Collateral Agent, for the benefit of the Lenders, and the Control Agent, as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms.

1.171 "PMP" shall mean a professional market party (*professionele marktpartij*) as defined in the Financial Markets Supervision Act.

1.172 "Post-Effective Date Obligations" means (a) any and all Loans, Letter of Credit Obligations and all other obligations, liabilities and indebtedness of every kind, nature and description owing by any or all of Borrowers to Administrative Agent, Collateral Agent, Control Agent or any Lender and/or any of their Affiliates or any Issuing Bank arising on or after the Plan Effective Date, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement or any of the other Financing Agreements or on account of any Letter of Credit and all other Letter of Credit Obligations, whether now existing or hereafter arising, whether arising before, during or after the term of this Agreement or after the commencement of any case with respect to such Borrower under the Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured (other than the Company's Parallel Debts), and (b) for purposes only of Section 5.1 hereof and subject to the priority in right of payment set forth in Section 6.4(a) hereof, all obligations, liabilities and indebtedness of every kind, nature and description owing by any or all of Borrowers to Administrative Agent or any Bank Product Provider or Hedge Agreement Provider arising under or pursuant to any Bank Products, whether now existing or hereafter arising (other than the Company's Parallel Debts); provided, that, (i) as to any such obligations, liabilities and indebtedness arising under or pursuant to a Hedge Agreement, the same shall only be included within the Post-Effective Date Obligations if upon Administrative Agent's request, Administrative Agent shall have entered into an agreement, in form and substance satisfactory to Administrative Agent in good faith, with the Hedge Agreement Provider that is a counterparty to such Hedge Agreement, as acknowledged and agreed to by Borrowers, providing for the delivery to Administrative Agent by such counterparty of information with respect to the amount of such obligations and providing for the other rights of Administrative Agent and such Hedge Agreement Provider in connection with such arrangements, (ii) any Bank Product Provider or Hedge Agreement Provider, other than Wells Fargo and its Affiliates, shall have delivered written notice to Administrative Agent that (A) such Bank Product Provider or Hedge Agreement Provider has entered into a transaction to provide Bank Products to a Borrower and (B) the obligations arising pursuant to such Bank Products provided to Borrowers constitute Post-Effective Date Obligations entitled to the benefits of the security interest of Collateral Agent granted hereunder, and Administrative Agent shall have accepted such notice in writing, and (iii) except as otherwise provided herein, in no event shall any Bank Product Provider or Hedge Agreement Provider acting in such capacity to whom such obligations, liabilities or indebtedness are owing be deemed a Lender

for purposes hereof to the extent of and as to such obligations, liabilities or indebtedness and in no event shall the approval of any such person in its capacity as Bank Product Provider or Hedge Agreement Provider be required in connection with the release or termination of any security interest or lien of Collateral Agent.

1.173 "Pre-Effective Date Obligations" means (a) any and all Loans, Letter of Credit Outstandings, and all other obligations, liabilities and indebtedness of every kind, nature and description owing by each Existing Borrower and each other Obligor (as defined in the Existing Loan Agreement) to Administrative Agent, Collateral Agent, Control Agent or any Lender and/or any of their Affiliates or any Issuing Bank arising prior to the Plan Effective Date, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, in each case arising under the Existing Loan Documents (and including any principal, interest, fees, costs, expenses and other amounts owed to Agent or any Existing Lender by Chapter 11 Borrower, Dutch Borrower and each other Obligor (as defined in the Existing Loan Agreement) in the Chapter 11 Case or any similar case or proceeding, whether or not allowed), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured (other than the Company's Parallel Debts), and (b) subject to the priority in right of payment set forth in Section 6.4(a) of the Existing Loan Agreement, all obligations, liabilities and indebtedness of every kind, nature and description owing by any or all of Chapter 11 Borrower and Dutch Borrower to Administrative Agent, any Bank Product Provider or any Hedge Agreement Provider arising under or pursuant to any Bank Products in accordance with the terms of the Existing Loan Agreement arising prior to the Plan Effective Date (other than the Company's Parallel Debts).

1.174 "Prime Rate" shall mean, for any day, a rate per annum equal to the greatest of (a) the prime rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) one and one-half (1.50%) percent per annum. For purposes hereof: "prime rate" shall mean, at any time, the rate of interest per annum publicly announced or otherwise identified from time to time by Wells Fargo at its principal office in Charlotte, North Carolina as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by Wells Fargo as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks; and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of Administrative Agent to obtain sufficient quotations in accordance with the terms above, the prime rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the prime rate due to a change in the prime rate or the Federal Funds Effective Rate shall be effective on the opening of business on the date of such change.

1.175 "Prime Rate Loans" shall mean any Loans or portion thereof on which interest is payable based on the Prime Rate in accordance with the terms thereof.

1.176 "Priority Collateral" shall mean all "Working Capital Priority Collateral" as defined in the Intercreditor Agreement, including, upon the payment in full of the CL Obligations and the termination of the CL Commitment, all CL Priority Collateral other than Real Property

1.177 "Pro Forma Basis" shall mean, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the twelve-month period ending as of the most recent month end preceding the date of such transaction.

1.178 "Pro Rata Share" shall mean as to any Lender, the fraction (expressed as a percentage) the numerator of which is such Lender's Revolving Commitment and the denominator of which is the aggregate amount of all of the Revolving Commitments of Lenders, as adjusted from time to time in accordance with the provisions of Section 13.7 hereof; provided, that, if the Revolving Commitments have been terminated, the numerator shall be the unpaid amount of such Lender's Loans and its interest in the Letter of Credit Obligations and the denominator shall be the aggregate amount of all unpaid Loans and Letter of Credit Obligations.

1.179 "Real Property" shall mean all now owned and hereafter acquired real property of each Borrower and Guarantor, including leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.

1.180 "Receivables" shall mean all of the following now owned or hereafter arising or acquired property of each Borrower and Guarantor: (a) all Accounts; (b) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any Account; (c) all payment intangibles of such Borrower or Guarantor; (d) letters of credit, indemnities, guarantees, security or other deposits and proceeds thereof issued payable to any Borrower or Guarantor or otherwise in favor of or delivered to any Borrower or Guarantor in connection with any Account; or (e) all other accounts, contract rights, chattel paper, instruments, notes, general intangibles and other forms of obligations owing to any Borrower or Guarantor, whether from the sale and lease of goods or other property, licensing of any property (including Intellectual Property or other general intangibles), rendition of services or from loans or advances by any Borrower or Guarantor or to or for the benefit of any third person (including loans or advances to any Affiliates or Subsidiaries of any Borrower or Guarantor) or otherwise associated with any Accounts, Inventory or general intangibles of any Borrower or Guarantor (including, without limitation, choses in action, causes of action, tax refunds, tax refund claims, any funds which may become payable to any Borrower or Guarantor in connection with the termination of any Plan or other employee benefit plan and any other amounts payable to any Borrower or Guarantor from any Plan or other employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, casualty or any similar types of insurance and any proceeds thereof and proceeds of insurance covering the lives of employees on which any Borrower or Guarantor is a beneficiary).

1.181 "Records" shall mean, as to each Borrower and Guarantor, all of such Borrower's and Guarantor's present and future books of account of every kind or nature, purchase and sale

agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of any Borrower or Guarantor with respect to the foregoing maintained with or by any other person).

1.182 "Recovery Event" shall mean theft, loss, physical destruction or damage, taking or similar event with respect to any property or assets owned by Company, the Dutch Borrower or any of their Subsidiaries which results in the receipt by the Company, the Dutch Borrower or any of their Subsidiaries of any cash insurance proceeds or condemnation award payable by reason thereof.

1.183 "Register" shall have the meaning set forth in Section 13.7 hereof.

1.184 "Required Lenders" shall mean, at any time, those Lenders whose Pro Rata Shares are greater than fifty (50%) percent of the aggregate of the Revolving Commitments of all Lenders, or if the Revolving Commitments shall have been terminated, Lenders to whom at least fifty (50%) percent of the then outstanding Loans and Letter of Credit Obligations are owing; provided, that, at any time that there are two (2) or more Lenders, "Required Lenders" must include at least two (2) Lenders.

1.185 "Reserves" shall mean as of any date of determination, such amounts as Administrative Agent may from time to time establish and revise in its Permitted Discretion reducing the amount of Loans and Letters of Credit which would otherwise be available to any Borrower under the lending formula(s) provided for herein: (a) to reflect events, conditions, contingencies or risks which, as determined by Administrative Agent in good faith, adversely affect, or would have a reasonable likelihood of adversely affecting, either (i) the Collateral or any other property which is security for the Obligations, its value or the amount that might be received by Administrative Agent from the sale or other disposition or realization upon such Collateral, or (ii) the assets, business or prospects of any Borrower or Guarantor or (iii) the security interests and other rights of Collateral Agent and Administrative Agent or any Lender in the Collateral (including the enforceability, perfection and priority thereof) or (b) to reflect Administrative Agent's good faith belief that any collateral report or financial information furnished by or on behalf of any Borrower or Guarantor to Administrative Agent is or may have been incomplete, inaccurate or misleading in any material respect or (c) to reflect outstanding Letters of Credit pursuant to and in accordance with Section 2.2(c) hereof (which Reserve shall be reduced by the amount of cash collateral received by Administrative Agent from Borrowers to the extent such amount fully cash collateralized the Defaulting Lenders' Pro Rata Share of such Reserve) or (d) in respect of any state of facts which Administrative Agent determines in good faith constitutes a Default or an Event of Default. Without limiting the generality of the foregoing, Reserves may, at Administrative Agent's option, be established to reflect: (i) dilution with respect to the Accounts (based on the ratio of the aggregate amount of non-cash reductions in Accounts for any period to the aggregate dollar amount of the sales of such Borrower for such period) as calculated by Administrative Agent for any period that is or is reasonably anticipated to be greater than five (5%) percent; (ii) returns, discounts, claims, credits and allowances of any nature that are not paid pursuant to the reduction of Accounts; (iii) sales, excise or similar taxes included in the amount of any Accounts reported to Administrative Agent; (iv) a change in the turnover, age or mix of the categories of Inventory that adversely affects the aggregate value of all Inventory; (v) amounts due or to become due to owners and lessors of

premises where any Collateral is located, other than for those locations where Administrative Agent has received a Collateral Access Agreement that Administrative Agent has accepted in writing, which acceptance shall not be unreasonably withheld, it being agreed that Reserves with respect to leased premises shall not exceed an amount equal to three months' rent and other obligations owed to the lessor of such premises pursuant to any applicable lease documentation; and (vi) obligations, liabilities or indebtedness (contingent or otherwise) of any Borrower or Guarantor to any Bank Product Provider or Hedge Agreement Provider arising under or in connection with any Bank Products to the extent that such obligations, liabilities or indebtedness constitute Obligations (as such term is defined herein) or otherwise receive the benefit of the security interest of Collateral Agent in any Collateral, which Reserve with respect to any Hedge Agreement shall be not more than one hundred five (105%) percent of the aggregate mark-to-market exposure then owing by any Borrower or Guarantor under each such Hedge Agreement. The amount of any Reserve established by Administrative Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such reserve as determined by Administrative Agent in good faith and to the extent that such Reserve is in respect of amounts that may be payable to third parties Administrative Agent may, at its option, deduct such Reserve from the Maximum Credit, at any time that such limit is less than the amount of the U.S. Borrowing Base. Reserves established on the Closing Date, if any, will be mutually agreed upon by Administrative Agent and the Company. Administrative Agent will not establish new reserves after the Closing Date on account of any circumstances, conditions, events or contingencies of which Administrative Agent has actual knowledge as of the Closing Date. To the extent Administrative Agent may establish new criteria or revise existing criteria (including percentages applied to determine the amount of) for Eligible Accounts and Eligible Inventory so as to address any circumstances, condition, event or contingency in a manner reasonably satisfactory to Administrative Agent, Administrative Agent shall not establish or increase a reserve for the same purpose. The amount of any reserve established or increased by Administrative Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such reserve as reasonably determined by Administrative Agent in good faith. Administrative Agent shall provide prior written notice to the Company of any material change in the categories of reserves established after the Closing Date or in the manner such reserves are calculated or any other change to any item for the calculation thereof. The term "Reserves" as used herein shall include in addition, and not in limitation, the Special Availability Reserve.

1.186 "Restricted Payment" shall mean (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, (d) any payment with respect to any earnout obligation, (e) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to any Subordinated Debt, (f) any voluntary prepayment of the CL Obligations, (g) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Indebtedness the proceeds of which are used to refinance or repay the CL Obligations in a manner that is prohibited under Section 9.9(b)(iii) herein, (h) the payment by Borrowers or any of their Subsidiaries of any management or consulting fee to any Person or of any

salary, bonus or other form of compensation to any Person who is directly or indirectly a significant partner, shareholder, owner or executive officer of any such Person, to the extent such salary, bonus or other form of compensation is not included in the Plan of Reorganization or the financial disclosures of the Company or such Subsidiary delivered to Administrative Agent (but excluding existing management incentive plans and other management and director compensation, retention, benefit, bonus and severance plans, which shall not be considered Restricted Payments hereunder), or (i) any cash payments by any Borrower or Guarantor to their respective pension plans in excess of (A) the actuarially determined minimum funding obligations with respect to such plans (including expenses of maintaining and administering such plans) and (B) such amounts as are otherwise required to be contributed to or paid with respect to such plans pursuant to applicable law.

1.187 "Revaluation Date" shall mean, shall mean each of the following: (a) each date a Eurodollar Rate Loan denominated in Euros is made pursuant to Section 2.1; (b) each date a Eurodollar Rate Loan denominated in Euros is continued pursuant to Section 3.1; (c) the last Business Day of each calendar month; (d) each date a Eurodollar Rate Loan denominated in Euros is repaid or prepaid hereunder and (e) such additional dates as Administrative Agent or the Required Lenders shall determine.

1.188 "Revolving Commitment" shall mean, at any time, as to each Lender, the principal amount set forth on Schedule 1(a) hereto or on Schedule 1 to the Assignment and Acceptance Agreement pursuant to which such Lender became a Lender hereunder in accordance with the provisions of Section 13.7 hereof, as the same may be adjusted from time to time in accordance with the terms hereof

1.189 "Revolving Loans" shall mean the loans now or hereafter made by or on behalf of any Lender or by Administrative Agent for the account of any Lender on a revolving basis pursuant to the Credit Facility (involving advances, repayments and readvances) as set forth in Section 2.1 hereof.

1.190 "Revolving Note" or "Revolving Notes" shall mean the promissory notes of Borrowers provided pursuant to Section 2.1 or 2.4 in favor of any of the Lenders evidencing the Revolving Loan provided by any such Lender pursuant to Section 2.1 or 2.4, individually or collectively, as appropriate, as such promissory notes may be amended, modified, extended, restated, replaced or supplemented from time to time.

1.191 "Sanctioned Country" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time.

1.192 "Sanctioned Person" shall mean (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

1.193 "Scheduled Asset Dispositions" shall mean the sale, lease, conveyance, disposition or other transfer of the following (including the real estate and other assets related thereto) (a) the paperboard mills in Newark, New Jersey, Natick, Massachusetts, Lawrence, Massachusetts, Middletown, Ohio, North Hoosick Falls, New York, Haverhill, Massachusetts, and Stockton, California, (b) the water rights with respect to certain real property located in Los Angeles, California, and (c) the property located at 99-107 Lockwood Street, Newark, New Jersey.

1.194 "Secured Parties" shall mean Collateral Agent, Administrative Agent, the Issuing Bank, the Lenders, Hedge Agreements Providers and Bank Product Providers.

1.195 "Security Documents" shall mean the Pledge Agreement, the Dutch Deed of Pledge and all other agreements, documents and instruments relating to, arising out of, or in any way connection with any of the foregoing documents or granting to Collateral Agent, liens or security interests to secure, inter alia, the Obligations whether now or hereafter executed and/or filed, each as may be amended from time to time in accordance with the terms hereof, executed and delivered in connection with the granting, attachment and perfection of Collateral Agent's security interests and liens arising thereunder, including, without limitation, UCC financing statements.

1.196 "Senior Subordinated Notes" shall mean those certain 9¾% senior unsecured subordinated notes due 2014 issued by the Company on March 12, 2004, as they may be amended, modified, restated or supplemented immediately prior to giving effect to this Agreement.

1.197 "Settlement Agreement" shall mean the Settlement Agreement and Final Judgment dated September 18, 2007, by and between the Commonwealth of Massachusetts and the Company related to allegations of violations of Environmental Laws asserted by the Commonwealth of Massachusetts against the Company.

1.198 "Solvent" shall mean, at any time with respect to any Person, that at such time such Person (a) is able to pay its debts as they mature and has (and has a reasonable basis to believe it will continue to have) sufficient capital (and not unreasonably small capital) to carry on its business consistent with its practices as of the date hereof, and (b) the assets and properties of such Person at a fair valuation (and including as assets for this purpose at a fair valuation all rights of subrogation, contribution or indemnification arising pursuant to any guarantees given by such Person) are greater than the Indebtedness of such Person, and including subordinated and contingent liabilities computed at the amount which, such person has a reasonable basis to believe, represents an amount which can reasonably be expected to become an actual or matured liability (and including as to contingent liabilities arising pursuant to any guarantee the face amount of such liability as reduced to reflect the probability of it becoming a matured liability).

1.199 "Special Administrative Agent Advances" shall have the meaning set forth in Section 12.11 hereof.

1.200 "Special Availability Reserve" shall mean, at any time, $3,000,000.

1.201 "Specified Sales" shall mean (a) the sale, transfer, lease or other disposition of inventory and materials in the ordinary course of business and (b) the sale, transfer or other disposition of Permitted Investments described in clause (a) of Section 9.10.

1.202 "Spot Rate" shall mean, with respect to Euros, the rate quoted by Wells Fargo as the spot rate for the purchase by Wells Fargo of Euros with Dollars through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made.

1.203 "Stockholders Agreement" shall mean the Stockholders' Agreement, dated [_____], 2010, by and among the Company and each of the Company's stockholders party thereto, as the same now exists or may be amended, modified, extended, restated, replaced or supplemented from time to time.

1.204 "Subordinated Debt" shall mean (a) subordinated Indebtedness of Borrowers evidenced by a subordinated seller note that contains subordination and other terms acceptable to Administrative Agent and (b) any other any Indebtedness incurred by any Borrower or Guarantor, in each case which by its terms is specifically subordinated in right of payment to the prior payment of the Obligations and contains subordination and other terms acceptable to Administrative Agent.

1.205 "Subsidiary" or "subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, limited liability partnership or other limited or general partnership, trust, association or other business entity of which an aggregate of at least a majority of the outstanding Capital Stock or other interests entitled to vote in the election of the board of directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency), managers, trustees or other controlling persons, or an equivalent controlling interest therein, of such Person is, at the time, directly or indirectly, owned by such Person and/or one or more subsidiaries of such Person.

1.206 "Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount, and the commitment of the Lenders to purchase participation interests in the Swingline Loans as provided in Section 2.5(b)(ii), as such amounts may be reduced from time to time in accordance with the provisions hereof.

1.207 "Swingline Committed Amount" shall mean $7,500,000.

1.208 "Swingline Lender" shall mean Wells Fargo Bank, National Association and any successor swingline lender.

1.209 "Swingline Loans" shall have the meaning set forth in Section 2.5(a).

1.210 "Swingline Note" shall mean the promissory note of the Borrowers in favor of the Swingline Lender evidencing the Swingline Loans provided pursuant to Section 2.5(d), as such promissory note may be amended, modified, extended, restated, replaced, or supplemented from time to time.

1.211 "Target" shall have the meaning set forth in the definition of "Permitted Acquisition."

1.212 "Termination Date" shall mean the earlier to occur of (i) the date that is three (3) years from the Closing Date, (ii) the date that is thirty (30) days prior to the "Termination Date" set

forth in subsection (i) of such definition in the CL Credit Agreement and (iii) the date when all Obligations are paid and satisfied in full in immediately available funds and the Commitments have been terminated pursuant to Section 2.1(d).

1.213 "Treaty on European Union" shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 1, 1992 and came into force on November 1, 1993), as amended from time to time.

1.214 "Total Leverage Ratio" shall mean, as of the last day of any fiscal quarter of the Company, for the Company and its Subsidiaries on a consolidated basis, the ratio of (a) (i) Consolidated Funded Indebtedness (provided that, with respect to any fiscal quarter during which all interest accrued on account of the Indebtedness evidenced by the Note Documents (as defined in the CL Credit Agreement) is not payable in cash, the principal amount of such Indebtedness, as increased by the amount of any of such interest capitalized thereon, shall not be deemed to constitute Consolidated Funded Indebtedness for purposes of calculating Total Leverage Ratio for such quarter) on such date to (b) Consolidated EBITDA.

1.215 "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York, and any successor statute, as in effect from time to time (except, that, terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Administrative Agent may otherwise determine).

1.216 "Underlying Debt" shall mean, in relation to the Company and at any given time, each obligation (whether present or future, actual or contingent) owing by the Company to a Lender under the Financing Agreements (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Financing Agreement, in each case whether or not anticipated as of the date of this Agreement) excluding the Company's Parallel Debts.

1.217 "Unfinanced Capital Expenditures" shall mean for any period Capital Expenditures made during such period and not financed from the proceeds of Funded Indebtedness (other than from Revolving Loans). The term "Capital Expenditures" shall not include capital expenditures in respect of the reinvestment of proceeds derived from Recovery Events received by the Company and its Subsidiaries to the extent that such reinvestment is permitted under the Financing Agreements.

1.218 "Unused Line Fee" shall have the meaning set forth in Section 3.2.

1.219 "U.S. Borrower" shall mean the Company and each Borrower that is a Domestic Subsidiary of the Company.

1.220 "U.S. Borrowing Base" shall mean, at any time, the amount equal to:

(a) (i) eighty-five (85%) percent of the Eligible Accounts of the U.S. Borrowers, plus (ii) the amount equal to the lesser of: (A) fifty (50%) percent multiplied by the Value of the Eligible Inventory consisting of raw materials inventory of the U.S. Borrower or (B) eighty-five (85%) percent of the Net Recovery Percentage multiplied by the Value of such Eligible Inventory of

the U.S. Borrowers (relating to each division of US Borrowers), plus (iii) the amount equal to the lesser of: (A) sixty-five (65%) percent multiplied by the Value of the Eligible Inventory consisting of finished goods inventory of the U.S. Borrowers or (B) eighty-five (85%) percent of the Net Recovery Percentage multiplied by the Value of such Eligible Inventory of the U.S. Borrowers (relating to each division of US Borrowers), minus

(b) Reserves (including the Special Availability Reserve) established from time to time by Administrative Agent in its reasonable discretion, subject to the requirements for establishment of Reserves set forth in the definition of that term.

1.221 "Value" shall mean, as determined by Administrative Agent in good faith, with respect to Inventory, the lower of (a) cost computed on a first-in first-out basis in accordance with GAAP or (b) market value; provided, that, for purposes of the calculation of the U.S. Borrowing Base, (i) the Value of the Inventory shall not include: (A) the portion of the value of Inventory equal to the profit earned by any Affiliate on the sale thereof to any Borrower or (B) write-ups or write-downs in value with respect to currency exchange rates and (ii) notwithstanding anything to the contrary contained herein, for the purpose of determining the amount in clause (a)(ii)(B) of the definition of U.S. Borrowing Base only, the cost of the Inventory shall be computed in the same manner and consistent with the most recent appraisal of the Inventory received and accepted by Administrative Agent.

1.222 "von Zuben New Subordinated Notes" means the two unsecured subordinated notes, each dated as of the Plan Effective Date, issued by the Company to Frederick G. von Zuben in the respective original principal amounts of $800,000 and $550,000, as the same now exist or may be amended, modified, extended, restated, replaced or supplemented from time to time.

1.223 "Voting Stock" shall mean with respect to any Person, (a) one (1) or more classes of Capital Stock of such Person having general voting powers to elect at least a majority of the board of directors, managers or trustees of such Person, irrespective of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency, and (b) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (a) of this definition.

1.224 "Wells Fargo" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its individual capacity, and its successors and assigns.

SECTION 2. CREDIT FACILITIES

2.1 Loans.

(a) Subject to and upon the terms and conditions contained herein including, without limitation, the limitations set forth in Section 2.1(b), each Lender severally (and not jointly) agrees to make prior to the Termination Date its Pro Rata Share of Revolving Loans to (i) the U.S. Borrowers, in Dollars, from time to time in amounts requested by any U.S. Borrower (or Company on behalf of such Borrower) up to the aggregate amount outstanding for all Lenders at any time equal to the lesser of: (A) the U.S. Borrowing Base at such time or (B) the Maximum Credit at such

time and (ii) the Dutch Borrower, in Euros or Dollars (in accordance with 3.1(a)), from time to time in amounts requested by the Dutch Borrower (or Company on behalf of such Borrower) up to the aggregate Dollar Amount outstanding for all Lenders at any time equal to the lesser of: (A) the U.S. Borrowing Base at such time, (B) the Maximum Credit or (C) the Dutch Revolving Loan Limit at such time.

(b) Except in Administrative Agent's discretion, with the consent of all Lenders, or as otherwise provided herein, (i) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time shall not exceed the Maximum Credit, (ii) the aggregate principal amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding at any time shall not exceed the U.S. Borrowing Base, (iii) the aggregate principal Dollar Amount of the Loans (including Swingline Loans) made to the Dutch Borrower shall not exceed the Dutch Revolving Loan Limit, (iv) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time based on Eligible Inventory shall not exceed an amount equal to fifty (50%) of the Borrowing Base and (v) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time based on Consigned Eligible Inventory shall not exceed an amount equal to the Consigned Inventory Loan Limit.

(c) In the event that (i) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time exceed the Maximum Credit, (ii) except as otherwise provided herein, the aggregate principal amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding exceed the U.S. Borrowing Base, (iii) except as otherwise provided herein, the aggregate principal Dollar Amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding to the Dutch Borrower exceed the U.S. Borrowing Base or the Dutch Revolving Loan Limit, (iv) the aggregate Dollar Amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding at any time based on Eligible Inventory exceeds an amount equal to fifty (50%) percent of the Borrowing Base, or (v) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time based on Consigned Eligible Inventory exceeds an amount equal to the Consigned Inventory Loan Limit, such event shall not limit, waive or otherwise affect any rights of Administrative Agent or Lenders in such circumstances or on any future occasions and Borrowers shall, upon demand by Administrative Agent, which may be made at any time or from time to time, immediately repay to Administrative Agent the entire amount of any such excess(es) for which payment is demanded.

(d) Borrowers shall have the right to repay Loans in whole or in part from time to time; provided, however, that, each partial repayment of a Revolving Loan shall be in a minimum principal amount of $1,000,000 and integral multiples of $1,000,000 in excess thereof, and each partial repayment of a Swingline Loan shall be in a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof. The Borrowers shall give three Business Days' irrevocable notice in the case of Eurodollar Rate Loans and same-day irrevocable notice on any Business Day in the case of Prime Rate Loans, to Administrative Agent (which shall notify the Lenders thereof as soon as practicable); provided, that, the Company may provide such notice on behalf of the Borrowers. Payments shall be applied first to Prime Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All repayments under this Section 2.1(d) shall be subject to Section 3.3(d), but otherwise without premium or penalty. Interest on the

principal amount prepaid shall be payable on the next occurring interest payment date that would have occurred had such loan not been prepaid or, at the request of Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a repayment is made hereunder through the date of repayment. Amounts repaid may be reborrowed in accordance with the terms hereof.

(e) Borrowers shall have the right to terminate or permanently reduce the unused portion of the Maximum Credit at any time or from time to time upon not less than five Business Days' prior notice to Administrative Agent (which shall notify the Lenders thereof as soon as practicable) of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction which shall be in a minimum Dollar Amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof and shall be irrevocable and effective upon receipt by Administrative Agent; provided, that, no such reduction or termination shall be permitted (i) if after giving effect thereto, and to any repayments of the Loans made on the effective date thereof, the sum of the outstanding Obligations would exceed the Maximum Credit or (ii) if such reduction or termination would reduce the Maximum Credit to below $25,000,000, unless such reduction or termination is in connection with the termination of this Agreement and repayment in full of the Obligations. If the Maximum Credit is reduced below the then current Swingline Committed Amount, the Swingline Committed Amount shall automatically be reduced by an amount such that the Swingline Committed Amount equals the Maximum Credit.

2.2 Letters of Credit.

(a) Subject to and upon the terms and conditions contained herein and in the Letter of Credit Documents, at the request of a Borrower excluding the Dutch Borrower (or Company on behalf of such Borrower), Administrative Agent agrees to cause Issuing Bank to issue, and Issuing Bank agrees to issue, for the account of such Borrower one or more Letters of Credit in Dollars, for the ratable risk of each Lender according to its Pro Rata Share, containing terms and conditions acceptable to Administrative Agent and Issuing Bank.

(b) Borrower requesting such Letter of Credit (or Company on behalf of such Borrower) shall give Administrative Agent and Issuing Bank three (3) Business Days' prior written notice of such Borrower's request for the issuance of a Letter of Credit. Such notice shall be irrevocable and shall specify the original face amount of the Letter of Credit requested, the effective date (which date shall be a Business Day and in no event shall be a date less than ten (10) days prior to the Termination Date) of issuance of such requested Letter of Credit, whether such Letter of Credit may be drawn in a single or in partial draws, the date on which such requested Letter of Credit is to expire (which date shall be a Business Day and shall not be more than one year from the date of issuance nor after the Termination Date), the purpose for which such Letter of Credit is to be issued, and the beneficiary of the requested Letter of Credit. Borrower requesting the Letter of Credit (or Company on behalf of such Borrower) shall attach to such notice the proposed terms of the Letter of Credit. The renewal or extension of any Letter of Credit shall, for purposes hereof be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(c) In addition to being subject to the satisfaction of the applicable conditions precedent contained in Section 4 hereof and the other terms and conditions contained herein, no Letter of Credit shall be available unless each of the following conditions precedent have been

satisfied in a manner reasonably satisfactory to Administrative Agent: (i) Borrower requesting such Letter of Credit (or Company on behalf of such Borrower) shall have delivered to Issuing Bank at such times and in such manner as Issuing Bank may require, an application, in form and substance reasonably satisfactory to Issuing Bank and Administrative Agent, for the issuance of the Letter of Credit and such other Letter of Credit Documents as may be required pursuant to the terms thereof, and the form and terms of the proposed Letter of Credit shall be reasonably satisfactory to Administrative Agent and Issuing Bank, (ii) as of the date of issuance, no order of any court, arbitrator or other Governmental Authority shall purport by its terms to enjoin or restrain money center banks generally from issuing letters of credit of the type and in the amount of the proposed Letter of Credit, and no law, rule or regulation applicable to money center banks generally and no request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over money center banks generally shall prohibit, or request that Issuing Bank refrain from, the issuance of letters of credit generally or the issuance of such Letter of Credit, (iii) after giving effect to the issuance of such Letter of Credit, the Letter of Credit Obligations shall not exceed the Letter of Credit Limit, and (iv) the Excess Availability prior to giving effect to any Reserves with respect to such Letter of Credit, on the date of the proposed issuance of any Letter of Credit shall be equal to or greater than: (A) if the proposed Letter of Credit is for the purpose of purchasing Eligible Inventory and the documents of title with respect thereto are consigned to Issuing Bank, the sum of (1) the percentage equal to one hundred (100%) percent minus the then applicable percentage with respect to Eligible Inventory set forth in the definition of the term U.S. Borrowing Base multiplied by the Value of such Eligible Inventory, plus (2) freight, taxes, duty and other amounts which Administrative Agent estimates must be paid in connection with such Inventory upon arrival and for delivery to one of such Borrower's locations for Eligible Inventory within the United States of America and (B) if the proposed Letter of Credit is for any other purpose or the documents of title are not consigned to Issuing Bank in connection with a Letter of Credit for the purpose of purchasing Inventory, an amount equal to one hundred (100%) percent of the Letter of Credit Obligations with respect thereto. Effective on the issuance of each Letter of Credit, a Reserve shall be established in the applicable amount set forth in Section 2.2(c)(iv)(A) or Section 2.2(c)(iv)(B).

(d) Except in Administrative Agent's discretion, with the consent of all Lenders, the amount of all outstanding Letter of Credit Obligations shall not at any time exceed the Letter of Credit Limit.

(e) Each Borrower shall reimburse immediately Issuing Bank for any draw under any Letter of Credit issued for the account of a Borrower and pay Issuing Bank the amount of all other charges and fees payable to Issuing Bank in connection with any Letter of Credit issued for the account of a Borrower immediately when due, irrespective of any claim, setoff, defense or other right which any Borrower may have at any time against Issuing Bank or any other Person. Each drawing under any Letter of Credit or other amount payable in connection therewith when due shall constitute a request by Borrowers to Administrative Agent for a Prime Rate Loan in the amount of such drawing or other amount then due, and shall be made by Administrative Agent on behalf of Lenders as a Revolving Loan (or Special Administrative Agent Advance, as the case may be). The date of such Loan shall be the date of the drawing or as to other amounts, the due date therefor. Any payments made by or on behalf of Administrative Agent or any Lender to Issuing Bank and/or related parties in connection with any Letter of Credit shall constitute additional Revolving Loans to

the Borrowers pursuant to this Section 2 (or Special Administrative Agent Advances as the case may be).

(f) Borrowers and Guarantors shall, jointly and severally, indemnify and hold Administrative Agent and Lenders harmless from and against any and all losses, claims, damages, liabilities, costs and expenses which Administrative Agent or any Lender may suffer or incur in connection with any Letter of Credit and any documents, drafts or acceptances relating thereto, including any losses, claims, damages, liabilities, costs and expenses due to any action taken by Issuing Bank or correspondent with respect to any Letter of Credit, except for such losses, claims, damages, liabilities, costs or expenses that are a direct result of the gross negligence or willful misconduct of Administrative Agent or any Lender as determined pursuant to a final non-appealable order of a court of competent jurisdiction. Each Borrower and Guarantor assumes all risks with respect to the acts or omissions of the drawer under or beneficiary of any Letter of Credit and for such purposes the drawer or beneficiary shall be deemed such Borrower's agent. Each Borrower and Guarantor assumes all risks for, and agrees to pay, all foreign, Federal, State and local taxes, duties and levies relating to any goods subject to any Letter of Credit or any documents, drafts or acceptances thereunder. Each Borrower and Guarantor hereby releases and holds Administrative Agent and Lenders harmless from and against any acts, waivers, errors, delays or omissions with respect to or relating to any Letter of Credit, except for the gross negligence or willful misconduct of Administrative Agent or any Lender as determined pursuant to a final, non-appealable order of a court of competent jurisdiction. The provisions of this Section 2.2(f) shall survive the payment of Obligations and the termination of this Agreement.

(g) In connection with Inventory purchased pursuant to any Letter of Credit, Borrowers and Guarantors shall, at Collateral Agent's request, instruct all suppliers, carriers, forwarders, customs brokers, warehouses or others receiving or holding cash, checks, Inventory, documents or instruments in which Collateral Agent holds a security interest that upon Administrative Agent's request, such items are to be delivered to Collateral Agent and/or subject to Collateral Agent's order, and if they shall come into any Borrower's or Guarantor's possession, to deliver them, upon Collateral Agent's request, to Collateral Agent in their original form. Except as otherwise provided herein, Collateral Agent shall not exercise such right to request such items so long as no Event of Default shall exist or have occurred and be continuing. Except as Collateral Agent may otherwise specify, Borrowers and Guarantors shall designate Issuing Bank as the consignee on all bills of lading and other negotiable and non-negotiable documents.

(h) Each Borrower and Guarantor hereby irrevocably authorizes and directs Issuing Bank to name such Borrower or Guarantor as the account party in any Letter of Credit and to deliver to Administrative Agent all instruments, documents and other writings and property received by Issuing Bank pursuant to any Letter of Credit and to accept and rely upon Administrative Agent's instructions and agreements with respect to all matters arising in connection with any Letter of Credit or the Letter of Credit Documents with respect thereto. Nothing contained herein shall be deemed or construed to grant any Borrower or Guarantor any right or authority to pledge the credit of Administrative Agent or any Lender in any manner. Borrowers and Guarantors shall be bound by any reasonable interpretation made in good faith by Administrative Agent or Issuing Bank under or in connection with any Letter of Credit or any documents, drafts or acceptances thereunder, notwithstanding that such interpretation may be inconsistent with any instructions of any Borrower or Guarantor.

(i) Immediately upon the issuance or amendment of any Letter of Credit, each Lender shall be deemed to have irrevocably and unconditionally purchased and received, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Pro Rata Share of the liability with respect to such Letter of Credit and the obligations of Borrowers with respect thereto (including all Letter of Credit Obligations with respect thereto). Each Lender shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to Issuing Bank therefor and discharge when due, its Pro Rata Share of all of such obligations arising under such Letter of Credit. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that Issuing Bank has not been reimbursed or otherwise paid as required hereunder or under any such Letter of Credit, each such Lender shall pay to Issuing Bank its Pro Rata Share of such unreimbursed drawing or other amounts then due to Issuing Bank in connection therewith.

(j) The obligations of Borrowers to pay each Letter of Credit Obligations and the obligations of Lenders to make payments to Administrative Agent for the account of Issuing Bank with respect to Letters of Credit shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances, whatsoever, notwithstanding the occurrence or continuance of any Default, Event of Default, the failure to satisfy any other condition set forth in Section 4 or any other event or circumstance. If such amount is not made available by a Lender when due, Administrative Agent shall be entitled to recover such amount on demand from such Lender with interest thereon, for each day from the date such amount was due until the date such amount is paid to Administrative Agent at the interest rate then payable by any Borrower in respect of Loans that are Prime Rate Loans. Any such reimbursement shall not relieve or otherwise impair the obligation of Borrowers to reimburse Issuing Bank under any Letter of Credit or make any other payment in connection therewith.

2.3 Commitments.

The aggregate Dollar Amount of each Lender's Pro Rata Share of the Loans and Letter of Credit Obligations shall not exceed the amount of such Lender's Commitment, as the same may from time to time be amended in accordance with the provisions hereof.

2.4 Incremental Facility. Subject to the terms and conditions set forth herein, Borrowers shall have the right, at any time prior to the third anniversary of the Closing Date (but not more than twice during the term of this Agreement) to incur additional Indebtedness under this Agreement in the form of an increase to the Maximum Credit (the "Incremental Revolving Facility") by an aggregate amount of up to $35,000,000; provided, that, (a) no Default or Event of Default shall have occurred and be continuing and (b) no Lender shall be obligated to provide an increase in its Commitment to effectuate such requested increase in Maximum Credit and the determination to increase the Commitment of a Lender shall be within the sole and absolute discretion of such Lender. Notwithstanding anything to the contrary contained herein or in the foregoing, any increase to the Maximum Credit in an aggregate amount in excess of $20,000,000 shall require the consent of Administrative Agent and each Lender. The following terms and conditions shall apply to the Incremental Revolving Facility: (i) the loans made under the Incremental Revolving Facility shall constitute Obligations and will be secured and guaranteed with the other Obligations on a pari passu basis, (ii) such Incremental Revolving Facility shall be obtained from existing Lenders or from other banks, financial institutions or investment funds, in each case in accordance with the terms set forth

below, (iii) Borrowers shall execute a Revolving Note in favor of any new Lender or any existing Lender requesting a Revolving Note whose Commitment is increased, (iv) the conditions in Section 4.2 shall have been satisfied, (v) Administrative Agent shall have received evidence that all requisite corporate action and proceedings in connection with the Incremental Revolving Facility shall have been taken which evidence shall be in form and substance satisfactory to Administrative Agent, (vi) Administrative Agent shall have received from Borrowers and Guarantors such other customary documentation as it deems reasonably necessary and (vii) each such Incremental Revolving Facility shall be in a minimum aggregate amount of at least $5,000,000 and in integral multiples of $5,000,000 in excess thereof. Participation in the Incremental Revolving Facility shall be offered first to each of the existing Lenders, but each such Lender shall have no obligation to provide all or any portion of the Incremental Revolving Facility. If the amount of the Incremental Revolving Facility requested by Borrowers shall exceed the commitments which the existing Lenders are willing to provide with respect to such Incremental Revolving Facility, then Borrowers may invite other banks, financial institutions and investment funds reasonably acceptable to Administrative Agent to join this Agreement as Lenders hereunder for the portion of such Incremental Revolving Facility not taken by existing Lenders; provided, that, such other banks, financial institutions and investment funds shall enter into such joinder agreements and/or Assignment and Acceptance to give effect thereto as Administrative Agent may reasonably request. Administrative Agent is authorized to enter into, on behalf of the Lenders, any amendment to this Agreement or any other document as may be necessary to incorporate the terms of any new Incremental Revolving Facility therein.

2.5 Swingline Loan Subfacility.

(a) Subject to and upon the terms and conditions contained herein, the Swingline Lender, in its individual capacity, agrees to make prior to the Termination Date certain revolving credit loans to (i) the U.S. Borrowers, in Dollars, and (ii) the Dutch Borrower, in Euros or Dollars (each a "Swingline Loan" and, collectively, the "Swingline Loans") for the purposes hereinafter set forth; provided, however, (A) the aggregate principal Dollar Amount of Swingline Loans outstanding at any time shall not exceed the Swingline Committed Amount, (B) the aggregate Dollar Amount of the Loans (including Swingline Loans) and the Letter of Credit Obligations outstanding at any time shall not exceed the Maximum Credit, (C) the aggregate principal amount of the Loans (including Swingline Loans) and Letter of Credit Obligations outstanding at any time shall not exceed the U.S. Borrowing Base, and (D) the aggregate principal Dollar Amount of the Loans (including Swingline Loans) made to the Dutch Borrower shall not exceed the Dutch Revolving Loan Limit. Swingline Loans hereunder may be repaid and reborrowed in accordance with the provisions hereof.

(b) Notice of Borrowing and Disbursement. Upon receiving a request for a Swingline Loan from any Borrower (or the Company on behalf of any Borrower) not later than 12:00 Noon on any Business Day, the Swingline Lender will make Swingline Loans available to the Borrower on the same Business Day such request is received by the Administrative Agent. Swingline Loan borrowings hereunder shall be made in minimum amounts of $100,000 (or the remaining available amount of the Swingline Committed Amount if less) and in integral amounts of $100,000 in excess thereof.

(c) Each Swingline Loan borrowing shall be due and payable on the earlier of (i) the Termination Date and (ii) seven (7) days following such borrowing. The Swingline Lender may,

at any time, in its sole discretion, by written notice to Borrowers and Administrative Agent, demand repayment of its Swingline Loans by way of a Revolving Loan borrowing, in which case the Borrowers shall be deemed to have requested a Revolving Loan borrowing comprised entirely of Prime Rate Loans in the amount of such Swingline Loans; provided, however, that, in the following circumstances, any such demand shall also be deemed to have been given one Business Day prior to each of (A) the Termination Date, (B) the occurrence of any event described in Sections 10.1(g) and (h), (C) upon acceleration of the Obligations hereunder, and (D) the exercise of remedies in accordance with the provisions of Section 10.2 hereof (each such Revolving Loan borrowing made on account of any such deemed request therefor as provided herein being hereinafter referred to as "Mandatory Swingline Borrowing"). Each Lender hereby irrevocably agrees to make such Revolving Loans promptly upon any such request or deemed request on account of each Mandatory Swingline Borrowing in the amount and in the manner specified in the preceding sentence on the date such notice is received by the Lenders from Administrative Agent if such notice is received at or before 2:00 p.m., Charlotte, North Carolina time, otherwise such payment shall be made at or before 12:00 noon, Charlotte, North Carolina time, on the Business Day next succeeding the date such notice is received notwithstanding (1) the amount of Mandatory Swingline Borrowing may not comply with the minimum amount for borrowings of Revolving Loans otherwise required hereunder, (2) whether any conditions specified in Section 4.2 are then satisfied, (3) whether a Default or an Event of Default then exists, (4) failure of any such request or deemed request for Revolving Loans to be made by the time otherwise required in Section 6.6, (5) the date of such Mandatory Swingline Borrowing, or (6) any reduction in the Maximum Credit or termination of the Commitments immediately prior to such Mandatory Swingline Borrowing or contemporaneously therewith. In the event that any Mandatory Swingline Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code), then each Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Swingline Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrowers on or after such date and prior to such purchase) from the Swingline Lender such participation interest in the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its respective Pro Rata Share (determined before giving effect to any termination of the Commitments pursuant to Section 10.2); provided, that, (x) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective participation interest is purchased, and (y) at the time any purchase of a participation interest pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Swingline Lender interest on the principal amount of such participation interest purchased for each day from and including the day upon which the Mandatory Swingline Borrowing would otherwise have occurred to but excluding the date of payment for such participation interest, at the rate equal to, if paid within two (2) Business Days of the date of the Mandatory Swingline Borrowing, the Federal Funds Effective Rate, and thereafter at a rate equal to the Prime Rate. The Borrowers shall have the right to repay the Swingline Loan in whole or in part from time to time; provided, however, that, each partial repayment of a Swingline Loan shall be in a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof (or the remaining outstanding principal amount).

(d) Swingline Loans shall bear interest at a per annum rate equal to the Interest Rate applicable to Revolving Loans that are Prime Rate Loans. Interest on Swingline Loans shall be payable in arrears on each Interest Payment Date.

(e) The Borrower covenants and agrees to pay the Swingline Loans in accordance with the terms of this Agreement.

2.6 Mandatory Repayments.

(a) Subject to the terms of the Intercreditor Agreement: (i) all of the Net Cash Proceeds, subject to Section 9.5 hereof, relating to insurance and condemnation recoveries on account of any loss of any Priority Collateral shall be paid to Administrative Agent for application to the Obligations in such order and manner as Administrative Agent shall from time to time determine and (ii) until the payment in full of the CL Obligations, all of the Net Cash Proceeds, subject to the last sentence set forth in Section 9.5 hereof, relating to insurance and condemnation recoveries on account of any loss of any CL Priority Collateral shall be paid to CL Administrative Agent for application to the CL Obligations in accordance with the terms of the CL Credit Agreement.

(b) Subject to the terms of the Intercreditor Agreement, the Net Cash Proceeds received or entitled to be received by any Borrower or Guarantor after the date hereof deriving from any issuance of Capital Stock by any Borrower or Guarantor or from any capital contribution to any Borrower or Guarantor after the date hereof, or from the issuance or incurrence of Indebtedness by any Borrower or Guarantor after the date hereof (other than from Indebtedness arising from intercompany loans (between a Borrower and its Subsidiaries or among such Subsidiaries) permitted under this Agreement or from purchase money Indebtedness permitted under Section 9.9(d) herein), in each case, to the extent permitted under this Agreement, shall be paid, as follows: (i) fifty (50%) percent of such Net Cash Proceeds shall be paid to Administrative Agent for application to the Obligations in such order and manner as Administrative Agent shall from time to time determine and (ii) fifty (50%) percent of such Net Cash Proceeds shall, to the extent required under the CL Agreement (as in effect on the date hereof), be paid to CL Administrative Agent for application to the CL Obligations in such order and manner as CL Administrative Agent shall from time to time determine.

(c) Subject to the terms of the Intercreditor Agreement, upon the sale or disposition of any Collateral by the Company or any of its Subsidiaries to the extent permitted under this Agreement, Borrowers shall immediately prepay the outstanding CL Obligations and the outstanding Obligations as set forth below, in an amount equal to one hundred (100%) percent of the Net Cash Proceeds received by such Person in connection with such sale or disposition as follows: (i) in the case of Priority Collateral, first, to the outstanding Obligations and second, to the outstanding CL Obligations, (ii) in the case of Collateral (other than Priority Collateral and the issuance of Capital Stock covered by Section 2.6(b) above), first, to the outstanding CL Obligations until paid in full and second , to the outstanding Obligations, except that the first $1,000,000 of Net Cash Proceeds received during any calendar year from such sale or disposition of CL Priority Collateral shall not be required to be prepaid to the CL Obligations or the Obligations to the extent such sale is permitted pursuant to Section 2.5(b)(iii)(A) of the CL Credit Agreement and (iii) in the case of Capital Stock of any Domestic Subsidiary of Issuer or any Domestic Subsidiary, first, to the outstanding CL Obligations until paid in full and, second, to the outstanding Obligations.

(d) Subject to the terms of the Intercreditor Agreement, any payment of principal received by the Company in respect of the BV Intercompany Notes shall be paid to CL

Administrative Agent for application to the CL Obligations in such order and manner as CL Administrative Agent shall from time to time determine.

SECTION 3. INTEREST AND FEES

3.1 Interest.

(a) The U.S. Borrowers may request Revolving Loans be made as Prime Rate Loans or Eurodollar Rate Loans. Subject to the provisions of Sections 3.1(b) and (c), the Dutch Borrower may request Revolving Loans be made as Prime Rate Loans (so long as such Loans are made in Dollars) or Eurodollar Rate Loans (which Loans may be made in Dollars or Euros). Borrowers shall pay to Administrative Agent, for the benefit of Lenders, interest on the outstanding principal amount of the Loans at the Interest Rate. All interest accruing during the continuance of an Event of Default or on and after the termination of this Agreement shall be payable on demand.

(b) The Borrowers (or Company on behalf of the Borrowers) may from time to time request Eurodollar Rate Loans or may request that Prime Rate Loans be converted to Eurodollar Rate Loans or that any existing Eurodollar Rate Loans continue for an additional Interest Period. Such request from the Borrowers (or Company on behalf of the Borrowers) shall (i) be made not later than 12:00 Noon (Charlotte, North Carolina time) on the third Business Day prior to the date of the requested borrowing or conversion, (ii) specify the applicable Borrower, (iii) specify the date of the requested borrowing or conversion (which shall be a Business Day), (iv) specify the currency and the aggregate principal amount to be borrowed or converted (subject to the limits set forth below) and (v) specify the Interest Period to be applicable to such Eurodollar Rate Loans. Subject to the terms and conditions contained herein, three (3) Business Days after receipt by Administrative Agent of such a request from the Borrowers (or Company on behalf of the Borrowers), such Eurodollar Rate Loans shall be made or Prime Rate Loans shall be converted to Eurodollar Rate Loans or such Eurodollar Rate Loans shall continue, as the case may be; provided, that, (A) no Default or Event of Default shall exist or have occurred and be continuing, (B) the Borrowers (or Company on behalf of the Borrowers) shall have complied with such customary procedures as are established by Administrative Agent and specified by Administrative Agent to Company from time to time for requests by Borrowers for Eurodollar Rate Loans, (C) no more than four (4) Interest Periods may be in effect at any one time, (D) the aggregate amount of the Eurodollar Rate Loans must be in an amount not less than $2,500,000 or an integral multiple of $1,000,000 in excess thereof, (E) the maximum amount of the Eurodollar Rate Loans in the aggregate at any time requested by Borrowers shall not exceed the amount of the Revolving Loans which it is anticipated will be outstanding during the applicable Interest Period, in each case as determined by Administrative Agent in good faith (but with no obligation of Administrative Agent or Lenders to make such Loans), and (F) Administrative Agent and each Lender shall have determined that the Interest Period or Adjusted Eurodollar Rate is available to Administrative Agent and such Lender and can be readily determined as of the date of the request for such Eurodollar Rate Loan by the Borrowers. Any request by or on behalf of the Borrowers for Eurodollar Rate Loans or to convert Prime Rate Loans to Eurodollar Rate Loans or to continue any existing Eurodollar Rate Loans shall be irrevocable. Notwithstanding anything to the contrary contained herein, Administrative Agent and Lenders shall not be required to purchase United States Dollar deposits in the London interbank market or other applicable Eurodollar Rate market to fund any Eurodollar Rate Loans, but the

provisions hereof shall be deemed to apply as if Administrative Agent and Lenders had purchased such deposits to fund the Eurodollar Rate Loans.

(c) Any Eurodollar Rate Loans shall automatically convert to Prime Rate Loans upon the last day of the applicable Interest Period, unless the Borrowers request that such Eurodollar Rate Loans continue for an additional Interest Period in accordance with Section 3.1(b). Any Eurodollar Rate Loans shall, at Administrative Agent's option, upon notice by Administrative Agent to Company, be subsequently converted to Prime Rate Loans in the event that this Agreement shall terminate. Borrowers shall pay to Administrative Agent, for the benefit of Lenders, upon demand by Administrative Agent (or Administrative Agent may, at its option, charge any loan account of any Borrower) any amounts required to compensate any Lender or Participant for any loss (including loss of anticipated profits), cost or expense incurred by such person, as a result of the conversion of Eurodollar Rate Loans to Prime Rate Loans pursuant to any conversion as a result of a termination described in the previous sentence.

(d) Interest shall be payable by Borrowers to Administrative Agent, for the account of Administrative Agent and Lenders as applicable, monthly in arrears not later than the first day of each calendar month and shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed. The interest rate on non-contingent Obligations (other than Eurodollar Rate Loans) shall increase or decrease by an amount equal to each increase or decrease in the Prime Rate effective on the date of any change in such Prime Rate. In no event shall charges constituting interest payable by Borrowers to Administrative Agent and Lenders exceed the maximum amount or the rate permitted under any applicable law or regulation, and if any such part or provision of this Agreement is in contravention of any such law or regulation, such part or provision shall be deemed amended to conform thereto.

3.2 Fees.

(a) Borrowers shall pay to Administrative Agent, for the account of Lenders, monthly an unused line fee ("Unused Line Fee") at a rate equal to the applicable margin per annum set forth in the definition of "Interest Rate" calculated on the average daily unused portion of the Maximum Credit during the immediately preceding month (or part thereof) while this Agreement is in effect and for so long thereafter as any of the Obligations are outstanding, which fee shall be payable on the first day of each month in arrears. For purposes of this Section 3.2, Swingline Loans shall not be considered usage of the Maximum Credit.

(b) Borrowers shall pay to Administrative Agent, for the account of Lenders, a fee ("Letter of Credit Fee") at a rate equal to the applicable margin per annum set forth in the definition of "Interest Rate" on the average daily maximum amount available to be drawn under all Letters of Credit for the immediately preceding month (or part thereof), payable in arrears as of the first day of each succeeding month, computed for each day from the date of issuance to the date of expiration. Borrowers shall pay, at Administrative Agent's option, without notice, the Letter of Credit Fee at a rate two (2%) percent greater than the otherwise applicable rate on such average daily maximum amount for: (i) the period from and after the date of termination hereof until Lenders have received full and final payment of all Obligations (notwithstanding entry of a judgment against any Borrower or Guarantor) and (ii) the period from and after the date of the occurrence of an Event of Default for so long as such Event of Default is continuing. Such letter of credit fees shall be calculated on the

basis of a three hundred sixty (360) day year and actual days elapsed and the obligation of Borrowers to pay such fee shall survive the termination of this Agreement. In addition to the letter of credit fees provided above, Borrowers shall pay to Issuing Bank for its own account (without sharing with Lenders) (A) a letter of credit fronting and negotiation fee of 0.5% per annum on the average daily maximum amount available to be drawn under each Letter of Credit issued by it and (B) the reasonable and customary charges from time to time of the Issuing Bank with respect to the amendment, transfer, administration, cancellation and conversion of, and drawings under, the Letters of Credit, which fees shall be payable quarterly in arrears on the last Business Day of each calendar quarter.

(c) Borrowers shall pay to Administrative Agent the other fees and amounts set forth in the Fee Letter in the amounts and at the times specified therein. To the extent payment in full of the applicable fee is received by Administrative Agent from Borrowers on or about the date hereof, Administrative Agent shall pay to each Lender its share of such fees in accordance with the terms of the arrangements of Administrative Agent with such Lender.

3.3 Changes in Laws and Increased Costs of Loans.

(a) If after the date hereof, either (i) any change in, or in the interpretation of, any law or regulation is introduced, including, without limitation, with respect to reserve requirements, applicable to any Lender or any banking or financial institution from whom any Lender borrows funds or obtains credit (a "Funding Bank"), or (ii) a Funding Bank or any Lender complies with any future guideline or request from any central bank or other Governmental Authority or (iii) a Funding Bank, any Lender or Issuing Bank determines that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof has or would have the effect described below, or a Funding Bank, any Lender or Issuing Bank complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, and in the case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on any Lender's or Issuing Bank's capital as a consequence of its obligations hereunder to a level below that which such Lender or Issuing Bank could have achieved but for such adoption, change or compliance (taking into consideration the Funding Bank's or Lender's or Issuing Bank's policies with respect to capital adequacy) by an amount deemed by such Lender or Issuing Bank to be material, and the result of any of the foregoing events described in clauses (i), (ii) or (iii) is or results in an increase in the cost to any Lender or Issuing Bank of funding or maintaining the Loans, the Letters of Credit or its Commitment, then Borrowers and Guarantors shall from time to time upon demand by Administrative Agent pay to Administrative Agent additional amounts sufficient to indemnify such Lender or Issuing Bank, as the case may be, against such increased cost on an after-tax basis (after taking into account applicable deductions and credits in respect of the amount indemnified). A certificate as to the amount of such increased cost shall be submitted to Company by Administrative Agent or the applicable Lender and shall be conclusive, absent manifest error.

(b) If prior to the first day of any Interest Period, (i) Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon Borrowers and Guarantors) that, by reason of circumstances affecting the relevant market, adequate and

reasonable means do not exist for ascertaining the Adjusted Eurodollar Rate for such Interest Period, (ii) Administrative Agent has received notice from the Required Lenders that the Adjusted Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to Lenders of making or maintaining Eurodollar Rate Loans during such Interest Period, or (iii) Dollar deposits in the principal amounts of the Eurodollar Rate Loans to which such Interest Period is to be applicable are not generally available in the London interbank market, Administrative Agent shall give telecopy or telephonic notice thereof to Company as soon as practicable thereafter, and will also give prompt written notice to Company when such conditions no longer exist. If such notice is given (A) any Eurodollar Rate Loans requested to be made on the first day of such Interest Period shall be made as Prime Rate Loans, (B) any Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Rate Loans shall be converted to or continued as Prime Rate Loans and (C) each outstanding Eurodollar Rate Loan shall be converted, on the last day of the then-current Interest Period thereof, to Prime Rate Loans. Until such notice has been withdrawn by Administrative Agent, no further Eurodollar Rate Loans shall be made or continued as such, nor shall any Borrower (or Company on behalf of any Borrower) have the right to convert Prime Rate Loans to Eurodollar Rate Loans.

(c) Notwithstanding any other provision herein, if the adoption of or any change in any law, treaty, rule or regulation or final, non-appealable determination of an arbitrator or a court or other Governmental Authority or in the interpretation or application thereof occurring after the date hereof shall make it unlawful for Administrative Agent or any Lender to make or maintain Eurodollar Rate Loans as contemplated by this Agreement, (i) Administrative Agent or such Lender shall promptly give written notice of such circumstances to Company (which notice shall be withdrawn whenever such circumstances no longer exist), (ii) the commitment of such Lender hereunder to make Eurodollar Rate Loans, continue Eurodollar Rate Loans as such and convert Prime Rate Loans to Eurodollar Rate Loans shall forthwith be canceled and, until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Rate Loans, such Lender shall then have a commitment only to make a Prime Rate Loan when a Eurodollar Rate Loan is requested and (iii) such Lender's Loans then outstanding as Eurodollar Rate Loans, if any, shall be converted automatically to Prime Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Rate Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, Borrowers and Guarantors shall pay to such Lender such amounts, if any, as may be required pursuant to Section 3.3(d) below.

(d) Borrowers and Guarantors shall indemnify Administrative Agent and each Lender and to hold Administrative Agent and each Lender harmless from any loss or expense which Administrative Agent or such Lender may sustain or incur as a consequence of (i) default by any Borrower in making a borrowing of, conversion into or extension of Eurodollar Rate Loans after such Borrower (or Company on behalf of such Borrower) has given a notice requesting the same in accordance with the provisions of this Agreement, (ii) default by any Borrower in making any prepayment of a Eurodollar Rate Loan after such Borrower has given a notice thereof in accordance with the provisions of this Agreement, and (iii) the making of a prepayment of Eurodollar Rate Loans on a day which is not the last day of an Interest Period with respect thereto. With respect to Eurodollar Rate Loans, such indemnification may include an amount equal to the excess, if any, of (A) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, converted or extended, for the period from the date of such prepayment or of such failure to borrow,

convert or extend to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or extend, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Rate Loans provided for herein over (B) the amount of interest (as determined by such Administrative Agent or such Lender) which would have accrued to Administrative Agent or such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. This covenant shall survive the termination of this Agreement and the payment of the Obligations.

(e) Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 3.3 shall not constitute a waiver of such Lender's right to demand such compensation; provided, that, the Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section 3.3 for any increased costs incurred more than six months prior to the date that such Lender notifies the Borrowers of the change in law giving rise to such increased costs and of such Lender's intention to claim compensation therefor (except, that, if the change in law giving rise to such increased costs is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 4. CONDITIONS PRECEDENT

4.1 Conditions Precedent to Amendment and Restatement.

The obligation of Lenders to make the initial Loans or of Issuing Bank to issue the initial Letters of Credit hereunder is subject to the satisfaction of, or waiver of, immediately prior to or concurrently with the making of such Loan or the issuance of such Letter of Credit of each of the following conditions precedent:

(a) no court of competent jurisdiction shall have issued any injunction, restraining order or other order with respect to the Confirmation Order which otherwise prohibits the consummation of the transactions described herein, or modifies such transactions, and no governmental or other action or proceeding shall have been commenced, seeking any injunction, restraining order or other order which seeks to void or otherwise modify the transactions described herein, in either case which remains outstanding;

(b) no motion, action or proceeding which is reasonably material as determined in Administrative Agent's Permitted Discretion shall be pending against any Borrower or Guarantor (or their predecessors) by any creditor or other party-in-interest in the Bankruptcy Court or in any other court of competent jurisdiction;

(c) Administrative Agent shall have received a certified copy, if available (or, if not available, a substitute therefor acceptable to Administrative Agent), of the Confirmation Order as duly entered by the Bankruptcy Court and entered on the docket of the Clerk of the Bankruptcy Court in the Chapter 11 Case, following due notice to such creditors and other parties-in-interest as required by the Bankruptcy Court, which order shall be in form and substance acceptable to Administrative Agent, providing, among other things, that (i) the Existing Loan Documents and the Final Financing Order shall continue in full force and effect through the Plan Effective Date, (ii) as of and after the Plan Effective Date, all loans, advances, financial accommodations, borrowing and obligations outstanding under the Existing Loan Documents shall continue in effect on and after the

Plan Effective Date and be deemed loans, advances, financial accommodations and borrowing of or to be assumed by Borrowers, (iii) the security interests and liens in favor of Agent granted by the Final Financing Order and the Existing Loan Documents shall continue in effect on and after the Plan Effective Date and shall not be discharged, released or terminated, and (iv) Borrowers and Guarantors are authorized to enter into this Agreement and the other Financing Agreements and perform all of their obligations hereunder and thereunder;

(d) Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that prior to the date hereof or concurrently herewith, (i) the Plan Effective Date shall have occurred, the Confirmation Order shall be valid, subsisting and continuing and a Final Order and all conditions precedent to the effectiveness of the Plan of Reorganization shall have been fulfilled, or validly waived, including, without limitation, the execution, delivery and performance of all of the conditions thereof other than conditions that have been validly waived (but not including conditions consisting of the effectiveness of this Agreement), and (ii) no motion, action or proceeding shall be pending or filed by any creditor or other party-in-interest to the Chapter 11 Case which could adversely affect the Plan of Reorganization, the consummation of the Plan of Reorganization, the business or operations of any Borrower or Guarantor or the transactions contemplated by the Financing Agreements, in each case, as determined by Administrative Agent in its Permitted Discretion;

(e) All requisite corporate action and proceedings in connection with this Agreement and the other Financing Agreements shall be satisfactory in form and substance to Administrative Agent (including, without limitation any works' council advice (*ondernemingsraadadvies*)), and Administrative Agent shall have received all information and copies of all documents, including records of requisite corporate action and proceedings which Administrative Agent may have requested in connection therewith, such documents where requested by Administrative Agent or its counsel to be certified by appropriate corporate officers or Governmental Authority (and including a copy of the certificate of incorporation (or foreign equivalent) of each Borrower and Guarantor certified by the Secretary of State (or equivalent Governmental Authority) which shall set forth the same complete corporate name of such Borrower or Guarantor as is set forth herein and such document as shall set forth the organizational identification number of each Borrower or Guarantor, if one is issued in its jurisdiction of incorporation).

(f) No material adverse change in the business, operations, profits, assets or prospects of the Company and its Subsidiaries, taken as a whole, shall have occurred since the date of the most recent financial statements received by Administrative Agent or its latest field examination, if subsequent to the date of such financial statements, and no pending or threatened litigation, proceeding, bankruptcy or insolvency, injunction, order or claims with respect to any Borrower or any Guarantor shall exist that could reasonably be expected to have a Material Adverse Effect.

(g) Administrative Agent shall have completed an updated field review of the Records and such other information with respect to the Collateral as Administrative Agent may require to determine the amount of Loans available to Borrowers, the results of which in each case shall be satisfactory to Administrative Agent, not more than five (5) days prior to the date hereof and thereafter reports and other information in form and substance reasonably satisfactory to

Administrative Agent, that roll-forward Accounts and Inventory to the date of closing, together with such supporting documentation as may be necessary or appropriate, and other documents and information that will enable Administrative Agent to accurately identify and verify the Collateral).

(h) Administrative Agent's completion of its business, legal and environmental due diligence, with results satisfactory to Administrative Agent, including receipt and review of an updated third party inventory appraisal on which Administrative Agent and the Lenders are permitted to rely, in form and containing assumptions and appraisal methods satisfactory to Administrative Agent by an appraiser acceptable to Administrative Agent.

(i) Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, all consents, waivers, acknowledgments and other agreements from third persons which Administrative Agent may reasonably deem necessary or desirable in order to permit, protect and perfect Collateral Agent's security interests in and liens upon the Collateral or to effectuate the provisions or purposes of this Agreement and the other Financing Agreements, including, without limitation, Collateral Access Agreements; provided, however, that, Administrative Agent may elect to allow the Company a limited amount of time after the Closing Date to obtain certain Collateral Access Agreements and/or waive the requirement of Collateral Access Agreements with respect to premises for which Administrative Agent has established a Reserve and, at the request of the Company, not require Collateral Access Agreements for any premises where the Company has elected not to include Inventory in the U.S. Borrowing Base.

(j) Excess Availability (after giving effect to, and subtracting an amount equal to, the Special Availability Reserve) as determined by Administrative Agent, as of the date hereof, shall be not less than $12,500,000 after giving effect to the initial Loans made or to be made and Letters of Credit issued or to be issued in connection with the initial transactions hereunder and payment of all fees and expenses in connection therewith.

(k) Administrative Agent shall have received a Borrowing Base Certificate setting forth the Borrowing Base as at the date set forth therein and completed in a manner reasonably satisfactory to Administrative Agent and duly authorized, executed and delivered by the Company;

(l) Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, Account Control Agreements by and among Administrative Agent, each U.S. Borrower and Guarantor, as the case may be, and each bank where such Borrower (or Guarantor) has an account, other than Excluded Deposit Accounts, in each case, duly authorized, executed and delivered by such bank and such Borrower or Guarantor, as the case may be (or Administrative Agent shall be the bank's customer with respect to such deposit account as Administrative Agent may specify).

(m) Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that Collateral Agent has a valid perfected first priority security interest in the Priority Collateral and a valid perfected second priority security interest in all of the CL Priority Collateral other than Real Property, subject only to Permitted Liens.

(n) Administrative Agent shall have received and reviewed lien and judgment search results for the jurisdiction of organization of each U.S. Borrower and Guarantor, the

jurisdiction of the chief executive office of each U.S. Borrower and Guarantor and all jurisdictions in which assets of U.S. Borrowers and Guarantors are located and, to the extent available, comparable searches for the Dutch Borrower in the Netherlands (if any) and any applicable jurisdiction (including Washington, D.C.) in the United States, which search results shall be in form and substance satisfactory to Administrative Agent.

(o) Administrative Agent shall have received searches of ownership of intellectual property in the appropriate governmental offices of such patent/trademark/copyright filings as requested by Administrative Agent.

(p) Administrative Agent shall have received evidence that originals of the stock certificates, if any, representing all of the issued and outstanding shares of the Capital Stock owned by any Borrower or Guarantor, in each case together with stock powers duly executed in blank with respect thereto have been delivered to the Control Agent.

(q) Administrative Agent shall have received evidence that all instruments and chattel paper in possession of any Borrower or Guarantor, together with such allonges or assignments as may be necessary or appropriate to perfect Collateral Agent's security interest in the Collateral that are required to be delivered under Section 5.2(b), have been delivered to the Control Agent.

(r) Administrative Agent shall have received evidence of insurance coverage and lender's loss payee endorsements required hereunder and under the other Financing Agreements, in form and substance reasonably satisfactory to Administrative Agent, and certificates of insurance policies and/or endorsements naming Administrative Agent as loss payee for casualty insurance, including casualty, liability and business interruption insurance.

(s) Administrative Agent shall have received, in form and substance reasonably satisfactory to Administrative Agent, such opinion letters of counsel to Borrowers and Guarantors (other than NP Cogen) with respect to the Financing Agreements, the Confirmation Order and such other matters as Administrative Agent may request and are customarily required for similar financings.

(t) Administrative Agent shall have received all financial information, projections, budgets, business plans, cash flows and such other information as Administrative Agent shall reasonably request, including: (i) an income statement and balance sheet as of the end of the most recent fiscal month for each of the Company's operating divisions (including RFD, Mills, BCI, NPP and Europe) which shall not reflect the impact of the elimination of intercompany transactions, and a comparison of such information to information for the same period in the immediately preceding year, each in form and substance reasonably satisfactory to Administrative Agent, (ii) projected monthly consolidated balance sheets, income statements, statements of cash flows and availability of Borrowers and Guarantors for the period through the end of the 2010 and 2011 fiscal year, (iii) projected quarterly consolidated balance sheets, income statements, statements of cash flows and availability of the Borrowers and Guarantors for the period through the end of the 2010, 2011 and 2012 fiscal years, (iv) projected annual consolidated balance sheets, income statements, statements of cash flows and availability of Borrowers and Guarantors through the end of the 2014 fiscal years, in each case as to the projections described in clauses (ii) and (iii), with the results and

assumptions set forth in all of such projections in form and substance satisfactory to Administrative Agent, and an opening pro forma balance sheet for Borrowers and Guarantor in form and substance satisfactory to Administrative Agent, (v) any updates or modifications to the projected financial statements of Borrowers and Guarantors previously received by Administrative Agent, in each case in form and substance satisfactory to Administrative Agent, (vi) copies of satisfactory interim unaudited financial statements for each month ended since the last audited financial statements for which financial statements are available, and (vii) current agings of receivables, current perpetual inventory records and/or roll-forwards of accounts and inventory through the date of this Agreement, together with supporting documentation, each in form and substance satisfactory to Administrative Agent.

(u) Administrative Agent shall be reasonably satisfied with the corporate and capital structure and management of Borrowers and Guarantors and with all legal, tax, accounting and other matters relating to Borrowers and Guarantors.

(v) No material misstatements in or omissions from the materials previously furnished to Administrative Agent by Borrowers and Guarantors, taken as a whole, shall have been made. Administrative Agent shall be satisfied that any financial statements and reports delivered to it fairly present the business and financial conditions of Borrowers and Guarantors.

(w) No defaults or events of default on the Closing Date under the Financing Agreements and the CL Financing Agreements, or on any other material debt or any Material Contract of any Borrower or any Guarantor shall exist.

(x) All obligations arising under or in connection with the CL Credit Agreement shall have been reinstated by the Bankruptcy Court and restructured or refinanced upon terms and conditions previously approved by, or otherwise reasonably acceptable to Administrative Agent.

(y) (i) All conditions precedent to the closing of the arrangements under the CL Credit Agreement shall have been satisfied, waived or subject to a post-closing undertaking, having the effect of amending, restating and replacing the Loan and Security Agreement, dated as of the Petition Date, by and among the Company, the guarantors party thereto, the CL Administrative Agent and CL Lenders (as amended or otherwise modified), (ii) the CL Credit Agreement and the other CL Financing Agreements shall be in form and substance satisfactory to Administrative Agent, (iii) [Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to Administrative Agent, that the Company has received, on or about the date hereof, a term loan from the CL Lenders in an amount of not less than $110,000,000] and (iv) Administrative Agent shall have received copies, certified by the chief financial officer of the Company as true and complete, of the CL Financing Agreements as originally executed and delivered, together with all exhibits and schedules thereto.

(z) At least five (5) Business Days prior to the Closing Date, Administrative Agent shall have received a certificate satisfactory thereto for benefit of itself and the Lenders, provided by the Company that sets forth information required by the Patriot Act including, without limitation, the identity of Borrowers and Guarantors, the name and address of Borrowers and Guarantors and other information that will allow Administrative Agent or any Lender, as applicable, to identify Borrowers and Guarantors in accordance with the Patriot Act.

(aa) This Agreement and the other Financing Agreements and all agreements, instruments and documents hereunder and thereunder shall have been duly executed and delivered to Administrative Agent, in form and substance satisfactory to Administrative Agent.

(bb) Payment by Borrowers of all fees and expenses owed by them to the Lenders and Administrative Agent, including, without limitation, payment to Administrative Agent of the fees set forth in the Fee Letter.

(cc) Receipt by Administrative Agent of (i) a statement of sources and uses of funds covering all payments reasonably expected to be made by Borrowers or Guarantors in connection with the transactions contemplated by the Financing Agreements to be consummated on the Closing Date, including an itemized estimate of all fees, expenses and other closing costs and (ii) payment instructions with respect to each wire transfer to be made by Administrative Agent on behalf of the Lenders or the Company or Borrowers or Guarantors on the Closing Date setting forth the amount of such transfer, the purpose of such transfer, the name and number of the account to which such transfer is to be made, the name and ABA number of the bank or other financial institution where such account is located and the name and telephone number of an individual that can be contacted to confirm receipt of such transfer.

(dd) Administrative Agent shall have received evidence in form and substance reasonably satisfactory to Administrative Agent, of the conversion of the Indebtedness evidenced by the Senior Subordinated Notes to Capital Stock of the Company pursuant to the Plan of Reorganization, upon terms and conditions previously approved by, or otherwise reasonably acceptable to Administrative Agent.

(ee) Consolidated EBITDA of the Company and its Subsidiaries for the most recently ended period of twelve consecutive months for which Administrative Agent has received financial statements of Company and its Subsidiaries shall be not less than the $44,000,000[1], it being understood that Consolidated EBITDA as calculated under this clause (dd) shall include restructuring charges in an amount not to exceed $34,000,000.

(ff) This Agreement, the Intercreditor Agreement and the other Financing Agreements and all instruments and documents hereunder and thereunder shall have been duly executed and delivered to Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent.

4.2 Conditions Precedent to All Loans and Letters of Credit.

The obligation of Lenders to make the Loans, including the initial Loans, or of Issuing Bank to issue any Letter of Credit, including the initial Letters of Credit, is subject to the further satisfaction of, or waiver of, immediately prior to or concurrently with the making of each such Loan or the issuance of such Letter of Credit of each of the following conditions precedent:

(a) all representations and warranties contained herein and in the other Financing Agreements shall be true and correct with the same effect as though such representations and

[1] If Borrowers demonstrate sufficient liquidity to cover a Fixed Charge Coverage Ratio of 1.0 to 1.0, such amount may be reduced, but to an amount not less than $40 million.

warranties had been made on and as of the date of the making of each such Loan or providing each such Letter of Credit and after giving effect thereto, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date);

(b) no law, regulation, order, judgment or decree of any Governmental Authority shall exist, and no action, suit, investigation, litigation or proceeding shall be pending or threatened in any court or before any arbitrator or Governmental Authority, which (i) purports to enjoin, prohibit, restrain or otherwise affect (A) the making of the Loans or providing the Letters of Credit, or (B) the consummation of the transactions contemplated pursuant to the terms hereof or the other Financing Agreements or (ii) has or has a reasonable likelihood of having a Material Adverse Effect; and

(c) no Default or Event of Default shall exist or have occurred and be continuing on and as of the date of the making of such Loan or providing each such Letter of Credit and after giving effect thereto.

SECTION 5. GRANT AND PERFECTION OF SECURITY INTEREST

5.1 Grant of Security Interest.

(a) To secure payment and performance of all Obligations, each U.S. Borrower and Guarantor hereby grants to Collateral Agent, for itself and the benefit of the other Secured Parties, and confirms and ratifies its prior grant to Collateral Agent, for itself and the benefit of the other Secured Parties, pursuant to the Existing Loan Documents and the Final Financing Order, a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Collateral Agent, for itself and the benefit of the other Secured Parties, as security, all personal property, and interests in property, of each U.S. Borrower and Guarantor, whether now owned or hereafter acquired or existing (and including whether owned or arising prior to the Plan Effective Date or thereafter), and wherever located, including:

(i) all Accounts;

(ii) all general intangibles, including, without limitation, all Intellectual Property;

(iii) all goods, including, without limitation, Inventory and Equipment;

(iv) all chattel paper, including, without limitation, all tangible and electronic chattel paper;

(v) all instruments, including, without limitation, all promissory notes;

(vi) all documents;

(vii) all deposit accounts;

(viii) all letters of credit, banker's acceptances and similar instruments and including all letter-of-credit rights;

(ix) all supporting obligations and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Receivables and other Collateral, including (A) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral, (B) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party, (C) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Receivables or other Collateral, including returned, repossessed and reclaimed goods, and (D) deposits by and property of account debtors or other persons securing the obligations of account debtors;

(x) all (A) investment property (including securities, whether certificated or uncertificated, securities accounts, security entitlements, commodity contracts or commodity accounts; provided, that, the Capital Stock of the Subsidiaries of the Company is being pledged pursuant to the Pledge Agreement and/or the Dutch Deed of Pledge and in the event of any conflict between the terms of this Agreement and the terms of the Pledge Agreement or the Dutch Deed of Pledge with respect to such pledge, the terms of the Pledge Agreement or the Dutch Deed of Pledge, as applicable, shall control) and (B) monies, credit balances, deposits and other property of any U.S. Borrower or Guarantor now or hereafter held or received by or in transit to Administrative Agent, Collateral Agent any Lender or its Affiliates or at any other depository or other institution from or for the account of any U.S. Borrower or Guarantor, whether for safekeeping, pledge, custody, transmission, collection or otherwise;

(xi) all commercial tort claims, including, without limitation, those identified in the Information Certificate;

(xii) to the extent not otherwise described above, all Receivables and all present and future claims, rights, interests, assets and properties recovered by or on behalf of any Borrower or any Guarantor, or any successor or assignor of such Borrower or Guarantor, including, without limitation, any trustee of any Borrower or any Guarantor (whether in a Chapter 11 Case or any subsequent case to which any Chapter 11 Case is converted), including, without limitation (A) all such property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to the Bankruptcy Code, applicable law, or otherwise, including without limitation Sections 542, 544, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code and (B) all claims by or on behalf of Borrower or any Guarantor against any officer, director or other person or party for acts of negligence, misconduct or malfeasance, including, without limitation, breach of fiduciary duty, breach of the duty of loyalty, waste, mismanagement or misconduct of any kind, nature or description, including, a breach of the terms and conditions of any of the Financing Agreements;

(xiii) all Records; and

(xiv) all products and proceeds of the foregoing, in any form, including insurance proceeds and all claims against third parties for loss or damage to or destruction of or other involuntary conversion of any kind or nature of any or all of the other Collateral.

(b) To secure payment and performance of all Obligations, each U.S. Borrower and Guarantor hereby grants to Control Agent, for itself and for the benefit of Secured Parties, a continuing security interest in, a lien upon, and a right of setoff against, and hereby assigns to Control Agent, for itself and for the benefit of Secured Parties, all Control Collateral of each U.S. Borrower and Guarantor, whether now owned or hereafter acquired or existing, and wherever located.

(c) For purposes of this Section 5.1, the term "Lender" shall include any Hedge Agreement Provider and any Bank Product Provider. The term "Hedge Agreement Provider" shall mean any Lender or Affiliate of a Lender that provides services or facilities to any Borrower or Guarantor or any of their respective Subsidiaries under a Hedge Agreement permitted by Section 9.9(g). The term "Bank Product Provider" shall mean any Lender or Affiliate of a Lender that provides Bank Products (other than Hedge Agreements) to any Borrower or Guarantor or any of their respective Subsidiaries.

(d) Notwithstanding anything in this Section 5.1 to the contrary, in no event shall the Collateral include or the security interest granted under this Section 5.1 attach to (i) any lease, license, contract, property rights or agreement to which any U.S. Borrower or Guarantor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or interest of such U.S. Borrower or Guarantor therein or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Code) or principles of equity); (ii) any of the outstanding capital stock of a controlled foreign corporation as defined in Section 957(a) of the Code (a "Controlled Foreign Corporation") in excess of 65% (or such other amount as would result in adverse tax consequences for any U.S. Borrower or Guarantor) of the voting power of all classes of capital stock of such Controlled Foreign Corporation entitled to vote.

5.2 Perfection of Security Interests.

(a) Each U.S. Borrower and Guarantor irrevocably and unconditionally authorizes Administrative Agent and Collateral Agent (or their respective agents) to file at any time and from time to time such financing statements with respect to the Collateral naming Collateral Agent or its designee as the secured party and such U.S. Borrower or Guarantor as debtor, as Administrative Agent or Collateral Agent may require, and including any other information with respect to such U.S. Borrower or Guarantor or otherwise required by part 5 of Article 9 of the Uniform Commercial Code of such jurisdiction as Administrative Agent or Collateral Agent may determine, together with any amendment and continuations with respect thereto, which authorization shall apply to all financing statements filed on, prior to or after the date hereof. Each U.S. Borrower and Guarantor hereby ratifies and approves all financing statements naming Collateral Agent or its designee as secured party and such U.S. Borrower or Guarantor, as the case may be, as debtor with respect to the Collateral (and any amendments with respect to such financing statements) filed by or on behalf of Collateral Agent prior to the date hereof and ratifies and confirms the authorization of Collateral Agent and Administrative Agent to file such financing statements (and amendments, if any). Each U.S. Borrower and Guarantor hereby authorizes Collateral Agent and Administrative Agent to adopt

on behalf of such U.S. Borrower and Guarantor any symbol required for authenticating any electronic filing. In the event that the description of the collateral in any financing statement naming Collateral Agent, Administrative Agent or its designee as the secured party and any U.S. Borrower or Guarantor as debtor includes assets and properties of such U.S. Borrower or Guarantor that do not at any time constitute Collateral, whether hereunder, under any of the other Financing Agreements or otherwise, the filing of such financing statement shall nonetheless be deemed authorized by such U.S. Borrower or Guarantor to the extent of the Collateral included in such description and it shall not render the financing statement ineffective as to any of the Collateral or otherwise affect the financing statement as it applies to any of the Collateral. In no event shall any U.S. Borrower or Guarantor at any time file, or permit or cause to be filed, any correction statement or termination statement with respect to any financing statement (or amendment or continuation with respect thereto) naming Collateral Agent, Administrative Agent or its designee as secured party and such U.S. Borrower or Guarantor as debtor.

(b) Each U.S. Borrower and Guarantor does not have any chattel paper (whether tangible or electronic) or instruments as of the date hereof, except as set forth in the Information Certificate. In the event that any U.S. Borrower or Guarantor shall be entitled to or shall receive any chattel paper or instrument with an individual value of more than $300,000 or an aggregate value of more than $5,000,000 after the date hereof, U.S. Borrowers and Guarantors shall promptly notify Administrative Agent thereof in writing. Promptly upon the receipt thereof by or on behalf of any U.S. Borrower or Guarantor (including by any agent or representative), such U.S. Borrower or Guarantor shall deliver, or cause to be delivered to Collateral Agent, all tangible chattel paper and instruments with an individual value of more than $300,000 or an aggregate value of more than $5,000,000 that such U.S. Borrower or Guarantor has or may at any time acquire, accompanied by such instruments of transfer or assignment duly executed in blank as Collateral Agent or Administrative Agent may from time to time specify, in each case except as Administrative Agent may otherwise agree. At Administrative Agent's option, each U.S. Borrower and Guarantor shall, or Administrative Agent may at any time on behalf of any U.S. Borrower or Guarantor, cause the original of any such instrument or chattel paper to be conspicuously marked in a form and manner previously approved by, or otherwise reasonably acceptable to Administrative Agent with the following legend referring to chattel paper or instruments as applicable: "This [chattel paper][instrument] is subject to the security interest of Wells Fargo Bank, National Association and any sale, transfer, assignment or encumbrance of this [chattel paper][instrument] violates the rights of such secured party."

(c) In the event that any U.S. Borrower or Guarantor shall at any time hold or acquire an interest in any electronic chattel paper or any "transferable record" (as such term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction) with an individual value of more than $300,000 or an aggregate value of more than $5,000,000, such U.S. Borrower or Guarantor shall promptly notify Administrative Agent thereof in writing. Promptly upon Administrative Agent's request, such U.S. Borrower or Guarantor shall take, or cause to be taken, such actions as Administrative Agent may request to give Collateral Agent or Control Agent control of such electronic chattel paper under Section 9-105 of the UCC and control of such transferable record under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction.

(d) Each U.S. Borrower and Guarantor does not have any deposit accounts as of the date hereof, except as set forth in the Information Certificate. U.S. Borrowers and Guarantors shall not, directly or indirectly, after the date hereof open, establish or maintain any deposit account unless each of the following conditions is satisfied: (i) Administrative Agent shall have received not less than five (5) Business Days prior written notice of the intention of any U.S. Borrower or Guarantor to open or establish such account which notice shall specify in reasonable detail and specificity previously approved by, or otherwise reasonably acceptable to Administrative Agent the name of the account, the owner of the account, the name and address of the bank at which such account is to be opened or established, the individual at such bank with whom such U.S. Borrower or Guarantor is dealing and the purpose of the account, (ii) the bank where such account is opened or maintained shall be acceptable to Administrative Agent, and (iii) on or before the opening of such deposit account, such U.S. Borrower or Guarantor shall as Administrative Agent may specify either (A) deliver to Administrative Agent a Deposit Account Control Agreement with respect to such deposit account duly authorized, executed and delivered by such U.S. Borrower or Guarantor and the bank at which such deposit account is opened and maintained or (B) arrange for Administrative Agent or Collateral Agent to become the customer of the bank with respect to the deposit account on terms and conditions acceptable to Administrative Agent. The terms and representations of this subsection (d) shall not apply to (1) deposit accounts specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any U.S. Borrower's or Guarantor's employees, (2) other zero balance accounts and (3) other deposit accounts so long as at any time the balance in any such account does not exceed $250,000 and the aggregate balance in all such accounts does not exceed $1,000,000 (the deposit accounts described in clauses (1), (2) and (3) being referred to collectively as the "Excluded Deposit Accounts").

(e) No U.S. Borrower or Guarantor owns or holds, directly or indirectly, beneficially or as record owner or both, any investment property, as of the date hereof, or have any investment account, securities account, commodity account or other similar account with any bank or other financial institution or other securities intermediary or commodity intermediary as of the date hereof, in each case except as set forth in the Information Certificate.

(i) In the event that any U.S. Borrower or Guarantor shall be entitled to or shall at any time after the date hereof hold or acquire any certificated securities, such U.S. Borrower or Guarantor shall promptly endorse, assign and deliver the same to Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Administrative Agent or Collateral Agent may from time to time specify, or, in respect of the Dutch Borrower, if not permitted by applicable law, provide security thereover in form and substance satisfactory to Agent. If any securities, now or hereafter acquired by any U.S. Borrower or Guarantor are uncertificated and are issued to such U.S. Borrower or Guarantor or its nominee directly by the issuer thereof, such U.S. Borrower or Guarantor shall immediately notify Administrative Agent thereof and shall as Administrative Agent may specify, either (A) cause the issuer to agree to comply with instructions from Collateral Agent as to such securities, without further consent of any U.S. Borrower or Guarantor or such nominee, or (B) arrange for Administrative Agent or Collateral Agent to become the registered owner of the securities.

(ii) U.S. Borrowers and Guarantors shall not, directly or indirectly, after the date hereof open, establish or maintain any investment account, securities account, commodity account or any other similar account (other than a deposit account) with any securities intermediary

or commodity intermediary unless each of the following conditions is satisfied: (A) Administrative Agent shall have received not less than five (5) Business Days prior written notice of the intention of such U.S. Borrower or Guarantor to open or establish such account which notice shall specify in reasonable detail and specificity previously approved by, or otherwise reasonably acceptable to Administrative Agent the name of the account, the owner of the account, the name and address of the securities intermediary or commodity intermediary at which such account is to be opened or established, the individual at such intermediary with whom such U.S. Borrower or Guarantor is dealing and the purpose of the account, (B) the securities intermediary or commodity intermediary (as the case may be) where such account is opened or maintained shall be acceptable to Administrative Agent, and (C) on or before the opening of such investment account, securities account or other similar account with a securities intermediary or commodity intermediary, such U.S. Borrower or Guarantor shall as Administrative Agent may specify either (1) execute and deliver, and cause to be executed and delivered to Administrative Agent, an Investment Property Control Agreement with respect thereto duly authorized, executed and delivered by such U.S. Borrower or Guarantor and such securities intermediary or commodity intermediary or (2) arrange for Administrative Agent or Collateral Agent to become the entitlement holder with respect to such investment property on terms and conditions acceptable to Administrative Agent.

(f) U.S. Borrowers and Guarantors are not the beneficiary or otherwise entitled to any right to payment under any letter of credit, banker's acceptance or similar instrument as of the date hereof with an individual value of more than $250,000 or an aggregate value of more than $1,000,000, except as set forth in the Information Certificate. In the event that any U.S. Borrower or Guarantor shall be entitled to or shall receive any right to payment under any letter of credit, banker's acceptance or any similar instrument with an individual value of more than $250,000 or an aggregate value of more than $1,000,000, whether as beneficiary thereof or otherwise after the date hereof, such U.S. Borrower or Guarantor shall promptly notify Administrative Agent thereof in writing. Such U.S. Borrower or Guarantor shall immediately, as Administrative Agent may specify, either (i) deliver, or cause to be delivered to Administrative Agent, with respect to any such letter of credit, banker's acceptance or similar instrument, the written agreement of the issuer and any other nominated person obligated to make any payment in respect thereof (including any confirming or negotiating bank), in form and substance satisfactory to Administrative Agent, consenting to the assignment of the proceeds of the letter of credit to Collateral Agent by such U.S. Borrower or Guarantor and agreeing to make all payments thereon directly to Collateral Agent or as Administrative Agent may otherwise direct or (ii) cause Administrative Agent or Collateral Agent to become, at U.S. Borrowers' expense, the transferee beneficiary of the letter of credit, banker's acceptance or similar instrument (as the case may be).

(g) U.S. Borrowers and Guarantors do not have any commercial tort claims as of the date hereof, except as set forth in the Information Certificate. In the event that any U.S. Borrower or Guarantor shall at any time after the date hereof have any commercial tort claims with an amount in controversy in excess of $500,000, such U.S. Borrower or Guarantor shall promptly notify Administrative Agent thereof in writing, which notice shall (i) set forth in reasonable detail the basis for and nature of such commercial tort claim and (ii) include the express grant by such U.S. Borrower or Guarantor to Administrative Agent of a security interest in such commercial tort claim (and the proceeds thereof). In the event that such notice does not include such grant of a security interest, the sending thereof by such U.S. Borrower or Guarantor to Administrative Agent shall be deemed to constitute such grant to Administrative Agent. Upon the sending of such notice, any

commercial tort claim described therein shall constitute part of the Collateral and shall be deemed included therein. Without limiting the authorization of Administrative Agent or Collateral Agent provided in Section 5.2(a) hereof or otherwise arising by the execution by such U.S. Borrower or Guarantor of this Agreement or any of the other Financing Agreements, Administrative Agent and Collateral Agent are hereby irrevocably authorized from time to time and at any time to file such financing statements naming Collateral Agent or its designee as secured party and such U.S. Borrower or Guarantor as debtor, or any amendments to any financing statements, covering any such commercial tort claim as Collateral. In addition, each U.S. Borrower and Guarantor shall promptly upon Administrative Agent's request, execute and deliver, or cause to be executed and delivered, to Administrative Agent such other agreements, documents and instruments as Administrative Agent may require in connection with such commercial tort claim.

(h) U.S. Borrowers and Guarantors do not have any goods, documents of title or other Collateral in the custody, control or possession of a third party as of the date hereof, except as set forth in the Information Certificate and except for goods located in the United States in transit to a location of a U.S. Borrower or Guarantor permitted herein in the ordinary course of business of such U.S. Borrower or Guarantor in the possession of the carrier transporting such goods. In the event that any goods, documents of title or other Collateral with a value in the aggregate in excess of $250,000 are at any time after the date hereof in the custody, control or possession of any other person not referred to in the Information Certificate or such carriers, U.S. Borrowers and Guarantors shall promptly notify Administrative Agent thereof in writing. Promptly upon Administrative Agent's request, U.S. Borrowers and Guarantors shall deliver to Administrative Agent a Collateral Access Agreement duly authorized, executed and delivered by such person and U.S. Borrower or Guarantor that is the owner of such Collateral.

(i) U.S. Borrowers and Guarantors shall take any other actions reasonably requested by Administrative Agent or Collateral Agent from time to time to cause the attachment, perfection and, with respect to the Priority Collateral, first priority (subject to Permitted Liens) and, with respect to the CL Priority Collateral (other than the Real Property), second priority (behind only the liens in favor of the CL Administrative Agent permitted by Section 9.8(k) and other Permitted Liens) of, and the ability of Collateral Agent to enforce, the security interest of Collateral Agent in any and all of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC or other applicable law, to the extent, if any, that any U.S. Borrower's or Guarantor's signature thereon is required therefor, (ii) causing Collateral Agent's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Collateral Agent to enforce, the security interest of Collateral Agent in such Collateral (it being agreed that as of the Closing Date the Administrative Agent does not intend to require the title to any vehicles or aircraft owned by any Borrower or Guarantor to be marked with Collateral Agent's name), (iii) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Collateral Agent to enforce, the security interest of Collateral Agent in such Collateral, and (iv) obtaining the consents and approvals of any Governmental Authority or third party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and taking all actions required by any earlier versions of the UCC or by other law, as applicable in any relevant jurisdiction.

5.3 Control Collateral Held by Control Agent.

Notwithstanding any provision to the contrary herein, any Collateral that constitutes Control Collateral that is held by Collateral Agent or Administrative Agent hereunder shall be deemed to be held by the Control Agent in accordance with the Intercreditor Agreement.

5.4 Intercreditor Provisions.

Notwithstanding anything herein to the contrary, the lien and security interest granted to Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by Collateral Agent or Administrative Agent hereunder are subject to the provisions of the Intercreditor Agreement, as the same may be amended, supplemented, modified or replaced from time to time. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

SECTION 6. COLLECTION AND ADMINISTRATION

6.1 Borrowers' Loan Accounts.

Administrative Agent shall maintain one or more loan account(s) on its books in which shall be recorded (a) all Loans, Letters of Credit and other Obligations and the Collateral, (b) all payments made by or on behalf of any Borrower or Guarantor and (c) all other appropriate debits and credits as provided in this Agreement, including fees, charges, costs, expenses and interest. All entries in the loan account(s) shall be made in accordance with Administrative Agent's customary practices as in effect from time to time.

6.2 Statements.

Administrative Agent shall render to Company each month a statement setting forth the balance in Borrowers' loan account(s) maintained by Administrative Agent for Borrowers pursuant to the provisions of this Agreement, including principal, interest, fees, costs and expenses. Each such statement shall be subject to subsequent adjustment by Administrative Agent but shall, absent manifest errors or omissions, be considered correct and deemed accepted by Borrowers and Guarantors and conclusively binding upon Borrowers and Guarantors as an account stated except to the extent that Administrative Agent receives a written notice from Company of any specific exceptions of Company thereto within thirty (30) days after the date such statement has been received by the Company. Until such time as Administrative Agent shall have rendered to Company a written statement as provided above, the balance in any Borrower's loan account(s) shall be presumptive evidence of the amounts due and owing to Administrative Agent and Lenders by Borrowers and Guarantors.

6.3 Collection of Accounts.

(a) Borrowers shall establish and maintain, at their expense, blocked accounts or lockboxes and related blocked accounts (in either case, "Control Accounts"), as Administrative Agent may reasonably specify, with such banks as are acceptable to Administrative Agent into which Borrowers shall promptly deposit and direct their respective account debtors to directly remit all payments on Receivables and all payments constituting proceeds of Inventory or other Collateral

in the identical form in which such payments are made, whether by cash, check or other manner. Borrowers shall deliver, or cause to be delivered to Administrative Agent an Account Control Agreement duly authorized, executed and delivered by each bank where a Control Account is maintained as provided in Section 5.2 or at any time and from time to time Administrative Agent may become the bank's customer with respect to any of the Control Accounts and promptly upon Administrative Agent's request, Borrowers shall execute and deliver such agreements and documents as Administrative Agent may reasonably require in connection therewith. Upon the occurrence and during the continuance of a Cash Management Event, Administrative Agent or Collateral Agent may deliver a Control Notice to the depository bank at which any Control Account is maintained and Administrative Agent or Collateral Agent shall, at the request of the Company, rescind such Control Notice at such time that a Cash Management Event no longer exists (pursuant to the terms of the definition of Cash Management Event). Each Borrower and Guarantor agrees that all payments made to such Control Accounts or other funds received and collected by Administrative Agent or any Lender, whether in respect of the Receivables, as proceeds of Inventory or other Collateral or otherwise shall be treated as payments to Administrative Agent and Lenders in respect of the Obligations and therefore shall constitute the property of Administrative Agent and Lenders to the extent of the then outstanding Obligations. In addition to such payments applied in respect of the Obligations, Borrowers shall have the right to repay Loans in whole or in part from time to time as described in Section 2.1(d).

(b) For purposes of calculating the amount of the Loans available to Borrowers, such payments will be applied (conditional upon final collection) to the Obligations on the Business Day of receipt by Administrative Agent of immediately available funds in the Agent Payment Account provided such payments and notice thereof are received in accordance with Administrative Agent's usual and customary practices as in effect from time to time and within sufficient time to credit such Borrower's loan account on such day, and if not, then on the next Business Day.

(c) Each Borrower and Guarantor and their respective employees, agents and Subsidiaries shall, acting as trustee for Administrative Agent, receive, as the property of Administrative Agent, any monies, checks, notes, drafts or any other payment relating to and/or proceeds of Accounts or other Collateral which come into their possession or under their control and immediately upon receipt thereof, shall deposit or cause the same to be deposited in the Control Accounts, or remit the same or cause the same to be remitted, in kind, to Administrative Agent. In no event shall the same be commingled with any Borrower's or Guarantor's own funds. Borrowers agree to reimburse Administrative Agent on demand for any amounts owed or paid to any bank or other financial institution at which a Control Account or any other deposit account or investment account is established or any other bank, financial institution or other person involved in the transfer of funds to or from the Control Accounts arising out of Administrative Agent's payments to or indemnification of such bank, financial institution or other person. The obligations of Borrowers to reimburse Administrative Agent for such amounts pursuant to this Section 6.3 shall survive the termination of this Agreement.

6.4 Payments.

(a) All Obligations shall be payable to the Agent Payment Account as provided in Section 6.3 or such other place as Administrative Agent may designate from time to time. Subject to the other terms and conditions contained herein, Administrative Agent shall apply payments received

or collected from any Borrower or Guarantor or for the account of any Borrower or Guarantor (including the monetary proceeds of collections or of realization upon any Collateral) as follows: first, to pay any fees, indemnities or expense reimbursements then due to Administrative Agent, Collateral Agent, Lenders, Swingline Lender and Issuing Bank from any Borrower or Guarantor pursuant to the terms of the Financing Agreements; second, to pay interest due in respect of any Loans (and including any Special Administrative Agent Advances) and Letter of Credit Obligations; third, to pay or prepay principal in respect of Special Administrative Agent Advances; fourth, to pay principal due in respect of the Loans and to pay Obligations then due arising under or pursuant to any Bank Product Debt (including breakage and termination payments due under Hedge Agreements) solely to the extent that Administrative Agent has established a Reserve therefor and such Bank Product Debt constitutes Obligations secured pursuant to Section 5.1; fifth, to pay or prepay any other Obligations (including obligations in respect of Bank Products for which Reserves have not been established by Administrative Agent which constitute Obligations secured pursuant to Section 5.1) whether or not then due, in such order and manner as Administrative Agent determines and at any time an Event of Default exists or has occurred and is continuing, to provide cash collateral for any Letter of Credit Obligations to the extent provided in Section 10; sixth, to pay or prepay any Bank Product Debt constituting Obligations not secured pursuant to Section 5.1; and seventh, to the Company as agent for the U.S. Borrowers. Notwithstanding anything to the contrary contained in this Agreement, (i) unless so directed by Company, or unless an Event of Default shall exist or have occurred and be continuing, Administrative Agent shall not apply any payments which it receives to any Eurodollar Rate Loans, except (A) on the expiration date of the Interest Period applicable to any such Eurodollar Rate Loans or (B) in the event that there are no outstanding Prime Rate Loans and (ii) to the extent any Borrower uses any proceeds of the Loans or Letters of Credit to acquire rights in or the use of any Collateral or to repay any Indebtedness used to acquire rights in or the use of any Collateral, payments in respect of the Obligations shall be deemed applied first to the Obligations arising from Loans and Letters of Credit that were not used for such purposes and second to the Obligations arising from Loans and Letters of Credit the proceeds of which were used to acquire rights in or the use of any Collateral in the chronological order in which such Borrower acquired such rights in or the use of such Collateral. Amounts distributed with respect to any Bank Product Debt shall be the lesser of the applicable Bank Product Amount last reported to the Administrative Agent or the actual Bank Product Debt as calculated by the methodology reported to Agent for determining the amount due. The Administrative Agent shall have no obligation to calculate the amount to be distributed with respect to any Bank Product Debt, but may rely upon written notice of the amount (setting forth a reasonably detailed calculation) from the applicable Secured Party. In the absence of such notice, the Administrative Agent may assume the amount to be distributed is the Bank Product Amount last reported to it.

(b) At Administrative Agent's option, all principal, interest, fees, costs, expenses and other charges provided for in this Agreement or the other Financing Agreements may be charged directly to the loan account(s) of any Borrower maintained by Administrative Agent. If after receipt of any payment of, or proceeds of Collateral applied to the payment of, any of the Obligations, Administrative Agent, any Lender, Swingline Lender or Issuing Bank is required to surrender or return such payment or proceeds to any Person for any reason, then the Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by Administrative Agent or such Lender. Borrowers and Guarantors shall be liable to pay to Administrative Agent, and do hereby indemnify and hold Administrative Agent and Lenders

harmless for the amount of any payments or proceeds surrendered or returned. This Section 6.4(b) shall remain effective notwithstanding any contrary action which may be taken by Administrative Agent or any Lender in reliance upon such payment or proceeds. This Section 6.4 shall survive the payment of the Obligations and the termination of this Agreement.

6.5 Taxes.

(a) Except as provided in Section 6.5(g), any and all payments to any Lender, Swingline Lender, Issuing Bank or Administrative Agent by or on account of any of the Obligations shall be made free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any Governmental Authority or by any political subdivision or taxing authority thereof or therein with respect to such payments, excluding (i) in the case of each Lender, Swingline Lender, Issuing Bank and Administrative Agent (A) taxes imposed on or measured by its net income, and franchise taxes imposed on it, by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) is organized and (B) any United States withholding taxes payable with respect to payments under the Financing Agreements under laws (including any statute, treaty or regulation) in effect on the date hereof (or, in the case of an Eligible Transferee, the date of the Assignment and Acceptance) applicable to such Lender, Swingline Lender, Issuing Bank or Administrative Agent, as the case may be, but not excluding any United States withholding taxes payable as a result of any change in such laws occurring after the date hereof (or the date of such Assignment and Acceptance) and (ii) in the case of each Lender and Swingline Lender, taxes imposed on or measured by its net income, and franchise taxes imposed on it as a result of a present or former connection between such Lender and the jurisdiction of the Governmental Authority imposing such tax or any taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, fees, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) If any Taxes shall be required by law to be deducted from or in respect of any sum payable in respect of the Obligations to any Lender, Swingline Lender, Issuing Bank or Administrative Agent then (i) except as provided in Section 6.5(g), the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 6.5), such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the relevant Borrower or Guarantor shall make such deductions, (iii) the relevant Borrower or Guarantor shall pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable law and (iv) the relevant Borrower or Guarantor shall deliver to Administrative Agent evidence of such payment.

(c) In addition, each Borrower and Guarantor agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies of the United States or any political subdivision thereof or any applicable foreign jurisdiction, and all liabilities with respect thereto, in each case arising from any payment made hereunder or under any of the other Financing Agreements or from the execution, delivery or registration of, or otherwise

with respect to, this Agreement or any of the other Financing Agreements (collectively, "Other Taxes").

(d) Except as provided in Section 6.5(g), each Borrower and Guarantor shall indemnify each Lender, Swingline Lender, Issuing Bank and Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 6.5) paid by such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) and any liability (including for penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date such Lender, Swingline Lender, Issuing Bank or Administrative Agent (as the case may be) makes written demand therefor. A certificate as to the amount of such payment or liability delivered to Company by a Lender, Swingline Lender, Issuing Bank (with a copy to Administrative Agent) or by Administrative Agent on its own behalf or on behalf of a Lender, Swingline Lender or Issuing Bank, shall be conclusive absent manifest error.

(e) As soon as practicable after any payment of Taxes or Other Taxes by any Borrower or Guarantor, such Borrower or Guarantor shall furnish to Administrative Agent, at its address referred to herein, the original or a certified copy of a receipt evidencing payment thereof.

(f) Without prejudice to the survival of any other agreements of any Borrower or Guarantor hereunder or under any of the other Financing Agreements, the agreements and obligations of such Borrower or Guarantor contained in this Section 6.5 shall survive the termination of this Agreement and the payment in full of the Obligations.

(g) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the applicable Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any of the other Financing Agreements shall deliver to Company (with a copy to Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by Company or Administrative Agent (in such number of copies as is reasonably requested by the recipient), whichever of the following is applicable (but only if such Foreign Lender is legally entitled to do so): (i) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor form) claiming exemption from, or a reduction to, withholding tax under an income tax treaty; (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any successor form) claiming exemption from withholding because the income is effectively connected with the conduct of a United States trade or business; (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Sections 871(h) or 881(c) of the Code, (A) a certificate of the Lender to the effect that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of a Borrower within the meaning of Section 881(c)(3)(B) of the Code or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (B) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor form) claiming exemption from withholding under the portfolio interest exemption; or (iv) any other applicable form, certificate or document prescribed by applicable law as a basis for claiming exemption from or a reduction in United States withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit a Borrower to determine the withholding or deduction required to be made. In addition, each Foreign Lender agrees that it will

deliver upon any Borrower's request updated versions of the foregoing, as applicable, whenever the previous certification has become obsolete or inaccurate in any material respect, together with such other forms as may be required in order to confirm or establish the entitlement of such Foreign Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Loan and Security Agreement and any Obligation. Notwithstanding the foregoing provisions of this Section 6.5, but subject to the immediately following sentence, (A) each Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold Taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Foreign Lender to the extent that such Foreign Lender has not provided to such Borrower U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (B) such Borrower shall not be obligated pursuant to this Section 6.5 to indemnify or otherwise pay such Foreign Lender in respect of Taxes imposed by the United States if such Foreign Lender has not provided to such Borrower the U.S. Internal Revenue Service Forms required to be provided to such Borrower pursuant to this Section 6.5 or to the extent that such Forms do not establish a complete exemption from withholding of such Taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 6.5, the Borrowers, jointly and severally, agree to pay additional amounts and to indemnify each Lender in the manner set forth in Sections 6.5(a) and 6.5(d) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Closing Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof.

(h) Any Lender claiming any additional amounts payable pursuant to this Section 6.5 shall use its reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its applicable lending office and to take any other action if such change or other action would avoid the need for, or reduce the amount of, any such additional amounts that would be payable or may thereafter accrue pursuant to Section 6.5 and would not, in the sole determination of such Lender, be otherwise disadvantageous in any material respect to such Lender.

(i) If Administrative Agent, any Lender, Swingline Lender or the Issuing Bank determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by a Borrower or Guarantor or with respect to which a Borrower or Guarantor has paid additional amounts pursuant to this Section 6.5, it shall pay over such refund to the applicable Borrower or Guarantor (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower or Guarantor under this Section 6.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of Administrative Agent, such Lender, Swingline Lender or the Issuing Bank, as the case may be, and without interest (other than any interest paid by the relevant governmental authority with respect to such refund); provided, that, each Borrower and Guarantor, upon the request of Administrative Agent, such Lender, Swingline Lender or the Issuing Bank, agrees to repay the amount paid over to such Borrower or Guarantor (plus any penalties, interest or other charges imposed by the relevant governmental authority) to Administrative Agent, such Lender or the Issuing Bank in the event Administrative Agent, such Lender, Swingline Lender or the Issuing Bank is required to repay such refund to such governmental authority. This Section 6.5 shall not be construed to require Administrative Agent, any Lender, Swingline Lender or the

Issuing Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Borrower, Guarantor or any other Person.

6.6 Authorization to Make Loans.

Administrative Agent and Lenders are authorized to make the Loans based upon written instructions received from an Authorized Officer of the Company or, at the discretion of Administrative Agent, if such Loans are necessary to satisfy any Obligations. All requests for Loans or Letters of Credit hereunder shall specify (i) the applicable Borrower, (ii) the date on which the requested advance is to be made (which day shall be a Business Day) and (iii) the amount and currency of the requested Loan. Requests received after 1:00 p.m., Charlotte, North Carolina time on any day shall be deemed to have been made as of the opening of business on the immediately following Business Day. Requests for Prime Rate Loans may be made on the day of the requested borrowing if received by Administrative Agent by 1:00 p.m., Charlotte, North Carolina time. Requests for Eurodollar Rate Loans must be made as set forth in Section 3.1(b). All Loans and Letters of Credit under this Agreement shall be conclusively presumed to have been made to, and at the request of and for the benefit of, any Borrower or Guarantor when deposited to the credit of any Borrower or Guarantor or otherwise disbursed or established in accordance with the instructions of any Borrower or Guarantor or in accordance with the terms and conditions of this Agreement.

6.7 Use of Proceeds.

Borrowers shall use the initial proceeds of the Loans and Letters of Credit hereunder only for: (a) payments to each of the Persons listed in the disbursement direction letter furnished by Borrowers to Agent on or about the date hereof, (b) costs, fees and expenses associated with this Agreement and the other Financing Agreements, (c) payments expressly provided for in the Confirmation Order and (d) for working capital and other general corporate purposes of Borrowers and Guarantors. All other Loans made or Letters of Credit provided to or for the benefit of any Borrower pursuant to the provisions hereof shall be used by such Borrower only for general operating, working capital and other proper corporate purposes of such Borrower not otherwise prohibited by the terms hereof. None of the proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended.

6.8 Appointment of Company as Administrative Agent for Requesting Loans and Receipts of Loans and Statements.

(a) Each Borrower hereby irrevocably appoints and constitutes Company as its agent and attorney-in-fact to request and receive Loans and Letters of Credit pursuant to this Agreement and the other Financing Agreements from Administrative Agent or any Lender in the name or on behalf of such Borrower. Administrative Agent and Lenders may disburse the Loans to such bank account of Company or a Borrower or otherwise make such Loans to a Borrower and provide such Letters of Credit to a Borrower as Company may designate or direct, without notice to any other Borrower or Guarantor. Notwithstanding anything to the contrary contained herein,

Administrative Agent may at any time and from time to time require that Loans to or for the account of any Borrower be disbursed directly to an operating account of such Borrower.

(b) Company hereby accepts the appointment by Borrowers to act as agent and attorney-in-fact of Borrowers pursuant to this Section 6.8. Company shall ensure that the disbursement of any Loans to each Borrower or the issuance of any Letter of Credit for a Borrower hereunder, shall be paid to or for the account of such Borrower.

(c) Each Borrower and other Guarantor hereby irrevocably appoints and constitutes Company as its agent to receive statements on account and all other notices from Administrative Agent and Lenders with respect to the Obligations or otherwise under or in connection with this Agreement and the other Financing Agreements.

(d) Any notice, election, representation, warranty, agreement or undertaking by or on behalf of any other Borrower or any Guarantor by Company shall be deemed for all purposes to have been made by such Borrower or Guarantor, as the case may be, and shall be binding upon and enforceable against such Borrower or Guarantor to the same extent as if made directly by such Borrower or Guarantor.

(e) No purported termination of the appointment of Company as agent as aforesaid shall be effective, except after ten (10) days' prior written notice to Administrative Agent.

6.9 Pro Rata Treatment.

Except to the extent otherwise provided in this Agreement or as otherwise agreed by Lenders: (a) the making and conversion of Revolving Loans shall be made among the Lenders based on their respective Pro Rata Shares as to the Revolving Loans and (b) each payment on account of any Obligations to or for the account of one or more of Lenders in respect of any Obligations due on a particular day shall be allocated among the Lenders entitled to such payments based on their respective Pro Rata Shares and shall be distributed accordingly.

6.10 Sharing of Payments, Etc.

(a) Each Borrower and Guarantor agrees that, in addition to (and without limitation of) any right of setoff, banker's lien or counterclaim Administrative Agent or any Lender may otherwise have, each Lender shall be entitled, at its option (but subject, as among Administrative Agent and Lenders, to the provisions of Section 12.3(b) hereof), to offset balances held by it for the account of such Borrower or Guarantor at any of its offices, in dollars or in any other currency, against any principal of or interest on any Loans owed to such Lender or any other amount payable to such Lender hereunder, that is not paid when due (regardless of whether such balances are then due to such Borrower or Guarantor), in which case it shall promptly notify Company and Administrative Agent thereof; provided, that, such Lender's failure to give such notice shall not affect the validity thereof.

(b) If any Lender (including Administrative Agent) shall obtain from any Borrower or Guarantor payment of any principal of or interest on any Loan owing to it or payment of any other amount under this Agreement or any of the other Financing Agreements through the exercise of any right of setoff, banker's lien or counterclaim or similar right or otherwise (other than

from Administrative Agent as provided herein), and, as a result of such payment, such Lender shall have received more than its Pro Rata Share of the principal of the Loans or more than its share of such other amounts then due hereunder or thereunder by any Borrower or Guarantor to such Lender than the percentage thereof received by any other Lender, it shall promptly pay to Administrative Agent, for the benefit of Lenders, the amount of such excess and simultaneously purchase from such other Lenders a participation in the Loans or such other amounts, respectively, owing to such other Lenders (or such interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) in accordance with their respective Pro Rata Shares or as otherwise agreed by Lenders. To such end all Lenders shall make appropriate adjustments among themselves (by the resale of participation sold or otherwise) if such payment is rescinded or must otherwise be restored.

(c) Each Borrower and Guarantor agrees that any Lender purchasing a participation (or direct interest) as provided in Section 2.5 or Section 13.7 may exercise, in a manner consistent with this Section, all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans or other amounts (as the case may be) owing to such Lender in the amount of such participation.

(d) Nothing contained herein shall require any Lender to exercise any right of setoff, banker's lien, counterclaims or similar rights or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other Indebtedness or obligation of any Borrower or Guarantor. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, assign such rights to Administrative Agent for the benefit of Lenders and, in any event, exercise its rights in respect of such secured claim in a manner consistent with the rights of Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

6.11 Settlement Procedures.

(a) In order to administer the Credit Facility in an efficient manner and to minimize the transfer of funds between Administrative Agent and Lenders, Administrative Agent may, at its option, subject to the terms of this Section, make available, on behalf of Lenders, including the Swing Line Lender, the full amount of the Revolving Loans or Swing Line Loans requested or charged to any Borrower's loan account(s) or otherwise to be advanced by Lenders pursuant to the terms hereof, without requirement of prior notice to Lenders of the proposed Loans.

(b) With respect to all Revolving Loans made by Administrative Agent on behalf of Lenders, the amount of each Lender's Pro Rata Share of the outstanding Loans shall be computed weekly, and shall be adjusted upward or downward on the basis of the amount of the outstanding Revolving Loans as of 5:00 p.m. on the Business Day immediately preceding the date of each settlement computation; provided, that, Administrative Agent retains the absolute right at any time or from time to time to make the above described adjustments at intervals more frequent than weekly, but in no event more than twice in any week. With respect to Swing Line Loans made by Swing Line Lender or Administrative Agent on behalf of Swing Line Lender, Swing Line Lender (or

Administrative Agent on behalf of Swing Line Lender) may settle on the Swing Line Loans from time to time as it determines. Administrative Agent (or Swing Line Lender as to Swing Line Loans) shall deliver to each of the Lenders after the end of each week, or at such period or periods as Administrative Agent (or Swing Line Lender as to Swing Line Loans) shall determine, a summary statement of the amount of outstanding Loans (whether Revolving Loans, Swing Line Loans or both, as applicable) for such period (such week or other period or periods being hereinafter referred to as a "Settlement Period"). If the summary statement is sent by Administrative Agent (or Swing Line Lender in the case of Swing Line Loans) and received by a Lender prior to 12:00 p.m., then such Lender shall make the settlement transfer described in this Section by no later than 3:00 p.m. on the same Business Day and if received by a Lender after 12:00 p.m., then such Lender shall make the settlement transfer by not later than 3:00 p.m. on the next Business Day following the date of receipt. If, as of the end of any Settlement Period, the amount of a Lender's Pro Rata Share of the outstanding Revolving Loans is more than such Lender's Pro Rata Share of the outstanding Revolving Loans as of the end of the previous Settlement Period, then such Lender shall forthwith (but in no event later than the time set forth in the preceding sentence) transfer to Administrative Agent by wire transfer in immediately available funds the amount of the increase. Alternatively, if the amount of a Lender's Pro Rata Share of the outstanding Revolving Loans in any Settlement Period is less than the amount of such Lender's Pro Rata Share of the outstanding Revolving Loans for the previous Settlement Period, Administrative Agent shall forthwith transfer to such Lender by wire transfer in immediately available funds the amount of the decrease. Each Lender shall forthwith (but in no event later than the time set forth in the preceding sentence) transfer to Swing Line Lender (or upon its request to Administrative Agent) by wire transfer in immediately available funds the amount of such Lender's Pro Rata Share of the outstanding Swing Line Loans as set forth in the summary statement provided to such Lender as provided above. Amounts transferred to Swing Line Lender (or Administrative Agent as the case may be) in respect to a settlement of Swing Line Loans shall be applied to the payment of the Swing Line Loans and shall constitute Revolving Loans of such Lenders. The obligation of each of the Lenders to transfer such funds and effect such settlement shall be irrevocable and unconditional and without recourse to or warranty by Administrative Agent and may occur at any time a Default or Event of Default exists or has occurred and whether or not the conditions set forth in Section 4.2 are satisfied (except if there is an Event of Default under Section 10.1(g) and 10.1(h), in which case the funds shall be in respect of each Lender's participation). Administrative Agent and each Lender agrees to mark its books and records at the end of each Settlement Period to show at all times the dollar amount of its Pro Rata Share of the outstanding Loans and Letters of Credit. Each Lender shall only be entitled to receive interest on its Pro Rata Share of the Loans to the extent such Loans have been funded by such Lender. Because the Administrative Agent on behalf of Lenders may be advancing and/or may be repaid Loans prior to the time when Lenders will actually advance and/or be repaid such Loans, interest with respect to Loans shall be allocated by Administrative Agent in accordance with the amount of Loans actually advanced by and repaid to each Lender and the Administrative Agent and shall accrue from and including the date such Loans are so advanced to but excluding the date such Loans are either repaid by Borrowers or actually settled with the applicable Lender as described in this Section.

(c) To the extent that Administrative Agent has made any such amounts available and the settlement described above shall not yet have occurred, upon repayment of any Loans by a Borrower, Administrative Agent may apply such amounts repaid directly to any amounts made available by Administrative Agent pursuant to this Section. In lieu of settlements, Administrative Agent may, at its option, at any time require each Lender to provide Administrative Agent with

immediately available funds representing its Pro Rata Share of each Loan, prior to Administrative Agent's disbursement of such Loan to a Borrower. In such event, Administrative Agent shall notify each Lender promptly after Administrative Agent's receipt of the request for the Loans from a Borrower (or Administrative Borrower on behalf of such Borrower) or any deemed request hereunder and each Lender shall provide its Pro Rata Share of such requested Loan to the account specified by Administrative Agent in immediately available funds not later than 2:00 p.m. on the requested funding date, so that all such Loans shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in the other Lender's obligation to make a Loan requested hereunder nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in the other Lender's obligation to make a Loan hereunder.

(d) Upon the making of any Loan by Administrative Agent as provided herein, without further action by any party hereto, each Lender shall be deemed to have irrevocably and unconditionally purchased and received from Administrative Agent, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Pro Rata Share in such Loan. To the extent that there is no settlement in accordance with the terms hereof, Administrative Agent may at any time require the Lenders to fund their participations. From and after the date, if any, on which any Lender has funded its participation in any such Loan, Administrative Agent shall promptly distribute to such Lender, such Lender's Pro Rata Share of all payments of principal and interest received by Administrative Agent in respect of such Loan.

(e) As to any Loan funded by Administrative Agent on behalf of a Lender (including Swing Line Lender) whether pursuant to Sections 6.11(a), 6.11(b) or 6.11(c) above, Administrative Agent may assume that each Lender will make available to Administrative Agent such Lender's Pro Rata Share of the Loan requested or otherwise made on such day in the case of Loans funded pursuant to Section 6.11(c) above or otherwise on the applicable settlement date. If Administrative Agent makes amounts available to a Borrower and such corresponding amounts are not in fact made available to Administrative Agent by such Lender, Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest thereon for each day from the date such payment was due until the date such amount is paid to Administrative Agent at the Federal Funds Rate for each day during such period (as published by the Federal Reserve Bank of New York or at Administrative Agent's option based on the arithmetic mean determined by Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. on that day by each of the three leading brokers of Federal funds transactions in New York selected by Administrative Agent) and if such amounts are not paid within three (3) days of Administrative Agent's demand, at the highest Interest Rate provided for in Section 3.1 hereof applicable to Base Rate Loans. During the period in which such Lender has not paid such corresponding amount to Administrative Agent, notwithstanding anything to the contrary contained in this Agreement or any of the other Financing Agreements, the amount so advanced by Administrative Agent to or for the benefit of any Borrower shall, for all purposes hereof, be a Loan made by Administrative Agent for its own account.

(f) Upon any failure by a Lender to pay Administrative Agent (or Swing Line Lender) pursuant to the settlement described in Section 6.11(b) above or to pay Administrative Agent pursuant to Section 6.11(c), 6.11(d) or Section 6.11(e), Administrative Agent shall promptly thereafter notify Administrative Borrower of such failure and Borrowers shall pay such

corresponding amount to Administrative Agent for its own account within five (5) Business Days of Administrative Borrower's receipt of such notice. The term "Defaulting Lender" shall mean (i) any Lender that has failed to fund any portion of the Revolving Loans, participations in Letter of Credit Obligations or participations in Swing Line Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder, or has otherwise failed to pay over to Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one (1) Business Day of the date when due, (ii) any Lender that has notified Administrative Agent, any Lender, Issuing Bank, or any Borrower or Guarantor in writing that it will not or does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it will not or does not intend to comply with its funding obligations under this Agreement or under other agreements in which it has agreed to make loans or provide other financial accommodations, or (iii) any Lender that becomes or is insolvent or has a parent company that has become or is insolvent or becomes the subject of a bankruptcy or insolvency proceeding, or has a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment and has not obtained all required orders, approvals or consents of any court or other Governmental Authority to continue to fulfill its obligations hereunder, in form and substance satisfactory to Administrative Agent.

(g) Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments received by Administrative Agent for the Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). For purposes of voting or consenting to matters with respect to this Agreement and the other Financing Agreements and determining Pro Rata Shares, such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero (0). So long as there is a Defaulting Lender, the maximum amount of the Loans and Letters of Credit shall not exceed the aggregate amount of the Commitments of the Lenders that are not Defaulting Lenders plus the Pro Rata Share of the Defaulting Lender (determined immediately prior to its being a Defaulting Lender) of the Loans and Letters of Credit outstanding as of the date that the Defaulting Lender has become a Defaulting Lender. At any time that there is a Defaulting Lender, payments received for application to the Obligations payable to Lenders in accordance with the terms of this Agreement shall be distributed to Lenders based on their Pro Rata Shares calculated after giving effect to the reduction of the Defaulting Lender's Commitment to zero as provided herein or at Administrative Agent's option, Administrative Agent may instead receive and retain such amounts that would be otherwise attributable to the Pro Rata Share of a Defaulting Lender (which for such purpose shall be such Pro Rata Share as in effect immediately prior to its being a Defaulting Lender). To the extent that Administrative Agent elects to receive and retain such amounts, Administrative Agent may hold such amounts (which shall not accrue interest) and, in its reasonable discretion, relend such amounts to a Borrower. To the extent that Administrative Agent exercises its option to relend such amounts, such amounts shall be treated as Revolving Loans for the account of Administrative Agent in addition to the Revolving Loans that are made by the Lenders other than a Defaulting Lender based on their respective Pro Rata Shares as calculated after giving effect to the reduction of such Defaulting Lender's Commitment to zero (0) as provided herein but shall be repaid in the same order of priority as the principal amount of the Loans on a pro rata basis for purposes of Section 6.4 hereof. Administrative Agent shall determine whether any Revolving Loans requested shall be made from relending such amounts or from Revolving Loans from the Lenders (other than a Defaulting Lender) and any allocation of requested Revolving Loans between them. The rights of a

Defaulting Lender shall be limited as provided herein until such time as the Defaulting Lender has made all payments to Administrative Agent of the amounts that it had failed to pay causing it to become a Defaulting Lender and such Lender is otherwise in compliance with the terms of this Agreement (including making any payments as it would have been required to make as a Lender during the period that it was a Defaulting Lender other than in respect of the principal amount of Revolving Loans, which payments as to the principal amount of Revolving Loans shall be made based on the outstanding balance thereof on the date of the cure by Defaulting Lender or at such other time thereafter as Administrative Agent may specify) or has otherwise provided evidence in form and substance satisfactory to Administrative Agent that such Defaulting Lender will be able to fund its Pro Rata Share (as in effect immediately prior to its being a Defaulting Lender) in accordance with the terms hereof. Upon the cure by Defaulting Lender of the event that is the basis for it to be a Defaulting Lender by making such payment or payments and such Lender otherwise being in compliance with the terms hereof, such Lender shall cease to be a Defaulting Lender and shall only be entitled to payment of interest accrued during the period that such Lender was a Defaulting Lender to the extent previously received and retained by Administrative Agent from or for the account of Borrowers on the funds constituting Loans funded by such Lender prior to the date of it being a Defaulting Lender (and not previously paid to such Lender) and shall otherwise, on and after such cure, make Loans and settle in respect of the Loans and other Obligations in accordance with the terms hereof. The existence of a Defaulting Lender and the operation of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, or relieve or excuse the performance by any Borrower or Guarantor of its duties and obligations hereunder (including, but not limited to, the obligation of such Borrower or Guarantor to make any payments hereunder, whether in respect of Loans by a Defaulting Lender or otherwise.

(h) Notwithstanding anything to the contrary contained in this Agreement, in the event that there is a Defaulting Lender, if there are any Letters of Credit outstanding, within one (1) Business Day after the written request of Issuing Bank, Borrowers shall pay to Administrative Agent an amount equal to the Pro Rata Share of the Defaulting Lender (calculated as in effect immediately prior to such Lender becoming a Defaulting Lender) of the Letter of Credit Obligations then outstanding to be held by Administrative Agent on terms and conditions satisfactory to Administrative Agent and Issuing Bank as cash collateral for the Obligations and for so long as there is a Defaulting Lender, Issuing Bank shall not be required to issue any Letter of Credit, or increase or extend or otherwise amend any Letter of Credit, unless upon the request of Issuing Bank, Administrative Agent has cash collateral from Borrowers in an amount equal to the Pro Rata Share of the Defaulting Lender (calculated as in effect immediately prior to such Lender becoming a Defaulting Lender) of the Letter of Credit Obligations outstanding after giving effect to any such requested Letter of Credit (or increase, extension or other amendment) to be held by Administrative Agent on its behalf on terms and conditions satisfactory to Administrative Agent and Issuing Bank or there are other arrangements reasonably satisfactory to Issuing Bank with respect to the participation in Letters of Credit by such Defaulting Lender. Such cash collateral shall be applied first to the Letter of Credit Obligations before application to any other Obligations, notwithstanding anything to the contrary contained in Section 6.4 hereof.

(i) Nothing in this Section or elsewhere in this Agreement or the other Financing Agreements shall be deemed to require Administrative Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its Commitment hereunder or to

prejudice any rights that any Borrower may have to commence any legal action against a Lender as a result of any default by such Lender hereunder in fulfilling its Commitment.

6.12 Obligations Several; Independent Nature of Lenders' Rights.

The obligation of each Lender hereunder is several, and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. Nothing contained in this Agreement or any of the other Financing Agreements and no action taken by the Lenders pursuant hereto or thereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and subject to Section 12.3 hereof, each Lender shall be entitled to protect and enforce its rights arising out of this Agreement and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

6.13 Exchange Rates; Currency Equivalents.

(a) Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating the Dollar Amounts of Extensions of Credit and other amounts outstanding hereunder denominated in Euros. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Company hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency for purposes of the Financing Agreements shall be such Dollar Amount as so determined by Administrative Agent.

(b) Wherever in this Agreement in connection with an Extension of Credit, conversion, continuation or prepayment of a Loan, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Extension of Credit is denominated in Euros, such amount shall be the relevant Foreign Currency Equivalent of such Dollar amount (rounded to the nearest 1,000 units of Euros), as determined by Administrative Agent.

SECTION 7. COLLATERAL REPORTING AND COVENANTS

7.1 Collateral Reporting.

(a) The Company shall provide Administrative Agent with the following documents in a form reasonably satisfactory to Administrative Agent:

(i) on the Friday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing), covering the immediately prior seven (7) calendar days, Inventory reports by location and category (and including the amounts of Inventory and the value thereof (which value shall be updated on a monthly basis) at any leased locations and at premises of warehouses, processors or other third parties);

(ii) on the Friday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing),

covering the immediately prior seven (7) calendar days, (A) agings of accounts receivable and (B) a summary repost of agings of accounts payable on a category-by-category basis;

(iii) as soon as possible after the end of each week (but in any event on or before Wednesday of each week), on a weekly basis (or, on a monthly basis (but in any event on or before the fifteenth (15th) day of each month) in the event that Borrowers maintain Excess Availability of greater than $20,000,000 for a period of ninety (90) consecutive days and then, again on a weekly basis, in the event Excess Availability at any time thereafter is equal to or less than $20,000,000) or, more frequently as Administrative Agent may request if (x) an Event of Default shall exist and is continuing or (y) Excess Availability is less than $10,000,000, a Borrowing Base Certificate, duly completed and certified by the Company's chief executive officer or chief financial officer, which Borrowing Base Certificate shall contain, among other things (whether delivered on a monthly, weekly or more frequent basis), (A) a weekly roll forward of accounts receivable with major categories of ineligibles (as determined by Agent) in respect thereof updated on a monthly basis and (B) a weekly analysis of inventory on Friday of each week, which shall include (1) mill raw material value updated each Friday based on the physical inventory taken on the immediately preceding Monday (with the weight of waste paper determined in accordance with the Company's current practices) with the value per ton derived from the most current RFD pricing letter issued on or about the 8th of every month, (2) mill finished goods tonnage and value updated each Friday derived from the actual tons on hand multiplied by the average cost per ton value that will be reported on the second Friday of each month and (3) converted raw material value and converted finished goods tonnage, in each case, with respect to each of the book cover division ("BCI") and Newark Paper Board Products ("NPP") updated each Friday based on the actual cost per ton updated for BCI and NPP by the second Friday of each month; provided, that, all categories of inventory ineligibles in respect of the items in subsection (B) above shall be updated in the Borrowing Base Certificate as of the last day of every month and provided, further, that, the inventory recovery factors for all raw materials and finished goods will be updated upon receipt by Administrative Agent of a new inventory appraisal which is acceptable to Administrative Agent based on criteria outlined in such appraisal;

(iv) upon Administrative Agent's request, (A) copies of customer statements, purchase orders, sales invoices, credit memos, remittance advices and reports, and copies of deposit slips and bank statements, (B) copies of shipping and delivery documents, (C) copies of purchase orders, invoices and delivery documents for Inventory and Equipment acquired by any Borrower or Guarantor and (D) perpetual inventory reports, in each case, within a reasonable period of time following such request;

(v) on a daily basis, a report indicating the amount of cash (and where located) of the Company and each of its Domestic Subsidiaries as of the immediately preceding day (other than with respect to cash in the following accounts: (A) account numbers 208000134716, 410804007 and 4518152780 maintained at Wells Fargo, (B) account number 5190086847 maintained at Royal Bank of Canada, (C) account number 4200148377 maintained at Regions Bank and (D) the account maintained at Commerce Bank);

(vi) on the Friday of each week (or more frequently as Administrative Agent may request at any time that an Event of Default exists or has occurred and is continuing), a

report indicating the amount of cash (and where located) of Dutch Borrower and each of the Company's Foreign Subsidiaries as of the immediately preceding Friday; and

(vii) such other reports as to the Collateral as Administrative Agent shall reasonably request from time to time, within a reasonable period of time following such request.

(b) If any Borrower's or Guarantor's records or reports of the Collateral are prepared or maintained by an accounting service, contractor, shipper or other agent, such Borrower and Guarantor hereby irrevocably authorizes such service, contractor, shipper or agent to deliver such records, reports, and related documents to Administrative Agent and to follow Administrative Agent's instructions with respect to further services at any time that an Event of Default exists or has occurred and is continuing.

7.2 Accounts Covenants.

(a) Borrowers shall notify Administrative Agent promptly of: (i) any material delay in any Borrower's performance of any of its material obligations to any account debtor or the assertion of any material claims, offsets, defenses or counterclaims by any account debtor, or any material disputes with account debtors, or any settlement, adjustment or compromise thereof, (ii) all material adverse information known to any Borrower or Guarantor relating to the financial condition of any account debtor whose accounts are included in Eligible Accounts and (iii) any event or circumstance which, to the best of any Borrower's or Guarantor's knowledge, would cause Administrative Agent to consider any then existing Accounts as no longer constituting Eligible Accounts. No credit, discount, allowance or extension or agreement for any of the foregoing shall be granted to any account debtor whose accounts are included in Eligible Accounts without Administrative Agent's consent, except in the ordinary course of a Borrower's or Guarantor's business in accordance with practices and policies previously disclosed in writing to Administrative Agent and except as set forth in the schedules delivered to Administrative Agent pursuant to Section 7.1(a) above. So long as no Event of Default exists or has occurred and is continuing, Borrowers and Guarantors shall settle, adjust or compromise any claim, offset, counterclaim or dispute with any account debtor. At any time that an Event of Default exists or has occurred and is continuing, Administrative Agent shall, at its option, have the exclusive right to settle, adjust or compromise any claim, offset, counterclaim or dispute with account debtors or grant any credits, discounts or allowances.

(b) With respect to each Account: (i) the amounts shown on any invoice delivered to Administrative Agent or schedule thereof delivered to Administrative Agent shall be true and complete, (ii) no payments shall be made thereon except payments immediately delivered to Administrative Agent pursuant to the terms of this Agreement, (iii) no credit, discount, allowance or extension or agreement for any of the foregoing shall be granted to any account debtor whose accounts are included in Eligible Accounts except as reported to Administrative Agent in accordance with this Agreement and except for credits, discounts, allowances or extensions made or given in the ordinary course of each Borrower's business in accordance with practices and policies previously disclosed to Administrative Agent, (iv) there shall be no setoffs, deductions, contras, defenses, counterclaims or disputes existing or asserted with respect to any Accounts included in Eligible Accounts except as reported to Administrative Agent in accordance with the terms of this Agreement, (v) none of the transactions giving rise thereto will violate any applicable foreign,

Federal, State or local laws or regulations, all documentation relating thereto will be legally sufficient under such laws and regulations and all such documentation will be legally enforceable in accordance with its terms.

(c) Administrative Agent shall have the right at any time or times, in Administrative Agent's name or in the name of a nominee of Administrative Agent, to verify the validity, amount or any other matter relating to any Receivables or other Collateral, by mail, telephone, facsimile transmission or otherwise.

7.3 Inventory Covenants.

With respect to the Inventory:

(a) each Borrower and Guarantor shall at all times maintain inventory records reasonably satisfactory to Administrative Agent, keeping correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, such Borrower's or Guarantor's cost therefor and daily withdrawals therefrom and additions thereto, it being acknowledged that the manner in which inventory records are maintained as of the Closing Date is satisfactory to Administrative Agent;

(b) Borrowers and Guarantors shall conduct a physical count of the Inventory at least once each year but at any time or times as Administrative Agent may request during the continuance of an Event of Default, and promptly following such physical inventory shall supply Administrative Agent with a report in the form and with such specificity as may be reasonably satisfactory to Administrative Agent concerning such physical count;

(c) Borrowers and Guarantors shall not remove any Inventory from the locations set forth or permitted herein except (i) Inventory with a book value of up to $1,000,000 in the aggregate and (ii) Inventory with a book value in excess of $1,000,000 in the aggregate for all such Inventory; provided, that, the applicable Borrower or Guarantor shall have given thirty (30) days prior written notice to Administrative Agent, (iii) sales of Inventory in the ordinary course of its business, (iv) movement of Inventory directly from one location set forth or permitted herein to another such location, and (v) Inventory shipped from the manufacturer thereof to such Borrower or Guarantor which is in transit to the locations set forth or permitted herein;

(d) upon Administrative Agent's request, Borrowers shall deliver or cause to be delivered to Administrative Agent written appraisals as to the Inventory in form, scope and methodology acceptable to Administrative Agent and by an appraiser acceptable to Administrative Agent, addressed to Administrative Agent and Lenders and upon which Administrative Agent and Lenders are expressly permitted to rely, (i) at their expense, no more than two (2) times in any twelve (12) month period, but at any time or times as Administrative Agent may request if an Event of Default shall exist or is continuing, and (ii) additionally, at Administrative Agent's expense, at Administrative Agent's request, one (1) such full appraisal and one (1) "desktop" appraisal;

(e) Borrowers and Guarantors shall produce, use, store and maintain the Inventory with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with applicable laws (including, to the extent applicable, the

requirements of the Federal Fair Labor Standards Act of 1938, as amended and all rules, regulations and orders related thereto);

(f) none of the Inventory or other Collateral constitutes farm products or the proceeds thereof;

(g) each Borrower and Guarantor assumes all responsibility and liability arising from or relating to the production, use, sale or other disposition of the Inventory;

(h) Borrowers and Guarantors shall not sell Inventory to any customer on approval, or any other basis which entitles the customer to return or may obligate any Borrower or Guarantor to repurchase such Inventory;

(i) Borrowers and Guarantors shall keep the Inventory in good and marketable condition; and

(j) Borrowers and Guarantors shall not, without prior written notice to Administrative Agent or the specific identification of such Inventory in a report with respect thereto provided by Company to Administrative Agent pursuant to Section 7.1(a) hereof, acquire or accept any Inventory on consignment or approval.

7.4 Equipment Covenants.

With respect to the Equipment: (a) Borrowers and Guarantors shall keep the Equipment in good order, repair, running and marketable condition (ordinary wear and tear excepted); (b) the Equipment is now and shall remain personal property and Borrowers and Guarantors shall not permit any material piece, or pieces, of Equipment to be or become a part of or affixed to real property, other than real property owned by a Borrower or Guarantor which has been mortgaged to Administrative Agent to secure the Obligations; (c) each Borrower and Guarantor assumes all responsibility and liability arising from the use of the Equipment; (d) Borrowers and Guarantors shall use the Equipment with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with all applicable laws; (e) the Equipment is and shall be used in the business of Borrowers and Guarantors and not for personal, family, household or farming use; (f) Borrowers and Guarantors shall not remove any Equipment from the locations set forth or permitted herein, except to the extent necessary to have any Equipment repaired or maintained in the ordinary course of its business or to move Equipment directly from one location set forth or permitted herein to another such location and except for the movement of motor vehicles used by or for the benefit of such Borrower or Guarantor in the ordinary course of business; and (g) each Borrower and Guarantor assumes all responsibility and liability arising from the use of the Equipment.

7.5 Power of Attorney.

Each Borrower and Guarantor hereby irrevocably designates and appoints Administrative Agent (and all persons designated by Administrative Agent) as such Borrower's and Guarantor's true and lawful attorney-in-fact, and authorizes Administrative Agent, in such Borrower's, Guarantor's or Administrative Agent's name, to: (a) at any time an Event of Default exists or has occurred and is continuing (i) demand payment on Receivables or other Collateral, (ii) enforce

payment of Receivables by legal proceedings or otherwise, (iii) exercise all of such Borrower's or Guarantor's rights and remedies to collect any Receivable or other Collateral, (iv) sell or assign any Receivable upon such terms, for such amount and at such time or times as Administrative Agent deems advisable, (v) settle, adjust, compromise, extend or renew an Account, (vi) discharge and release any Receivable, (vii) prepare, file and sign such Borrower's or Guarantor's name on any proof of claim in bankruptcy or other similar document against an account debtor or other obligor in respect of any Receivables or other Collateral, (viii) notify the post office authorities to change the address for delivery of remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral to an address designated by Administrative Agent, and open and dispose of all mail addressed to such Borrower or Guarantor and handle and store all mail relating to the Collateral and endorse such Borrower's or Guarantor's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Receivable or any goods pertaining thereto or any other Collateral, including any warehouse or other receipts, or bills of lading and other negotiable or non-negotiable documents, (ix) clear Inventory the purchase of which was financed with a Letter of Credit through U.S. Customs or foreign export control authorities in such Borrower's or Guarantor's name Administrative Agent's name or the name of Administrative Agent's designee, and to sign and deliver to customs officials powers of attorney in such Borrower's or Guarantor's name for such purpose, and to complete in such Borrower's or Guarantor's or Administrative Agent's name, any order, sale or transaction, obtain the necessary documents in connection therewith and collect the proceeds thereof; and (x) do all acts and things which are necessary, in Administrative Agent's reasonable determination, to fulfill such Borrower's or Guarantor's obligations under this Agreement and the other Financing Agreements and (b) at any time after the occurrence, and during the continuance, of an Event of Default, to (i) take control in any manner of any item of payment in respect of Receivables or constituting Collateral or otherwise received in or for deposit in the Blocked Accounts or otherwise received by Administrative Agent or any Lender, (ii) have access to any lockbox or postal box into which remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral are sent or received, (iii) endorse such Borrower's or Guarantor's name upon any items of payment in respect of Receivables or constituting Collateral or otherwise received by Administrative Agent and any Lender and deposit the same in Administrative Agent's account for application to the Obligations, and (iv) sign such Borrower's or Guarantor's name on any verification of Receivables and notices thereof to account debtors or any secondary obligors or other obligors in respect thereof. Each Borrower and Guarantor hereby releases Administrative Agent and Lenders and their respective officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Administrative Agent's or any Lender's own gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

7.6 Right to Cure.

Administrative Agent may, at its option, upon reasonable notice to Company, (a) cure any default by any Borrower or Guarantor under any material agreement with a third party that affects the Collateral, its value or the ability of Administrative Agent to collect, sell or otherwise dispose of the Collateral or exercise the rights and remedies of Administrative Agent or any Lender therein or the ability of any Borrower or Guarantor to perform its obligations hereunder or under any of the other Financing Agreements, (b) pay or bond on appeal any judgment entered against any Borrower or Guarantor, (c) discharge taxes, liens, security interests or other encumbrances at any time levied

on or existing with respect to the Collateral, other than Permitted Liens and (d) pay any amount, incur any expense or perform any act which, in Administrative Agent's reasonable judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Collateral Agent, Administrative Agent and Lenders with respect thereto. Administrative Agent may add any amounts so expended to the Obligations and charge any Borrower's account therefor, such amounts to be repayable by Borrowers on demand. Administrative Agent and Lenders shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of any Borrower or Guarantor. Any payment made or other action taken by Administrative Agent or any Lender under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

7.7 Access to Premises.

From time to time as requested by Administrative Agent, at the cost and expense of Borrowers, (a) Administrative Agent or its designee shall have complete access to all of each Borrower's and Guarantor's premises during normal business hours and after reasonable notice to Company, or at any time and without notice to Company if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of each U.S. Borrower's and Guarantor's books and records, including the Records, and (b) each U.S. Borrower and Guarantor shall promptly furnish to Administrative Agent such copies of such books and records or extracts therefrom as Administrative Agent may request, and Administrative Agent or any Lender or Administrative Agent's designee may use during normal business hours such of any U.S. Borrower's and Guarantor's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Receivables and realization of other Collateral. Administrative Agent, in its sole discretion, reserves the right to conduct (i) up to two (2) field exams in any twelve month period at the Company's expense, but an unlimited number of field exams will be permitted at the Company's expense during any such twelve month period at any time after the occurrence and during the continuation of an Event of Default, (ii) one (1) additional field exam in any such twelve month period at the Company's expense, in the event that Excess Availability is less than $20,000,000 at any time during such twelve month period, and (iii) additional field exams at Administrative Agent's expense.

SECTION 8. REPRESENTATIONS AND WARRANTIES

Each Borrower and Guarantor hereby represents and warrants to Administrative Agent, Lenders, Swingline Lender and Issuing Bank the following (which shall survive the execution and delivery of this Agreement):

8.1 Corporate Existence, Power and Authority.

Each Borrower and Guarantor is a duly organized and in good standing (or the foreign equivalent, if any) under the laws of its jurisdiction of organization and is duly qualified as a foreign corporation and in good standing (or the foreign equivalent, if any) in all states or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not have a Material Adverse Effect. The execution, delivery and performance of this Agreement, the

other Financing Agreements and the transactions contemplated hereunder and thereunder (a) are all within each Borrower's and Guarantor's powers, (b) have been duly authorized, (c) are not in contravention of law or the terms of any Borrower's or Guarantor's organizational documentation (or foreign equivalent), (d) are not in contravention of any enforceable provision of any material indenture, agreement or undertaking to which any Borrower or Guarantor is a party or by which any Borrower or Guarantor or its property are bound and (e) will not result in the creation or imposition of, or require or give rise to any obligation to grant, any lien, security interest, charge or other encumbrance upon any property of any Borrower or Guarantor (other than Permitted Liens). This Agreement and the other Financing Agreements to which any Borrower or Guarantor is a party constitute legal, valid and binding obligations of such Borrower and Guarantor enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar law and by general equitable principles. The Dutch Borrower has taken all action required to comply with the Works Councils Act of the Netherlands (*Wet op de ondernemingsraden*) and obtained an unconditional advice (*advies*) from the competent works council(s).

8.2 Name; State of Organization; Chief Executive Office; Collateral Locations.

(a) The exact legal name of each Borrower and Guarantor is as set forth on the signature page of this Agreement and in the Information Certificate. No Borrower or Guarantor has, during the five years prior to the date of this Agreement, been known by or used any other corporate name, been known in any material respect by any fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any material portion of its property or assets out of the ordinary course of business, except as set forth in the Information Certificate.

(b) Each Borrower and Guarantor is an organization of the type and organized in the jurisdiction set forth in the Information Certificate. The Information Certificate accurately sets forth the organizational identification number of each Borrower and Guarantor or accurately states that such Borrower or Guarantor has none and accurately sets forth the federal employer identification number of each Borrower and Guarantor.

(c) The chief executive office and mailing address of each Borrower and Guarantor and each U.S. Borrower's and Guarantor's Records concerning Accounts are located only at the addresses identified as such in Schedule 8.2 to the Information Certificate and its only other places of business and the only other locations of Collateral, if any, are the addresses set forth in Schedule 8.2 to the Information Certificate, subject to the rights of any Borrower or Guarantor to establish new locations in accordance with Section 9.2 below. The Information Certificate correctly identifies any of such locations which are not owned by a Borrower or Guarantor and, to each Borrower's and Guarantor's knowledge, sets forth the owners and/or operators thereof.

8.3 Financial Statements; No Material Adverse Change.

All financial statements relating to any Borrower or Guarantor which have been or may hereafter be delivered by any Borrower or Guarantor to Administrative Agent and Lenders have been prepared in accordance with GAAP (except as to any interim financial statements, to the extent such statements are subject to normal year-end adjustments and do not include any notes) and fairly

present in all material respects the financial condition and the results of operation of such Borrower and Guarantor as at the dates and for the periods set forth therein. Except as disclosed in any interim financial statements furnished by Borrowers and Guarantors to Administrative Agent prior to the date of this Agreement, there has been no act, condition or event which has had or is reasonably likely to have a Material Adverse Effect since the date of the most recent audited financial statements of any Borrower or Guarantor furnished by any Borrower or Guarantor to Administrative Agent prior to the date of this Agreement. The projections for the fiscal years ending 2011 through 2014 that have been delivered to Administrative Agent or any projections hereafter delivered to Administrative Agent have been prepared in light of the past operations of the businesses of Borrowers and Guarantors and are based upon estimates and assumptions stated therein, all of which Borrowers and Guarantors have determined to be reasonable and fair in light of the then current conditions and current facts and reflect the good faith and reasonable estimates of Borrowers and Guarantors of the future financial performance of Company and its Subsidiaries and of the other information projected therein for the periods set forth therein.

8.4 Priority of Liens; Title to Properties.

The security interests and liens granted to Collateral Agent or Administrative Agent under this Agreement and the other Financing Agreements constitute valid and perfected (a) first priority liens and security interests in and upon the Priority Collateral and (b) second priority liens and security interest in and upon the CL Priority Collateral (other than Real Property, in which Collateral Agent does not have a security interest, in each case, subject only to the liens indicated on Schedule 8.4 to the Information Certificate and the other liens permitted under Section 9.8 hereof. Each Borrower and Guarantor has good, valid and merchantable title to all of its other properties and assets subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Collateral Agent and such others as are specifically listed on Schedule 8.4 to the Information Certificate or permitted under Section 9.8 hereof.

8.5 Tax Returns.

Each Borrower and Guarantor has filed, or caused to be filed, all tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of taxes shown thereon to be due (including interest and penalties) and (b) all other taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes (i) that are not yet delinquent or (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP. Borrower nor any Guarantor is aware as of the Closing Date of any proposed tax assessments against any of them which, individually or in the aggregate, could reasonably be expected to have Material Adverse Effect.

8.6 Litigation.

(a) There is no investigation by any Governmental Authority pending, or to the best of any Borrower's or Guarantor's knowledge threatened, against or affecting any Borrower or Guarantor, its or their assets or business and (b) there is no action, suit, proceeding or claim by any Person pending, or to the best of any Borrower's or Guarantor's knowledge threatened, against any Borrower or Guarantor or its or their assets or goodwill, or against or affecting any transactions

contemplated by this Agreement, in each case, which if adversely determined against such Borrower or Guarantor has or could reasonably be expected to have a Material Adverse Effect. The only such litigation pending by or against any Borrower or Guarantor or any of their Subsidiaries is identified on Schedule 8.6 to the Information Certificate (as may be updated by Borrowers concurrently with the delivery, in accordance herewith, of any Borrowing Base Certificate or otherwise in writing to Administrative Agent).

8.7 Compliance with Other Agreements and Applicable Laws.

(a) Borrowers and Guarantors are not in default in any respect under, or in violation in any respect of the terms of, any Material Contract. Borrowers and Guarantors are in compliance with the requirements of all material applicable laws, rules, regulations and orders of any Governmental Authority relating to their respective businesses, including, without limitation, those set forth in or promulgated pursuant to the Occupational Safety and Health Act of 1970, as amended, the Fair Labor Standards Act of 1938, as amended, ERISA, the Code, as amended, and the rules and regulations thereunder, and all Environmental Laws, other than as set forth on Schedule 8.8 to the Information Certificate.

(b) Borrowers and Guarantors have obtained all permits, licenses, approvals, consents, certificates, orders or authorizations of any Governmental Authority required for the lawful conduct of its business, the absence of which could reasonably be expected to cause a Material Adverse Effect (the "Permits"); provided, that, the Company is aware of certain environmental permitting issues disclosed on Schedule 8.8 to the Information Certificate, none of which the Company believes could reasonably be expected to cause a Material Adverse Effect. All of such permits are valid and subsisting and in full force and effect. There are no actions, claims or proceedings pending or to the best of any Borrower's or Guarantor's knowledge, threatened that seek the revocation, cancellation, suspension or modification of any of the Permits.

8.8 Environmental Compliance.

(a) Except as set forth on Schedule 8.8 to the Information Certificate, Borrowers, Guarantors and any Subsidiary of any Borrower or Guarantor have not generated, used, stored, treated, transported, manufactured, handled, produced, released or disposed of any Hazardous Materials, on or off its premises (whether or not owned by it) in any manner which violates in any material respect any applicable Environmental Law or Permit, and the operations of Borrowers, Guarantors and any Subsidiary of any Borrower or Guarantor complies in all material respects with all Environmental Laws and all Permits.

(b) Except as set forth on Schedule 8.8 to the Information Certificate (as may be updated by Borrowers concurrently with the delivery, in accordance herewith, of any Borrowing Base Certificate or otherwise in writing to Administrative Agent), there has been no investigation by any Governmental Authority to the best of any Borrower's or Guarantor's knowledge or any proceeding, complaint, order, directive, claim, citation or notice by any Governmental Authority or any other person nor is any pending or to the best of any Borrower's or Guarantor's knowledge threatened, with respect to any non compliance with or violation of the requirements of any Environmental Law by any Borrower or Guarantor and any Subsidiary of any Borrower or Guarantor or the release, spill or discharge, threatened or actual, of any Hazardous Material or the

generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter, which, in each case, adversely affects or could reasonably be expected to adversely affect in any material respect any Borrower or Guarantor or its or their business, operations or assets or any properties at which such Borrower or Guarantor has transported, stored or disposed of any Hazardous Materials. All Hazardous Materials used and/or stores at locations owned and/or leased by the Borrowers and Guarantors are used and/or stored (i) in the ordinary course of their business and (ii) by the Borrowers and Guarantors in compliance with all applicable Environmental Laws.

(c) Except as set forth on Schedule 8.8 to the Information Certificate, Borrowers, Guarantors and their Subsidiaries have no material liability (contingent or otherwise) in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials.

(d) Borrowers, Guarantors and their Subsidiaries have all Permits required to be obtained or filed in connection with the operations of Borrowers and Guarantors under any Environmental Law and all of such licenses, certificates, approvals or similar authorizations and other Permits the absence of which could reasonably be expected to cause a Material Adverse Effect are valid and in full force and effect; provided, that, the Company is aware of certain environmental permitting issues disclosed on Schedule 8.8 to the Information Certificate, none of which the Company believes could reasonably be expected to cause a Material Adverse Effect.

8.9 Employee Benefits.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or State law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service and to the best of any Borrower's or Guarantor's knowledge, nothing has occurred which could reasonably be expected to cause the loss of such qualification. Each Borrower and its ERISA Affiliates have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending, or to the best of any Borrower's or Guarantor's knowledge, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan (excluding routine audits). To the best of any Borrower's or Guarantor's knowledge, there has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) based on the latest valuation of each Pension Plan and on the actuarial methods and assumptions employed for such valuation (determined in accordance with the assumptions used for funding such Pension Plan pursuant to Section 412 of the Code), the aggregate current value of accumulated benefit liabilities of such Pension Plan under Section 4001(a)(16) of ERISA does not exceed the aggregate current value of the assets of such Pension Plan by an amount which could reasonably be expected to have a Material Adverse Effect; (iii) each Borrower and Guarantor, and their ERISA

Affiliates, have not incurred and do not reasonably expect to incur, any liability to the PBGC under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) each Borrower and Guarantor, and their ERISA Affiliates, have not incurred and do not reasonably expect to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) each Borrower and Guarantor, and their ERISA Affiliates, have not engaged in a transaction that would be subject to Section 4212(c) of ERISA.

8.10 Bank Accounts.

All of the deposit accounts, investment accounts or other accounts in the name of or used by any Borrower or Guarantor maintained at any bank or other financial institution are set forth on Schedule 8.10 to the Information Certificate, subject to the right of each Borrower and Guarantor to establish new accounts in accordance with Section 5.2.

8.11 Intellectual Property.

Each Borrower and Guarantor owns or licenses or otherwise has the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. As of the date hereof, Borrowers and Guarantors do not have any Intellectual Property registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Schedule 8.11 to the Information Certificate and has not granted any licenses with respect thereto other than as set forth in Schedule 8.11 to the Information Certificate. No event has occurred which permits or would permit after notice or passage of time or both, the revocation, suspension or termination of the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. To the best of any Borrower's and Guarantor's knowledge, no slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods bearing or using any material Intellectual Property presently contemplated to be sold by or employed by any Borrower or Guarantor infringes any patent, trademark, servicemark, trade name, copyright, license or other Intellectual Property owned by any other Person presently and no claim or litigation is pending or threatened against or affecting any Borrower or Guarantor contesting its right to sell or use any such Intellectual Property. Schedule 8.11 to the Information Certificate sets forth all of the material agreements or other arrangements of each Borrower and Guarantor pursuant to which such Borrower or Guarantor has a license or other right to use any trademarks, logos, designs, representations or other Intellectual Property owned by another person as in effect on the date hereof and the dates of the expiration of such agreements or other arrangements of such Borrower or Guarantor as in effect on the date hereof (collectively, together with such agreements or other arrangements as may be entered into by any Borrower or Guarantor after the date hereof, collectively, the "License Agreements" and individually, a "License Agreement"). No trademark, servicemark, copyright or other Intellectual Property at any time used by any Borrower or Guarantor which is owned by another person, or owned by such Borrower or Guarantor subject to any security interest, lien, collateral assignment, pledge or other encumbrance in favor of any person other than Collateral Agent and/or "Collateral Agent" (as defined in the CL Credit Agreement), is affixed to any Eligible Inventory, except (a) to the extent permitted under the term of the license agreements

listed on Schedule 8.11 to the Information Certificate and (b) to the extent the sale of Inventory to which such Intellectual Property is affixed is permitted to be sold by such Borrower or Guarantor under applicable law (including the United States Copyright Act of 1976).

8.12 Subsidiaries; Affiliates; Capitalization; Solvency.

(a) Each Borrower and Guarantor does not have any direct or indirect Subsidiaries or Affiliates (excluding Affiliates of any shareholders of the Company) and is not engaged in any joint venture or partnership except as set forth in Schedule 8.12 to the Information Certificate (as may be updated by Borrowers concurrently with the delivery, in accordance herewith, of any Borrowing Base Certificate or otherwise in writing to Administrative Agent, provided, that, any such Subsidiary or joint venture must be formed in accordance with the terms of this Agreement).

(b) Each Borrower and Guarantor is the record and beneficial owner of all of the issued and outstanding shares of Capital Stock of each of the Subsidiaries listed on Schedule 8.12 to the Information Certificate as being owned by such Borrower or Guarantor and there are no proxies, irrevocable or otherwise, with respect to such shares and no equity securities of any of the Subsidiaries are or may become required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any kind or nature and there are no contracts, commitments, understandings or arrangements by which any Subsidiary is or may become bound to issue additional shares of it Capital Stock or securities convertible into or exchangeable for such shares.

(c) The issued and outstanding shares of Capital Stock of each Borrower and Guarantor are directly and beneficially owned and held by the persons indicated in the Information Certificate, and in each case all of such shares have been duly authorized and are fully paid and non-assessable, free and clear of all claims, liens, pledges and encumbrances of any kind, except as disclosed in writing to Administrative Agent prior to the date hereof. In the event that, at any time, either (i) any Person acquires twenty (20%) percent or more of the Voting Stock of the Company or (ii) the Chairman of the Board of Directors of the Company has changed, the Company or such Person shall give Administrative Agent prompt notice thereof and the Company or such Person shall provide such additional disclosures related thereto as Administrative Agent may require.

(d) Each Borrower and Guarantor is Solvent and will continue to be Solvent after the creation of the Obligations, the security interests of Collateral Agent and the other transactions contemplated hereunder.

8.13 Labor Disputes.

(a) Set forth on Schedule 8.13 to the Information Certificate is a list (including dates of termination) of all collective bargaining or similar agreements between or applicable to each Borrower and Guarantor and any union, labor organization or other bargaining agent in respect of the employees of any Borrower or Guarantor on the date hereof.

(b) There is (i) no significant unfair labor practice complaint pending against any Borrower or Guarantor or, to the best of any Borrower's or Guarantor's knowledge, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is pending on the

date hereof against any Borrower or Guarantor or, to best of any Borrower's or Guarantor's knowledge, threatened against it, and (ii) no significant strike, labor dispute, slowdown or stoppage is pending against any Borrower or Guarantor or, to the best of any Borrower's or Guarantor's knowledge, threatened against any Borrower or Guarantor.

8.14 Restrictions on Subsidiaries.

Except for restrictions contained in this Agreement or any other agreement with respect to Indebtedness of any Borrower or Guarantor permitted hereunder as in effect on the date hereof, there are no contractual or consensual restrictions on any Borrower or Guarantor or any of its Subsidiaries which prohibit or otherwise restrict (a) the transfer of cash or other assets (i) between any Borrower or Guarantor and any of its or their Subsidiaries or (ii) between any Subsidiaries of any Borrower or Guarantor or (b) the ability of any Borrower or Guarantor or any of its or their Subsidiaries to incur Indebtedness or grant security interests to Collateral Agent or any Lender in the Collateral.

8.15 Material Contracts.

Schedule 8.15 to the Information Certificate sets forth all Material Contracts to which any Borrower or Guarantor is a party or is bound as of the date hereof. Borrowers and Guarantors have delivered true, correct and complete copies of such Material Contracts to Administrative Agent on or before the date hereof. Borrowers and Guarantors are not in breach or in default in any material respect of or under any Material Contract and have not received any notice of the intention of any other party thereto to terminate any Material Contract.

8.16 Payable Practices.

Each Borrower and Guarantor have not made any material change in the historical accounts payable practices from those in effect immediately prior to the date hereof.

8.17 Accuracy and Completeness of Information.

All information furnished by or on behalf of any Borrower or Guarantor in writing to Administrative Agent or any Lender in connection with this Agreement or any of the other Financing Agreements or any transaction contemplated hereby or thereby, including all information on the Information Certificate is true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected to have a Material Adverse Affect, which has not been fully and accurately disclosed to Administrative Agent in writing prior to the date hereof.

8.18 Survival of Warranties; Cumulative.

All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Administrative Agent and Lenders on the date of each additional borrowing or other credit accommodation hereunder as though made on and as of such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date) and

shall be conclusively presumed to have been relied on by Administrative Agent and Lenders regardless of any investigation made or information possessed by Administrative Agent or any Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which any Borrower or Guarantor shall now or hereafter give, or cause to be given, to Administrative Agent or any Lender.

8.19 Investment Company Act.

No Borrower or Guarantor is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Borrower or Guarantor is a subject to regulation under the Federal Power Act, the Interstate Commerce Act, or any federal or state statute or regulation limiting its ability to incur the Obligations.

8.20 Indebtedness.

Except as otherwise permitted under Section 9.9, Borrowers, Guarantors and their Subsidiaries have no Indebtedness.

8.21 Investments.

All investments of each of Borrowers, Guarantors and its Subsidiaries are Permitted Investments.

8.22 No Burdensome Restrictions.

None of Borrowers, Guarantors or their Subsidiaries is a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

8.23 Brokers' Fees.

None of Borrowers, Guarantors or their Subsidiaries has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Financing Agreements other than the closing and other fees payable pursuant to this Agreement and as set forth in the Fee Letter and to any fees payable to Jeffries & Co. pursuant to and in accordance with the Fee Letter, dated April 23, 2010, between . Jeffries & Co. and the Company.

8.24 Security Documents.

This Agreement and the Security Documents create valid security interests in, and liens on, the Collateral purported to be covered thereby. Except as set forth herein and in the Security Documents, such security interests and liens are currently (or will be, upon (a) the filing of appropriate financing statements with the Secretary of State of the state of incorporation or organization for each Borrower and Guarantor, the filing of appropriate assignments or notices with the United States Patent and Trademark Office and the United States Copyright Office, in each case

in favor of Collateral Agent, on behalf of itself, Administrative Agent and the Lenders, and (b) Collateral Agent (or Control Agent) obtaining Control (as defined in the Security Agreement) or possession over those items of Collateral in which a security interest is perfected through Control or possession) perfected security interests and liens, prior to all other liens other than Permitted Liens.

8.25 Classification of Senior Indebtedness.

The Obligations constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

8.26 Anti-Terrorism Laws.

No Borrower, Guarantor or any of their Subsidiaries is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended. No Borrower, Guarantor or any of their Subsidiaries is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. No Borrower, Guarantor or any of their Subsidiaries (i) is a blocked person described in Section 1 of the Anti-Terrorism Order or (ii) to the best of its knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

8.27 Compliance with OFAC Rules and Regulations.

None of Borrowers, Guarantors or their Subsidiaries or their respective officers, directors or other Affiliates (a) is a Sanctioned Person, (b) has more than 15% of its assets in Sanctioned Countries, or (c) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No part of the proceeds of any Extension of Credit hereunder will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country. For purposes of this Section 8.27. In the event that

8.28 Compliance with FCPA.

Each of Borrowers and Guarantors and their Subsidiaries is in compliance with the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq., and any foreign counterpart thereto. None of Borrowers, Guarantors or their Subsidiaries has made a payment, offering, or promise to pay, or authorized the payment of, money or anything of value (a) in order to assist in obtaining or retaining business for or with, or directing business to, any foreign official, foreign political party, party official or candidate for foreign political office, (b) to a foreign official, foreign political party or party official or any candidate for foreign political office, and (c) with the intent to induce the recipient to misuse his or her official position to direct business wrongfully to such Borrower, Guarantor or its Subsidiary or to any other Person, in violation of the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq.

8.29 Commercial Activity; Absence of Immunity.

The Dutch Borrower is subject to civil and commercial law with respect to its obligations under this Agreement and each of the other Financing Agreements to which it is intended to be a party. The execution, delivery and performance by the Dutch Borrower of this Agreement and each of such other Financing Agreements constitute private and commercial acts rather than public or governmental acts. Neither the Dutch Borrower, nor any of its properties or revenues, is entitled to any right of immunity in any jurisdiction from suit, court jurisdiction, judgment, attachment (whether before or after judgment), set-off or execution of a judgment or from any other legal process or remedy relating to the obligations of the Dutch Borrower under this Agreement or any of such other Financing Agreement.

8.30 Assets Owned by Certain Subsidiaries.

The only material asset held by NP Cogen on the Closing Date is a natural gas reciprocating engine and generator with a fair market value of less than $2,000,000. The only material asset owned by JD Corp. on the Closing Date is the real property located at 20 Jackson Drive, Cranford, New Jersey 07016 (the "Jackson Drive Real Property"), which Borrowers believe to have a fair market value of less than $3,000,000 on the date hereof, which is encumbered by a first mortgage securing approximately $2,160,000 of loans (outstanding, as of November 30, 2009) from Liberty Commercial Mortgage Corporation to JD Corp. Borrowers represent and warrant that such mortgage encumbering the Jackson Drive Real Property prohibits JD Corp. from further encumbering the Jackson Drive Real Property with an additional mortgage.

8.31 Confirmation Order.

Borrowers have delivered to Agent a complete and correct copy of the Plan of Reorganization and the Confirmation Order (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith). Borrowers and Guarantors are not in default in the performance of or compliance with any provisions of the Plan of Reorganization. The Plan of Reorganization is in full force and effect as of the date hereof and has not been terminated, rescinded or withdrawn. The Confirmation Order is a Final Order and is in full force and effect, and has not been amended, modified or stayed and no appeal therefrom or request for hearing with respect thereto is pending. All conditions to confirmation and effectiveness of the Plan of Reorganization have been satisfied or validly waived pursuant to the Plan of Reorganization (other than conditions consisting of the effectiveness of this Agreement). Set forth on Schedule 8.31 hereto is a true and correct (a) list of the sources and uses with respect to all cash amounts payable by Borrowers and Guarantors on the Plan Effective Date and (b) list of all payments (and the approximate due dates therefor) which may be required to be made by Borrowers and Guarantors in respect of claims pursuant to the Plan of Reorganization after the Plan Effective Date. No court of competent jurisdiction has issued any injunction, restraining order or other order which remains in effect prohibits consummation of the transactions described in the Confirmation Order and no governmental or other action or proceeding has been commenced, seeking any injunction, restraining order or other order which seeks to void or otherwise modify the transactions described in the Confirmation Order.

SECTION 9. AFFIRMATIVE AND NEGATIVE COVENANTS

9.1 Maintenance of Existence.

(a) Each Borrower and Guarantor shall at all times preserve, renew and keep in full force and effect its corporate existence and rights and franchises with respect thereto and maintain in full force and effect all licenses, trademarks, trade names, approvals, authorizations, leases, contracts and Permits the absence of which could reasonably be expected to have a Material Adverse Effect, except as to any Guarantor as permitted in Section 9.7 hereto. Notwithstanding the foregoing, the Company shall not be required to have obtained the Amended Environmental Permit for so long as it is complying with the requirements of the Settlement Agreement.

(b) No Borrower or Guarantor shall change its name unless each of the following conditions is satisfied: (i) Administrative Agent shall have received not less than thirty (30) days prior written notice from Company of such proposed change in its corporate name, which notice shall accurately set forth the new name; and (ii) Administrative Agent shall have received a copy of the amendment to the Certificate of Incorporation (or foreign equivalent) of such Borrower or Guarantor providing for the name change certified by the Secretary of State of the jurisdiction of incorporation or organization of such Borrower or Guarantor as soon as it is available.

(c) No Borrower or Guarantor shall change its chief executive office or its mailing address or organizational identification number (or if it does not have one, shall not acquire one) unless Administrative Agent shall have received not less than thirty (30) days' prior written notice from Company of such proposed change, which notice shall set forth such information with respect thereto as Administrative Agent may require and Administrative Agent shall have received such agreements as Administrative Agent may reasonably require in connection therewith. No Borrower or Guarantor shall change its type of organization, jurisdiction of organization or other legal structure.

9.2 New Collateral Locations.

Each Borrower and Guarantor may only open any new location within the continental United States provided such Borrower or Guarantor (a) gives Administrative Agent thirty (30) days prior written notice of the intended opening of any such new location at which Inventory will be located having a value of more than $100,000 and (b) executes and delivers, or causes to be executed and delivered, to Administrative Agent such agreements, documents, and instruments as Administrative Agent may deem reasonably necessary or desirable to protect its interests in the Collateral at such location.

9.3 Compliance with Laws, Regulations, Etc.

(a) Each Borrower and Guarantor shall, and shall cause any Subsidiary to, at all times, comply in all material respects with all laws, rules, regulations, licenses, approvals, orders and other Permits applicable to it and duly observe all requirements of any foreign, Federal, State or local Governmental Authority the violation of which could reasonably be expected to have a Material Adverse Effect; provided, that, the Company may be in noncompliance with certain environmental permitting issues as described on Schedule 8.8 to the Information Certificate so long as it is in compliance with the terms of the Settlement Agreement.

(b) Borrowers and Guarantors shall give written notice to Administrative Agent immediately upon any Borrower's or Guarantor's receipt of any notice of, or any Borrower's or

Guarantor's otherwise obtaining knowledge of, (i) the occurrence of any event involving the material release, spill or discharge, threatened or actual, of any Hazardous Material or (ii) any investigation, proceeding, complaint, order, directive, claims, citation or notice with respect to: (A) any non-compliance with or violation of any Environmental Law by any Borrower or Guarantor or (B) the material release, spill or discharge, threatened or actual, of any Hazardous Material other than in the ordinary course of business and other than as permitted under any applicable Environmental Law. Copies of all environmental surveys, audits, assessments, feasibility studies and results of remedial investigations shall be promptly furnished, or caused to be furnished, by such Borrower or Guarantor to Administrative Agent. Each Borrower and Guarantor shall take prompt action to respond to any material non-compliance with any of the Environmental Laws and shall regularly report to Administrative Agent on such response.

(c) Without limiting the generality of the foregoing, whenever Administrative Agent reasonably determines that there is non-compliance, or any condition which requires any action by or on behalf of any Borrower or Guarantor in order to avoid any non compliance, with any Environmental Law, Borrowers shall, at Administrative Agent's request and Borrowers' expense: (i) cause an independent environmental professional reasonably acceptable to Administrative Agent to conduct such tests of the site where non-compliance or alleged non compliance with such Environmental Laws has occurred as to such non-compliance and prepare and deliver to Administrative Agent a report as to such non-compliance setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof and (ii) provide to Administrative Agent a supplemental report of such engineer whenever the scope of such non-compliance, or such Borrower's or Guarantor's response thereto or the estimated costs thereof, shall change in any material respect.

(d) Each Borrower and Guarantor shall indemnify and hold harmless Administrative Agent and Lenders and their respective directors, officers, employees, agents, invitees, representatives, successors and assigns, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses) directly or indirectly arising out of or attributable to the use, generation, manufacture, storage, release, threatened release, spill, discharge, disposal or presence of a Hazardous Material, including the costs of any required or necessary repair, cleanup or other remedial work with respect to any property of any Borrower or Guarantor and the preparation and implementation of any closure, remedial or other required plans. All representations, warranties, covenants and indemnifications in this Section 9.3 shall survive the payment of the Obligations and the termination of this Agreement.

9.4 Payment of Taxes and Claims.

Each Borrower and Guarantor shall, and shall cause any Subsidiary to, duly pay and discharge all taxes, assessments, contributions and governmental charges upon or against it or its properties or assets, except for taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to such Borrower, Guarantor or Subsidiary, as the case may be, and with respect to which adequate reserves have been set aside on its books to the extent required by GAAP.

9.5 Insurance.

Each Borrower and Guarantor shall, and shall cause any Subsidiary to, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be reasonably satisfactory to Administrative Agent as to form, amount and insurer (Administrative Agent hereby acknowledges that the insurance of the Company and its Affiliates as of the Closing Date meets this standard). Borrowers and Guarantors shall furnish certificates, policies or endorsements to Administrative Agent or the applicable Control Agent as Administrative Agent shall reasonably require as proof of such insurance, and, if any Borrower or Guarantor fails to do so after reasonable notice, Administrative Agent is authorized, but not required, to obtain such insurance at the expense of Borrowers. All policies shall provide for at least thirty (30) days prior written notice to the applicable Control Agent of any cancellation or reduction of coverage and that the applicable Control Agent or Administrative Agent may act as attorney for each Borrower and Guarantor in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Borrowers and Guarantors shall cause applicable Control Agent to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Borrowers and Guarantors shall obtain non-contributory lender's loss payable endorsements to all insurance policies in form and substance reasonably satisfactory to Administrative Agent. Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to the applicable Control Agent as its interests may appear and further specify that the applicable Control Agent shall be paid regardless of any act or omission by any Borrower, Guarantor or any of its or their officers, directors or other Affiliates. Without limiting any other rights of Control Agent, Administrative Agent or Lenders, any insurance proceeds related to Priority Collateral received by Administrative Agent at any time may be applied to payment of the Obligations, whether or not then due, in any order and in such manner as Administrative Agent may determine; provided, however, that, insurance proceeds related to Inventory received by Administrative Agent shall be held in a non-interest bearing deposit account in Administrative Agent's name for sixty (60) days during which time the applicable Borrower or Guarantor shall have the right to reinvest all or a portion of such proceeds in replacement Inventory. Upon application of such proceeds to the Revolving Loans, Revolving Loans may be available subject and pursuant to the terms hereof to be used for the costs of repair or replacement of the Collateral lost or damages resulting in the payment of such insurance proceeds. Without limiting any other rights of Control Agent, Administrative Agent or Lenders, any insurance proceeds related to CL Priority Collateral received by CL Administrative Agent at any time may be applied to payment of the CL Obligations in accordance with the terms of the CL Credit Agreement. Notwithstanding anything to the contrary contained in the foregoing (but without limiting any of the provisions set forth in the immediately preceding sentence), any proceeds of insurance and any awards for condemnation of any Collateral shall be paid to Control Agent for distribution in accordance with the terms of the Intercreditor Agreement.

9.6 Financial Statements and Other Information.

(a) Each Borrower and Guarantor shall, and shall cause any Subsidiary to, keep proper books and records in which true and complete entries shall be made of all dealings or transactions of or in relation to the Collateral and the business of such Borrower, Guarantor and its Subsidiaries. Borrowers and Guarantors shall promptly furnish to Administrative Agent and Lenders

all such financial and other information as Administrative Agent shall reasonably request relating to the Collateral and the assets, business and operations of Borrowers and Guarantors, and Borrower shall notify the auditors and accountants of Borrowers and Guarantors that Administrative Agent is authorized to obtain such information directly from them. Without limiting the foregoing, Borrowers shall furnish or cause to be furnished to Administrative Agent, the following:

(i) As soon as available and in any event within thirty (30) days after the end of each fiscal month (other than at the end of a fiscal quarter, in which case 45 days after the end thereof, or a fiscal year, in which case 90 days after the end thereof), company-prepared (A) statements of accounts receivable, inventory and accounts payable of the Company and its Subsidiaries on a segment and consolidated basis as of the end of such period, (B) statement of Funded Indebtedness of the Company and its Subsidiaries on a consolidated basis as of the end of such period, and (C) an income statement and balance sheet on a divisional and consolidating basis for the RFD, Mills, BCI, NPP and Europe operating divisions which shall not reflect the impact of the elimination of intercompany transactions (and including year to date information), and accompanying reports for comparison of such information to information for the same period in the immediately preceding year, each in a form reasonably satisfactory to Administrative Agent, together with a management report explaining variances to plan, certified to be correct by the chief financial officer of Company, subject to normal quarter and year-end adjustments and accompanied by a compliance certificate substantially in the form of Exhibit C hereto (a "Compliance Certificate"), along with a schedule in form reasonably satisfactory to Administrative Agent of the calculations used in determining, as of the end of such month, whether Borrowers and Guarantors were in compliance with the covenants set forth in Section 9.17 of this Agreement for such month.

(ii) Within forty-five (45) days after the end of each fiscal quarter, quarterly unaudited consolidated financial statements and unaudited consolidating financial statements (including in each case balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Company and its consolidated Subsidiaries as of the end of and through such fiscal quarter, together with a summary comparison as of the end of and for the previous fiscal quarter and budgeted amounts, in form and substance reasonably acceptable to Administrative Agent) certified to be correct by the chief financial officer of Company, subject to normal quarter and year-end adjustments and accompanied by a Compliance Certificate, along with a schedule in form reasonably satisfactory to Administrative Agent of the calculations used in determining, as of the end of such quarter, whether Borrowers and Guarantors were in compliance with the covenants set forth in Section 9.17 of this Agreement for such quarter.

(iii) Within ninety (90) days after the end of each fiscal year, audited consolidated financial statements and unaudited consolidating financial statements of Company and its consolidated Subsidiaries (including in each case balance sheets, statements of income and loss, statements of cash flow and statements of shareholders' equity), and the accompanying notes thereto, all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Company and its Subsidiaries as of the end of and for such fiscal year, together with the unqualified opinion of independent certified public accountants with respect to the audited consolidated financial statements, which accountants shall be Deloitte & Touche or another independent accounting firm selected by Company and reasonably acceptable to Administrative Agent, that such audited consolidated financial statements have been prepared in accordance with

GAAP, and present fairly in all material respects the results of operations and financial condition of Company and its Subsidiaries as of the end of and for the fiscal year then ended.

(iv) At such time as available, but in no event later than ninety (90) days after the end of each fiscal year, projected consolidated financial statements (including in each case, forecasted balance sheets and statements of income and loss, statements of cash flow, and statements of shareholders' equity) of Company and its consolidated Subsidiaries for the next fiscal year, all in reasonable detail, and in a format consistent with the projections delivered by Borrowers to Administrative Agent prior to the date hereof, together with such supporting information as Administrative Agent may reasonably request. Such projected financial statements shall be prepared on a monthly basis for the next succeeding year. Such projections shall represent the reasonable best estimate by Borrowers and Guarantors of the future financial performance of Company and its Subsidiaries for the periods set forth therein and shall have been prepared on the basis of the assumptions set forth therein which Borrowers and Guarantors believe are fair and reasonable as of the date of preparation in light of current and reasonably foreseeable business conditions (it being understood that actual results may differ from those set forth in such projected financial statements).

(b) Borrowers and Guarantors shall promptly notify Administrative Agent in writing upon any executive officer of the Company becoming aware of, or having reason to be aware of, the details of (i) any loss, damage, investigation, action, suit, proceeding or claim relating to Collateral and having a value of more than $1,000,000 with respect to Priority Collateral or more than $5,000,000 with respect to CL Priority Collateral or which if adversely determined could reasonably be expected to have a Material Adverse Effect, (ii) any Material Contract being terminated or amended in any way adverse to the interests of the Borrowers or Guarantors or any new Material Contract entered into (in which event Borrowers and Guarantors shall provide Administrative Agent with a copy of such Material Contract), (iii) any order, judgment or decree in excess of $1,000,000 shall have been entered against any Borrower or Guarantor any of its or their properties or assets, (iv) any notification of a material violation of laws or regulations received by any Borrower or Guarantor which could reasonably be expected to have a Material Adverse Effect, (v) any ERISA Event, (vi) the occurrence of any Default or Event of Default of which any executive officer of any Borrower or Guarantor is aware or has reason to be aware, and in any event within three Business Days, (vii) any default, event of default or material breach under (A) any contractual obligation of any Borrower or Guarantor or any of their Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $2,500,000 and/or (B) the CL Financing Agreements; (viii) promptly, any litigation, or any investigation or proceeding known to any executive officer of any Borrower or Guarantor (A) affecting any Borrower or Guarantor or any of their Subsidiaries which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $2,500,000 (unless covered by insurance, in which case in excess of $5,000,000), (B) affecting or with respect to this Agreement or any other Financing Agreement or (C) involving an environmental claim or potential liability under Environmental Laws in excess of $1,000,000 and (ix) promptly, any other development or event which could reasonably be expected to have a Material Adverse Effect.

(c) Promptly after the sending or filing thereof, Borrowers shall (i) send to Administrative Agent copies of all reports which Company or any of its Subsidiaries sends to its security holders generally, (ii) notify Administrative Agent of the filing of all reports and registration

statements which Company or any of its Subsidiaries files with the Securities Exchange Commission, any national or foreign securities exchange or the National Association of Securities Dealers, Inc., and, if requested by Administrative Agent, send to Administrative Agent electronic copies of any such filings, (iii) send to Administrative Agent copies of all press releases and (iv) send to Administrative Agent copies of all other statements concerning material changes or developments in the business of a Borrower or Guarantor made available by any Borrower or Guarantor to the public.

(d) Borrowers and Guarantors shall furnish or cause to be furnished to Administrative Agent such budgets, forecasts, projections and other information respecting the Collateral and the business of Borrowers and Guarantors, as Administrative Agent may, from time to time, reasonably request. Administrative Agent is hereby authorized to deliver a copy of any financial statement or any other information relating to the business of Borrowers and Guarantors to any court or other Governmental Authority or to any Lender or Participant or prospective Lender or Participant (excluding any Person known to Administrative Agent to be a competitor of any Borrower or Guarantor) or any Affiliate of any Lender or Participant. Each Borrower and Guarantor hereby irrevocably authorizes and directs all accountants or auditors to deliver to Administrative Agent, at Borrowers' expense, copies of the financial statements of any Borrower and Guarantor and any reports or management letters prepared by such accountants or auditors on behalf of any Borrower or Guarantor and to disclose to Administrative Agent and Lenders such information as they may have regarding the business of any Borrower and Guarantor. Any documents, schedules, invoices or other papers delivered to Administrative Agent or any Lender may be destroyed or otherwise disposed of by Administrative Agent or such Lender one (1) year after the same are delivered to Administrative Agent or such Lender, except as otherwise designated by Company to Administrative Agent or such Lender in writing.

9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, directly or indirectly,

(a) dissolve, liquidate or wind up its affairs, sell, transfer, lease or otherwise dispose of its property or assets or agree to do so at a future time except the following, without duplication, shall be expressly permitted:

(i) Specified Sales;

(ii) the sale, transfer, lease or other disposition of property or assets (A) subject to subsection (viii) below, to an unrelated party not in the ordinary course of business (other than Specified Sales and Scheduled Asset Dispositions), where and to the extent that they are the result of a Recovery Event or (B) the sale, lease, transfer or other disposition of machinery, parts and equipment no longer used or useful in the conduct of the business of Borrowers, Guarantors or any of their Subsidiaries, as appropriate, in its reasonable discretion, so long as and the net proceeds therefrom are used to repair or replace damaged property or to purchase or otherwise acquire new assets or property; provided, that, such purchase or acquisition is committed to within 180 days of receipt of the net proceeds and such purchase or acquisition is consummated within 270 days of receipt of such proceeds;

(iii) subject to subsection (viii) below, the sale, lease or transfer of property or assets (at fair value) from any Borrower to any Guarantor;

(iv) subject to subsection (viii) below, the sale, lease or transfer of property or assets from a Borrower or Guarantor other than the Company to another Borrower (other than the Dutch Borrower) or Guarantor;

(v) Scheduled Asset Dispositions;

(vi) the sale, lease or transfer, in the ordinary course of business, of gas by NP Cogen to the Company d/b/a Newark Pacific in an aggregate amount not to exceed $1,000,000 during any calendar year in connection with the transactions permitted under Section 9.12(b)(iii) hereof;

(vii) the sale of Inventory by the Company to any of its Foreign Subsidiaries organized in Canada or Spain; provided, that, (A) the amount owing to the Company from such Foreign Subsidiary organized in Canada in connection with such sales shall not exceed the aggregate amount of $600,000 outstanding at any time, (B) the amount owing to the Company from such Foreign Subsidiary organized in Spain in connection with such sales shall not exceed the aggregate amount of $600,000 outstanding at any time, (C) each such sale shall be for fair market value, in the ordinary course of business and consistent with past practices, (D) the purchase price related to any such sale shall be paid in cash on terms that the Company provides to its customers in the ordinary course of business and (E) no Event of Default then exists or shall result from such sale;

(viii) the sale, lease or transfer of property or assets (other than Priority Collateral, Specified Sales, Scheduled Asset Dispositions and the sale, lease or transfer of property or assets referenced in Sections 9.7(a)(ii)(B), (a)(vi) and (a)(vii) hereof) not to exceed $5,000,000 in the aggregate in any fiscal year, so long as the Net Cash Proceeds of any such sale, lease or transfer shall be promptly applied to the Obligations and the CL Obligations in accordance with Section 2.6(c) hereof, subject to the terms of the Intercreditor Agreement;

provided, that, with respect to clauses (ii), (v) and (viii) above (unless the consent of Administrative Agent is received, which consent shall not be unreasonably withheld), in each case (1) at least 75% of the consideration received therefor by such Borrower or Guarantor or any such Subsidiary is in the form of cash or Cash Equivalents, (2) the total consideration received by such Borrower or Guarantor or any such Subsidiary is greater than or equal to the fair market value of the assets sold, transferred, leased or otherwise disposed of, and (3) no Event of Default then exists or shall result from such asset disposition; provided, further, that, with respect to sales of assets permitted hereunder only, Collateral Agent shall be entitled, without the consent of the Required Lenders, to release its liens relating to the particular assets sold; or

(b) (i) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) the property or assets of any Person (other than (A) purchases or other acquisitions of inventory, leases, materials, property and equipment in the ordinary course of business, except as otherwise limited or prohibited herein and (B) Permitted Acquisitions) or (ii) enter into any transaction of merger or consolidation, except for investments or acquisitions permitted pursuant to Section 9.10.

9.8 Encumbrances.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets or properties, including the Collateral, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any security interest or lien with respect to any such assets or properties, except ("Permitted Liens"):

(a) the security interests and liens of Collateral Agent for itself and the benefit of the other Secured Parties;

(b) liens securing the payment of taxes, assessments or other governmental charges or levies either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to such Borrower, or Guarantor or Subsidiary, as the case may be and with respect to which adequate reserves have been set aside on its books;

(c) non-consensual statutory liens (other than liens securing the payment of taxes) arising in the ordinary course of such Borrower's, Guarantor's or Subsidiary's business to the extent: (i) such liens secure Indebtedness which is not overdue or (ii) such liens secure Indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued and available to such Borrower, Guarantor or such Subsidiary, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(d) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of Real Property which do not interfere in any material respect with the use of such Real Property or ordinary conduct of the business of such Borrower, Guarantor or such Subsidiary as presently conducted thereon or materially impair the value of the Real Property which may be subject thereto;

(e) purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property to secure Indebtedness permitted under Section 9.9(d) hereof;

(f) pledges and deposits of cash by any Borrower or Guarantor after the date hereof in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with the current practices of such Borrower or Guarantor as of the date hereof;

(g) pledges and deposits of cash by any Borrower or Guarantor after the date hereof to secure the performance of tenders, bids, leases, trade contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations in each case in the ordinary course of business consistent with the current practices of such Borrower or Guarantor as of the date hereof; provided, that, in connection with any performance bonds issued by a surety or other person, the issuer of such bond shall have waived in writing any rights in or to, or other interest in, any of the Collateral in an agreement, in form and substance satisfactory to Administrative Agent;

(h) liens arising from (i) operating leases and the precautionary UCC financing statement filings in respect thereof and (ii) equipment or other materials which are not owned by any Borrower or Guarantor located on the premises of such Borrower or Guarantor (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and consistent with current practices of such Borrower or Guarantor and the precautionary UCC financing statement filings in respect thereof;

(i) judgments and other similar liens arising in connection with court proceedings that do not constitute an Event of Default; provided, that, (i) such liens are being contested in good faith and by appropriate proceedings diligently pursued, (ii) adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor, (iii) a stay of enforcement of any such liens is in effect and (iv) Administrative Agent may establish a Reserve with respect thereto;

(j) (i) the security interests and liens set forth on Schedule 8.4 to the Information Certificate and (ii) the mortgage granted by JD Corp. to Liberty Commercial Mortgage Corporation with respect to the Jackson Drive Real Property securing Indebtedness in the approximate outstanding principal amount of $2,160,000 outstanding as of November 30, 2009;

(k) liens securing the CL Obligations (and the liens securing the Parallel Debts, as defined in the CL Credit Agreement), so long as the Intercreditor Agreement or a replacement intercreditor agreement satisfactory to Administrative Agent and the Required Lenders is in effect;

(l) liens on the assets of the Company's Foreign Subsidiaries incurred in connection with Indebtedness permitted under Section 9.9 hereof;

(m) liens on the assets of Newark Paperboard Products, Ltd. securing Indebtedness of Newark Paperboard Products, Ltd. to TD Mortgage, to the extent permitted by the terms of Section 9.9 hereof;

(n) any security created pursuant to the general conditions of a bank operating in the Netherlands based on the general conditions drawn up by the Netherlands Bankers' Association (*Nederlandse Vereniging van Banken*) and the Consumer Union (*Consumentenbond*); and

(o) to the extent permitted under Section 9.9(m) hereof, liens securing the Indebtedness permitted under Section 9.9(m) hereof.

9.9 Indebtedness.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any Indebtedness, or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly), the Indebtedness, performance, obligations or dividends of any other Person, except:

(a) the Obligations and the Parallel Debts;

(b) the CL Obligations (and Parallel Debts, as defined in the CL Credit Agreement) of the Company in an aggregate principal amount not to exceed the CL Cap Amount

and renewals, refinancings or extensions thereof in whole or in part (provided, that, (i) the outstanding principal amount of the CL Obligations, excluding capitalized interest, fees, expenses and other charges, is not increased in excess of the CL Cap Amount at the time of such renewal, refinancing or extension, (ii) Borrowers and Guarantors shall not, directly or indirectly, make any (A) voluntary principal prepayments of the CL Obligations other than as permitted in Section 9.11(g) of this Agreement or (B) payments in respect of excess cash flow pursuant to Section 2.5(b)(ii) of the CL Credit Agreement (as in effect on the date hereof) to the extent that any of the following conditions (the "Excess Cash Flow Payment Conditions") have not been satisfied: (1) as of the date of any such payment and after giving effect thereto, Excess Availability shall be not less than $10,000,000, (2) as of the date of any such payment and after giving effect thereto, the Fixed Charge Coverage Ratio of Company and its Subsidiaries (on a consolidated basis) shall be not less than 1.0 to 1.0, (3) as of the date of any such payment and after giving effect thereto, no Default of Event of Default shall exist or has occurred and is continuing and (4) on the date of any such payment, Administrative Agent shall have received a certificate from the chief financial officer of the Company, certifying that each of the Excess Cash Flow Payment Conditions have been satisfied, provided, further, that, in the event any such payment is not permitted to be made as a result of either (x) the existence or occurrence and continuation of a Default or Event of Default, to the extent such Default or Event of Default is cured or waived in accordance with the terms of this Agreement or (y) the conditions set forth in subsections (1) or (2) above not being satisfied, such payment may thereafter be made once each of the Excess Cash Flow Conditions have been satisfied after giving effect to such payment, and (iii) with respect to any renewals, refinancings or extensions of the CL Obligations, (A) the terms relating to principal amount, amortization, maturity and collateral, and other material terms taken as a whole, of any renewal, refinancing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Company or the Lenders than the terms of any CL Financing Agreement and the interest rate applicable to any such renewal, refinancing or extending Indebtedness does not exceed the then applicable market interest rate, so long as the Intercreditor Agreement or a replacement intercreditor agreement satisfactory to Administrative Agent and the Required Lenders is in effect and (B) the terms of Section 9.9(b)(ii) above shall be applicable thereto);

(c) Indebtedness of Borrowers and Guarantors and their Subsidiaries existing as of the Closing Date as referenced in the financial statements delivered to Administrative Agent and as set out more specifically in Schedule 9.9 to the Information Certificate and renewals, refinancings or extensions thereof; provided, that, (i) the outstanding principal amount of such Indebtedness is not increased at the time of such renewal, refinancing or extension and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any renewal, refinancing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Company or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such renewal, refinancing or extending Indebtedness does not exceed the then applicable market interest rate;

(d) purchase money Indebtedness (including Capital Leases) arising after the date hereof to the extent secured by purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property not to exceed $15,000,000 in the aggregate

at any time outstanding so long as such security interests and mortgages do not apply to any property of such Borrower, Guarantor or Subsidiary other than the Equipment or Real Property so acquired, and the Indebtedness secured thereby does not exceed the cost of the Equipment or Real Property so acquired, as the case may be;

(e) unsecured intercompany Indebtedness among Borrowers and Guarantors (other than the intercompany loan made by the Company to the Dutch Borrower pursuant to the B.V. Intercompany Notes) and their Domestic Subsidiaries; provided, that, any such Indebtedness owed to any Borrower or Guarantor by any Person that is not a Borrower or Guarantor shall be (i) fully subordinated to the Obligations hereunder on terms reasonably satisfactory to Administrative Agent and (ii) if requested by Administrative Agent and, in any event, if in an amount greater than $5,000,000, evidenced by promissory notes which shall be pledged to Administrative Agent as Collateral for the Obligations;

(f) Indebtedness of Dutch Borrower and other Foreign Subsidiaries to any Person (other than any other Borrower or Guarantor or any other Foreign Subsidiary) in an aggregate amount not to exceed €30,000,000 (inclusive of the obligations owed by Dutch Borrower to Administrative Agent and Lenders); provided, that, (i) no more than €15,000,000 of such Indebtedness (exclusive of the obligations owed by Dutch Borrower to Administrative Agent and Lenders) shall be guaranteed by the Company and (ii) any such Indebtedness so guaranteed by the Company shall be guaranteed on an unsecured basis;

(g) Bank Product Debt and unsecured Indebtedness and obligations owing under Hedge Agreements and not for speculative purposes;

(h) Guaranty Obligations in respect of Indebtedness of a Borrower or Guarantor to the extent such Indebtedness is permitted to exist or be incurred pursuant to this Section 9.9;

(i) other unsecured Indebtedness in an aggregate amount not to exceed $25,000,000 at any time outstanding, the proceeds of which shall be promptly applied to the Obligations and the CL Obligations in accordance with Section 2.6(b) hereof, subject to the terms of the Intercreditor Agreement;

(j) Indebtedness of the Company and its Subsidiaries that is secured by assets acquired in connection with a Permitted Acquisition and not incurred in contemplation thereof, as long as the outstanding principal amount of the Indebtedness secured thereby is not increased after the date the asset is acquired by the Company or any of its Subsidiaries in an aggregate amount not to exceed $10,000,000;

(k) unsecured Indebtedness of the Dutch Borrower and the other Foreign Subsidiaries owing to the Dutch Borrower or the other Foreign Subsidiaries;

(l) Indebtedness of Newark Paperboard Products, Ltd. to the Company in an aggregate amount not to exceed CDN$6,292,638 at any time outstanding;

(m) (i) Indebtedness of the Company to its existing shareholders or their Affiliates arising after the date hereof in an aggregate principal amount not to exceed $20,000,000; provided, that, (A) such Indebtedness constitutes "Subordinated Debt" and all related Liens (other than Liens

on the Term Loan Priority Collateral) are subordinated to the Liens securing the Obligations and such Indebtedness and any related Liens is otherwise subject in all respects to a subordination and intercreditor agreement in form and substance satisfactory to Administrative Agent and such subordination and intercreditor agreement is in full force and effect, (B) the terms relating to principal amount, amortization, maturity, collateral, representations and warranties, covenants, and other material terms taken as a whole, of such Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, would not be prohibited by the applicable subordination and intercreditor agreement and shall not be more restrictive than the terms of this Agreement, (C) the Company shall not, directly or indirectly, be permitted to make any payments in respect of such Indebtedness, except in accordance with Section 9.11(f) hereof, (D) Administrative Agent shall have received not less than twenty (20) days' prior written notice of the intention of the Company to incur such Indebtedness, (E) Administrative Agent shall have received true, correct and complete copies of all agreements, documents and instruments evidencing or otherwise related to such Indebtedness, each in form and substance satisfactory to Administrative Agent, (F) except as Administrative Agent may otherwise agree in writing and solely to the extent that the CL Credit Agreement has not been terminated and no Default or Event of Default (each as defined in the CL Credit Agreement) is then continuing, all of the Net Cash Proceeds of such Indebtedness shall be applied in accordance with Section 2.6(b) of this Agreement and (G) before and after giving effect to such Indebtedness, no Default or Event of Default shall exist or have occurred and be continuing and the Borrowers and Guarantors are in compliance with the financial covenants set forth in Section 9.17 on a Pro Forma Basis, and (ii) renewals, refinancings or extensions in whole or in part of the Indebtedness referenced in Section 9.9(m)(i) hereof provided that (A) the outstanding principal amount of such Indebtedness pursuant to any such renewal, refinancing or extension (together with any principal outstanding under the Indebtedness permitted under this Section 9.9(m) (to the extent not refinanced, renewed or extended)), is not greater than $20,000,000 (exclusive of any such principal that constitutes capitalized interest and capitalized fees with respect thereto), (B) Borrower and Guarantors shall not, directly or indirectly, be permitted to make any payments in respect of such Indebtedness, except in accordance with Section 9.11(f) hereof, (C) the terms relating to principal amount, amortization, maturity and collateral, representations and warranties, covenants and other material terms taken as a whole, of any renewal, refinancing or extending of such Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, would not be prohibited by the applicable subordination and intercreditor agreement and are no less favorable in any material respect to the Company or the Lenders than the terms of any agreement, document and/or instrument evidencing the Indebtedness permitted under Section 9.9(m)(i) hereof, (D) Administrative Agent shall have received true, correct and complete copies of all agreements, documents and instruments evidencing or otherwise related to such Indebtedness, each, in form and substance satisfactory to Administrative Agent, (E) such Indebtedness constitutes "Subordinated Debt" and all related Liens (other than Liens on the Term Loan Priority Collateral) are subordinated to the Liens securing the Obligations under and is otherwise subject in all respects to a subordination and intercreditor agreement in form and substance satisfactory to Administrative Agent and such subordination and intercreditor agreement is in full force and effect and (F) before and after giving effect to any such renewal, refinancing or extension, no Default or Event of Default shall exist or have occurred and be continuing;

(n) Intentionally deleted;

(o) Intentionally deleted;

(p) Intentionally deleted;

(q) unsecured Indebtedness of the Company pursuant to and arising under the von Zuben New Subordinated Notes as in effect on the date hereof; provided, that, payments in respect thereof by any Borrower or Guarantor are not permitted unless made pursuant to and in accordance with the terms of Section 9.11(g) herein;

(r) other Indebtedness of Borrowers, Guarantors and their Subsidiaries (excluding Guaranty Obligations of any Borrower or Guarantor in favor of any Foreign Subsidiary) which does not exceed $1,000,000 in the aggregate at any time outstanding.

9.10 Loans, Investments, Etc.

Each Borrower and Guarantor shall not, and shall not permit any Subsidiary to, directly or indirectly, make any loans or advance money or property to any person, or invest in (by capital contribution, dividend or otherwise) or purchase or repurchase the Capital Stock or Indebtedness or all or a substantial part of the assets or property of any person, or form or acquire any Subsidiaries, or agree to do any of the foregoing, except (the "Permitted Investments"):

(a) cash and Cash Equivalents;

(b) receivables owing to the Company, the Dutch Borrower or any of their Subsidiaries and advances to suppliers, including, without limitation, notes receivable owing from customers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(c) investments in and loans to any Borrower (other than the Dutch Borrower) or Guarantor; provided, however, that, investments in and loans to NP Cogen shall be limited to those in existence on the Closing Date until such time as Administrative Agent shall have received an opinion of counsel to NP Cogen in form and substance satisfactory to Administrative Agent;

(d) loans and advances to employees in existence as of the Closing Date in an aggregate amount not to exceed $1,000,000 and additional loans and advances to employees in an aggregate amount not to exceed $1,000,000 at any time outstanding; provided, that, such loan or advance is not made in violation of any law;

(e) investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(f) investments, acquisitions or transactions permitted under Section 9.7;

(g) Hedge Agreements to the extent permitted pursuant to Section 9.9;

(h) Permitted Acquisitions;

(i) the investment in and loan to the Dutch Borrower by the Company existing as of the Closing Date and evidenced by the Second Amended and Restated Promissory Note, dated

October 13, 2009, by Dutch Borrower payable to the Company in the original principal amount of €6,563,295.99 and the Promissory Note, dated as of March 9, 2007, by Dutch Borrower payable to the Company in the original principal amount of €14,034,497.36 (collectively, the "B.V. Intercompany Notes") in an aggregate principal amount outstanding as of the Closing Date of €[_____], as such notes are in effect on the Closing Date and as such amount may be reduced from time to time;

(j) additional loan advances and/or investments of a nature not contemplated by the foregoing clauses hereof; provided, that, such loans, advances and/or investments made pursuant to this clause (j) shall not exceed an aggregate amount of $100,000;

(k) loans and advances by the Company to, and investments by the Company in, Foreign Subsidiaries (other than the Dutch Borrower) in an aggregate Dollar Amount outstanding at any time not to exceed $5,000,000 (excluding the intercompany loans existing as of the Closing Date made by the Company to Newark Paperboard Products, Ltd. in the amount of $[6,300,000]), provided, that, each of the following conditions have been satisfied: (i) as of the date of any such loan, advance or investment and after giving effect thereto, Excess Availability shall be not less than $20,000,000 and (ii) as of the date of any such loan, advance or investment and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing;

(l) investments by the Company in connection with the formation of a new Subsidiary of the Company; provided, that, (i) the Company shall provide Administrative Agent with ten (10) Business Days notice prior to any such investment setting forth the amount of such investment and information in reasonable detail describing all of the assets of such new Subsidiary, (ii) the aggregate amount of all such investments (or transfer of assets) shall not exceed $1,000,000 during the term of this Agreement, (iii) Borrowers and Guarantors shall comply with the requirements of Section 9.22 of this Agreement and (iv) at the time of any such investment and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing; and

(m) investments in and loans to the Dutch Borrower and other Foreign Subsidiaries by and from the Dutch Borrower or other Foreign Subsidiaries.

9.11 Restricted Payments.

Borrowers and Guarantors will not, nor will they permit any Subsidiary to, directly or indirectly, declare, order, make or set apart any sum for or pay any Restricted Payment, except:

(a) to make dividends payable solely in the same class of Capital Stock of such Person;

(b) the issuance of Capital Stock of the Company or any of its Subsidiaries;

(c) to make dividends or other distributions (directly or indirectly through Subsidiaries) payable to the Company or any Guarantor;

(d) to make dividends or other distributions (directly or indirectly through Subsidiaries) payable by the Dutch Borrower or other Foreign Subsidiary to the Dutch Borrower or other Foreign Subsidiary;

(e) to make payments in respect of the Indebtedness set forth in Section 9.9(b) herein from the proceeds of any refinancing of such Indebtedness to the extent such refinancing is permitted under Section 9.9(b) herein;

(f) (i) to make regularly scheduled interest payments in respect of the Indebtedness permitted under Section 9.9(m) hereof, but only to the extent permitted under the applicable subordination and intercreditor agreement; provided, that, as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall have occurred and is continuing and (ii) to make any payments in respect of the Indebtedness set forth in Section 9.9(m) herein from the proceeds of any refinancing of such Indebtedness to the extent such refinancing is permitted under Section 9.9(m) herein;

(g) to make payments in respect of the von Zuben New Subordinated Notes in accordance with the terms thereof as in effect on the date hereof; provided, that, as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall have occurred and is continuing;

(h) to make distributions in respect of the put rights of the ESOP Plan participants pursuant to and in accordance with Section 2.B. of the ESOP Settlement Agreement as in effect on the date such ESOP Settlement Agreement was originally entered into; provided, that, as of the date of any such distribution and after giving effect thereto, no Default or Event of Default shall have occurred and is continuing;

(i) to make voluntary prepayments of the CL Obligations, provided, that, as of the date of any such payment and after giving effect thereto (i) no Default or Event of Default shall have occurred and is continuing and (ii) Excess Availability shall be not less than $20,000,000;

(j) to make Restricted Payments in respect of the Company's existing stock appreciation rights and stock option programs; provided, that, (i) no Default or Event of Default has occurred and is continuing at such time or would be directly or indirectly caused as a result thereof, (ii) the Borrowers are in compliance with the financial covenants set forth in Section 9.17 on a Pro Forma Basis after giving effect to such Restricted Payment and (iii) the aggregate amount of all such Restricted Payments made under this clause (h) shall not exceed $1,000,000 in any fiscal year;

(k) to make bonus payments under the Company's management incentive program as in effect on (and as contemplated as of) the date hereof; provided, that, as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall have occurred and is continuing;

(l) commencing after the fiscal year ending 2011, the Company may pay cash dividends in an amount equal to no greater than 50% of the Consolidated Net Income for the immediately preceding fiscal year of the Company (calculation starting with Company's 2012 fiscal year), provided, that, as of the date of any such payment and after giving effect thereto (i) no Default or Event of Default has occurred and is continuing, (ii) Excess Availability is in excess of

$25,000,000, (iii) the Total Leverage Ratio is less than or equal to 1.50 to 1.0 and (iv) the Fixed Charge Coverage Ratio of Company and its Subsidiaries shall be not less than 1.25 to 1.0; and

(m) the Company may make cash contributions to its pension plan in excess of the actuarially determined minimum funding obligation in an aggregate amount of up to $3,000,000 per fiscal year; provided, that, no Default or Event of Default has occurred and is continuing at such time or would be directly or indirectly caused as a result thereof and Excess Availability is in excess of $15,000,000, both before and after the payment thereof.

9.12 Transactions with Affiliates.

(a) Each Borrower and Guarantor shall not, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its officers, directors or other Affiliates (each, an "Affiliate Transaction"), other than:

(i) Affiliate Transactions permitted by paragraph (b) below; and

(ii) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an officer, director or Affiliate of the Borrower or Guarantor.

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a fair market value in excess of $5,000,000 will be approved by the Board of Directors (or comparable governing body) of the applicable Borrower or Guarantor, such approval to be evidenced by resolutions stating that the Board of Directors (or comparable governing body) has determined that such transaction complies with the foregoing provisions. If the any Borrower or Guarantor enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate fair market value of more than $10,000,000, the Company will, prior to the consummation thereof, obtain an opinion from an Independent Financial Advisor stating that such transaction or series of related transactions are fair to the applicable Borrower or Guarantor, as the case may be, from a financial point of view.

(b) The restrictions set forth in Section 9.12(a) shall not apply to:

(i) reasonable fees and compensation paid to and indemnity provisions on behalf of the officers, directors or employees of any Borrower or Guarantor as determined in good faith by the applicable Borrower's or Guarantor's Board of Directors (or comparable governing body);

(ii) transactions exclusively between or among the Borrowers and the Guarantors; provided, that, (A) such transactions are not otherwise prohibited by this Agreement and (B) the aggregate market value of all such transactions (other than transactions contemplated in clause (iii) below) shall not exceed $1,000,000 in the aggregate during any fiscal year;

(iii) the purchase of gas by NP Cogen on behalf of the Company d/b/a Newark Pacific in an aggregate amount not to exceed $1,000,000 during any fiscal year;

(iv) the purchase or transfer of wastepaper by Integrated Paper Recyclers (a joint venture in which the Company maintains a 50% interest) to the Company d/b/a Newark America in an aggregate amount (or the aggregate value of which shall) not to exceed $6,000,000 during any fiscal year;

(v) any agreement or instrument in effect as of the Closing Date or any amendment or replacement thereof or any transaction contemplated thereby (including pursuant to any amendment or replacement thereof) so long as any such amendment or replacement agreement or instrument is, in the good faith judgment of the Board of Directors (or comparable governing body) of the applicable Borrower or Guarantor, not more disadvantageous to the Lenders in any material respect that the original agreement or instrument as in effect on the Closing Date;

(vi) transactions exclusively between or among the Dutch Borrower and the other Foreign Subsidiaries which are not otherwise prohibited by this Agreement; and

(vii) Restricted Payments and Permitted Investments permitted by this Agreement and Indebtedness arising pursuant to Sections 9.9(b), (o) and (p) of this Agreement.

9.13 Compliance with ERISA.

Each Borrower (other than the Dutch Borrower) and Guarantor shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal and State law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (c) not terminate any Pension Plan so as to incur any material liability to the Pension Benefit Guaranty Corporation; (d) not knowingly allow or suffer to exist any prohibited transaction involving any Plan or any trust created thereunder which would subject such Borrower, Guarantor or such ERISA Affiliate to a material tax or other liability on prohibited transactions imposed under Section 4975 of the Code or ERISA; (e) make all required contributions to any Plan which it is obligated to pay under Section 302 of ERISA, Section 412 of the Code or the terms of such Plan; (f) not allow or suffer to exist any accumulated funding deficiency, whether or not waived, with respect to any such Pension Plan; (g) not engage in a transaction with respect to a Pension Plan that could be subject to Section 4069 or 4212(c) of ERISA; or g)not allow or suffer to exist any occurrence of a Reportable Event or any other event or condition which presents a material risk of termination by the Pension Benefit Guaranty Corporation of any Plan that is a single employer plan, which termination could result in any material liability to the Pension Benefit Guaranty Corporation.

9.14 End of Fiscal Years.

No Borrower or Guarantor will, nor will they permit any of their Subsidiaries to, change their fiscal year.

9.15 Change in Business.

Each Borrower and Guarantor shall not engage in any business other than the business of such Borrower or Guarantor on the date hereof and any business reasonably related, ancillary or complimentary to the business in which such Borrower or Guarantor is engaged on the date hereof.

9.16 Limitation of Restrictions Affecting Subsidiaries.

Each Borrower and Guarantor shall not, directly, or indirectly, create or otherwise cause or suffer to exist any encumbrance or restriction which prohibits or limits the ability of any Subsidiary of such Borrower or Guarantor to (a) pay dividends or make other distributions or pay any Indebtedness owed to such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor; (b) make loans or advances to such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor, (c) transfer any of its properties or assets to such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor; (d) create, incur, assume or suffer to exist any lien upon any of its property, assets or revenues, whether now owned or hereafter acquired or (e) act as a Guarantor and pledge its assets pursuant to the Financing Agreements or any renewals, refinancings, exchanges, refundings or extension thereof, other than encumbrances and restrictions arising under (i) applicable law, (ii) this Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor, (iv) customary restrictions on dispositions of real property interests found in reciprocal easement agreements of such Borrower or Guarantor or any Subsidiary of such Borrower or Guarantor, (v) any agreement relating to permitted Indebtedness incurred by a Subsidiary of such Borrower or Guarantor prior to the date on which such Subsidiary was acquired by such Borrower or such Guarantor and outstanding on such acquisition date, (vi) the extension or continuation of contractual obligations in existence on the date hereof; provided, that, any such encumbrances or restrictions contained in such extension or continuation are no less favorable to Administrative Agent and Lenders than those encumbrances and restrictions under or pursuant to the contractual obligations so extended or continued, (vii) any document or instrument governing Indebtedness incurred pursuant to Section 9.9(d); provided, that, any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith or (viii) any Permitted Lien or any document or instrument governing any Permitted Lien; provided, that, any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien (with the exception of certain negative pledges set forth in the CL Credit Agreement with respect to Borrower's and Guarantor's Real Property which is not encumbered by a mortgage in favor of the CL Administrative Agent).

9.17 Financial Covenants.

(a) Fixed Charge Coverage Ratio. As of the last day of each month, the Fixed Charge Coverage Ratio of Company and its Subsidiaries (on a consolidated basis) for the most recently ended period of twelve consecutive months for which Administrative Agent has received financial statements of Company and its Subsidiaries shall be not less than 1.0 to 1.0.

(b) Total Leverage Ratio. The Total Leverage Ratio, for the twelve-month period ending as of each fiscal quarter end set forth below, shall be less than or equal to the following:

Fiscal Quarter Ending	Total Leverage Ratio
[July 31, 2010	4.25 to 1.00
October 31, 2010	4.125 to 1.00
January 31, 2011	3.50 to 1.00
April 30, 2011	3.00 to 1.00
July 31, 2011	2.85 to 1.00
October 31, 2011	2.75 to 1.00
January 31, 2012	2.75 to 1.00
April 30, 2012	2.50 to 1.00
July 31, 2012	2.50 to 1.00
October 31, 2012	2.50 to 1.00
January 31, 2013	2.25 to 1.00
April 30, 2013 and the end of each fiscal quarter thereafter	2.25 to 1.00]

9.18 Classification of Senior Indebtedness.

Each Borrower and Guarantor shall cause the Obligations to constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement to be legally valid and enforceable against the parties thereto.

9.19 License Agreements.

(a) Each Borrower and Guarantor shall (i) promptly and faithfully observe and perform all of the material terms, covenants, conditions and provisions of the material License Agreements to which it is a party to be observed and performed by it, at the times set forth therein, if any, (ii) not do, permit, suffer or refrain from doing anything that could reasonably be expected to result in a default under or breach of any of the terms of any material License Agreement, (iii) not cancel, surrender, modify, amend, waive or release any material License Agreement in any material respect or any term, provision or right of the licensee thereunder in any material respect, or consent to or permit to occur any of the foregoing; except, that, subject to Section 9.19(b) below, such Borrower or Guarantor may cancel, surrender or release any material License Agreement in the ordinary course of the business of such Borrower or Guarantor; provided, that, such Borrower or Guarantor (as the case may be) shall give Administrative Agent not less than thirty (30) days prior written notice of its intention to so cancel, surrender and release any such material License Agreement, (iv) give Administrative Agent prompt written notice of any material License Agreement entered into by such Borrower or Guarantor after the date hereof, together with a true, correct and complete copy thereof and such other information with respect thereto as Administrative Agent may request, (v) give Administrative Agent prompt written notice of any material breach of any obligation, or any default, by any party under any material License Agreement, and deliver to Administrative Agent (promptly upon the receipt thereof by such Borrower or Guarantor in the case of a notice to such Borrower or Guarantor and concurrently with the sending thereof in the case of a notice from such Borrower or Guarantor) a copy of each notice of default and every other notice and other communication received or delivered by such Borrower or Guarantor in connection with any

material License Agreement which relates to the right of such Borrower or Guarantor to continue to use the property subject to such License Agreement, and (vi) furnish to Administrative Agent, promptly upon the request of Administrative Agent, such information and evidence as Administrative Agent may reasonably require from time to time concerning the observance, performance and compliance by such Borrower or Guarantor or the other party or parties thereto with the material terms, covenants or provisions of any material License Agreement.

(b) Each Borrower and Guarantor will either exercise any option to renew or extend the term of each material License Agreement to which it is a party in such manner as will cause the term of such material License Agreement to be effectively renewed or extended for the period provided by such option and give prompt written notice thereof to Administrative Agent or give Administrative Agent prior written notice that such Borrower or Guarantor does not intend to renew or extend the term of any such material License Agreement or that the term thereof shall otherwise be expiring, not less than sixty (60) days prior to the date of any such non-renewal or expiration. In the event of the failure of such Borrower or Guarantor to extend or renew any material License Agreement to which it is a party, Administrative Agent shall have, and is hereby granted, the irrevocable right and authority, at its option, to renew or extend the term of such material License Agreement, whether in its own name and behalf, or in the name and behalf of a designee or nominee of Administrative Agent or in the name and behalf of such Borrower or Guarantor, as Administrative Agent shall determine at any time that an Event of Default shall exist or have occurred and be continuing. Administrative Agent may, but shall not be required to, perform any or all of such obligations of such Borrower or Guarantor under any of the License Agreements, including, but not limited to, the payment of any or all sums due from such Borrower or Guarantor thereunder. Any sums so paid by Administrative Agent shall constitute part of the Obligations.

9.20 Foreign Assets Control Regulations, Etc.

None of the requesting or borrowing of the Loans or the requesting or issuance, extension or renewal of any Letter of Credit or the use of the proceeds of any thereof will violate the Trading With the Enemy Act (50 USC §1 et seq., as amended) (the "Trading With the Enemy Act") or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) (the "Foreign Assets Control Regulations") or any enabling legislation or executive order relating thereto (including, but not limited to (a) Executive order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the "Executive Order") and (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56). None of Borrowers or any of their Subsidiaries or any of their respective officers, directors or Affiliates is or will become a "blocked person" as described in the Executive Order, the Trading with the Enemy Act or the Foreign Assets Control Regulations or engages or will engage in any dealings or transactions, or be otherwise associated, with any such "blocked person".

9.21 Costs and Expenses.

Borrowers and Guarantors shall pay to Administrative Agent and Arranger on demand all reasonable costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, syndication, administration, collection, liquidation,

enforcement and defense of the Obligations, Administrative Agent's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be requested by the Company or required by the Administrative Agent (whether or not executed) or entered into in respect hereof and thereof, including: (a) all costs and expenses of filing or recording (including Uniform Commercial Code financing statement filing taxes and fees, documentary taxes, intangibles taxes and fees, if applicable); (b) to the extent Administrative Agent is authorized in any Financing Agreement to conduct such activities at Borrower's or Guarantor's expense, costs and expenses and fees for insurance premiums, environmental audits, title insurance premiums, surveys, assessments, engineering reports and inspections, appraisal fees and search fees, background checks, (c) costs and expenses of remitting loan proceeds, collecting checks and other items of payment, and establishing and maintaining the Control Accounts, together with Administrative Agent's customary charges and fees with respect thereto; (d) charges, fees or expenses charged by any Issuing Bank in connection with any Letter of Credit; (e) costs and expenses of preserving and protecting the Collateral; (f) reasonable costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Collateral Agent, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Administrative Agent, Collateral Agent or any Lender arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters) other than claims arising solely out of their gross negligence or willful misconduct, as determined by a court of competent jurisdiction; (g) all out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by Administrative Agent during the course of periodic field examinations of the Collateral and such Borrower's or Guarantor's operations, plus a per diem charge at Administrative Agent's then standard rate for Administrative Agent's examiners in the field and office (which rate as of the date hereof is $1,000 per person per day); and (h) the reasonable fees and disbursements of one counsel (including legal assistants) to Administrative Agent, Collateral Agent and Arranger in connection with any of the foregoing.

9.22 Additional Borrowers and Guarantors.

Upon any Person becoming a direct or indirect Subsidiary of the Company, Borrowers and Guarantors will provide Administrative Agent with written notice thereof setting forth information in reasonable detail describing all of the assets of such Person and shall (a) cause any such Person that is a Domestic Subsidiary to execute and deliver to Administrative Agent a Borrower Joinder Agreement in substantially the form of Exhibit D, causing such Subsidiary to become a party to this Agreement, as a joint and several "Borrower" (provided, that, Administrative Agent and Lenders shall provide Loans or Letters of Credit based on the assets of such Subsidiary only at their sole discretion), and (b) deliver such other documentation as Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, authorization to file appropriate UCC-1 financing statements, Collateral Access Agreements, other agreements, documents or instruments contemplated under Section 5.3, certified resolutions and other organizational and authorizing documents of such Person and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to Administrative Agent; provided, however, in lieu of the foregoing, at the option of Administrative Agent, Borrowers and Guarantors shall cause such Person to execute and deliver to

Administrative Agent a Guarantor Joinder Agreement in substantially the form of Exhibit E causing such Subsidiary to become a party to this Agreement, as a joint and several "Guarantor", as applicable and with the same effect set forth above. If required by Administrative Agent, Company shall cause any of its Foreign Subsidiaries (whether in existence on the Closing Date or formed or acquired thereafter) to execute and deliver to Administrative Agent a Guarantor Joinder Agreement in substantially the form of Exhibit E causing such Subsidiary to become a party to this Agreement as a joint and several "DO Guarantor".

9.23 Pledged Assets.

Each of Borrowers and Guarantors will cause, subject to Permitted Liens, (a) the Priority Collateral to be subject at all times to a first priority, perfected lien in favor of the Control Agent, Collateral Agent or Administrative Agent, in each case for the benefit of the Secured Parties, pursuant to the terms and conditions of the Security Documents or such other security documents as Control Agent, Collateral Agent or Administrative Agent shall reasonably request, and (b) the CL Priority Collateral (other than Real Property, in which Collateral Agent does not have a security interest) to be subject at all times to a second priority, perfected lien in favor of Control Agent, Collateral Agent or Administrative Agent, in each case for the benefit of the Secured Parties, pursuant to the terms and conditions of the Security Documents or such other security documents as Control Agent, Collateral Agent or Administrative Agent shall reasonably request.

9.24 Amendment of Subordinated Debt; CL Financing Agreements.

(a) Borrowers and Guarantors will not, nor will they permit any Subsidiary to, without the prior written consent of the Required Lenders, amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt in a manner that is adverse to the interests of the Lenders.

(b) Borrowers and Guarantors will not, nor will they permit any Subsidiary to, amend, replace, refinance, refund, restructure, amend, supplement, extend or otherwise modify the CL Credit Agreement (i) to violate the provisions of the Intercreditor Agreement or (ii) to increase the then outstanding aggregate principal amount of the loans or similar obligations under the CL Credit Agreement to an amount that would exceed the CL Cap Amount (excluding capitalized interest, fees, expenses and other charges).

9.25 Limitations on Activities of NP Cogen and JD Corp.

Neither NP Cogen nor JD Corp. shall engage in any activities or incur any Indebtedness other than (i) owning and operating the assets owned and operated by it in the ordinary course of business as of the Closing Date and (ii) owing the Indebtedness owed by it as of the Closing Date.

9.26 Sale Leasebacks.

Borrowers and Guarantors will not, nor will they permit any Subsidiary to, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a Capital Lease, of any property (whether real, personal or mixed), whether now owned or hereafter acquired, (a) which any Borrower, Guarantor or any Subsidiary has sold or transferred or is to sell or transfer to a Person which is not a Borrower, Guarantor or a

Subsidiary or (b) which any Borrower, Guarantor or any Subsidiary intends to use for substantially the same purpose as any other property which has been sold or is to be sold or transferred by a Borrower, Guarantor or a Subsidiary to another Person which is not a Borrower, Guarantor or a Subsidiary in connection with such lease.

9.27 No Further Negative Pledges.

Borrowers and Guarantors will not, nor will they permit any Domestic Subsidiary to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any lien upon any of their properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (a) pursuant to this Agreement and the other Financing Agreements, or pursuant to the CL Credit Agreement and the other CL Financing Agreements, (b) pursuant to any document or instrument governing Indebtedness incurred pursuant to Section 9.9(d); provided, that, any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, and (c) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien; provided, that, any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien(with the exception of certain negative pledges set forth in the CL Credit Agreement with respect to Borrower's and Guarantor's Real Property which is not encumbered by a mortgage in favor of the CL Administrative Agent).

9.28 Limitation on Excluded Subsidiaries.

Borrowers and Guarantors will not permit the Excluded Subsidiaries to (i) own any other assets or to conduct any other business other than such assets owned and such business conducted, in each case as of the Closing Date or (ii) to account for, individually or in the aggregate for all such Excluded Subsidiaries, more than 5% of the net income or assets (determined on a consolidated basis) of the Company and its Subsidiaries.

9.29 Further Assurances.

At the reasonable request of Administrative Agent at any time and from time to time, Borrowers and Guarantors shall, at their expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements.

9.30 Post Closing Covenants.

(a) The Company shall use its commercially reasonable efforts to deliver (or cause to be delivered) to Administrative Agent Collateral Access Agreements or other applicable lien waiver agreements for any warehouse, plant or other leased real property set forth on Schedule 9.30.

(b) The Company shall deliver (or cause to be delivered) to Administrative Agent true, correct and complete copies of the BV Intercompany Notes within ten (10) days of the Closing Date.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES

10.1 Events of Default.

The occurrence or existence of any one or more of the following events are referred to herein individually as an "Event of Default", and collectively as "Events of Default":

(a) (i) any Borrower fails to pay any principal on any Loan when due in accordance with the terms hereof; or any Borrower fails to reimburse any Issuing Bank for any Letter of Credit Obligations when due in accordance with the terms hereof or of any Letter of Credit Document; or any Borrower fails to pay any interest on any Loan or any fee or other amount payable hereunder when due in accordance with the terms hereof (or any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations thereunder);

(ii) any Borrower or Guarantor shall fail to perform, comply with or observe any term, covenant or agreement applicable to it contained in any of Sections 9.1, 9.6 through 9.12, 9.15 through 9.18, 9.20, or 9.25 through 9.30; or

(iii) any Borrower or Guarantor shall fail to comply with any other covenant, contained in this Agreement or the other Financing Agreements or any other agreement, document or instrument among any Borrower or Guarantor, Administrative Agent and the Lenders or executed by any Borrower or Guarantor in favor of Administrative Agent or the Lenders (other than as described in Sections 10.1(a)(i) or (ii) above), and in the event such breach or failure to comply is capable of cure, is not cured within thirty (30) days of its occurrence; provided, that, such thirty (30) day period shall not apply in the case of: (A) any failure to observe any such covenant which is not capable of being cured at all or within such thirty (30) day period or which has been the subject of a prior failure within a six (6) month period or (B) an intentional breach by any Borrower or Guarantor of any such covenant;

(b) any representation, warranty or statement of fact made by any Borrower or Guarantor to Administrative Agent in this Agreement, the other Financing Agreements or any other written agreement, schedule, confirmatory assignment or otherwise shall when made or deemed made be false or misleading in any material respect on or as of the date made or deemed to be made;

(c) any Guarantor revokes or terminates or purports to revoke or terminate or fails to perform any of the terms, covenants, conditions or provisions of any guarantee, endorsement or other agreement of such party in favor of Administrative Agent or any Lender;

(d) any judgment for the payment of money is rendered against any Borrower or Guarantor in excess of $1,000,000 in any one case or in excess of $1,000,000 in the aggregate (to the extent not covered by insurance where the insurer has assumed responsibility in writing for such judgment) and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed, or any judgment other than for the payment of money, or injunction, attachment, garnishment or execution is rendered against any Borrower or Guarantor or any of the Collateral having a value in excess of $1,000,000 or a Dutch executory attachment (*executoriaal beslag*) affects any asset of a Borrower or Guarantor having an aggregate value of at least $1,000,000 (or any equivalent thereof in any other currency);

(e) any Borrower or Guarantor dissolves or discontinues doing business (provided, that, any Guarantor may dissolve or discontinue doing business if its assets are transferred to a Borrower or another Guarantor prior to such dissolution or discontinuation); any Borrower or Guarantor (other than NP Cogen) suspends doing business, other than temporary shutdowns for routine maintenance or otherwise in accordance with past practices and in any event not to exceed five (5) days in any fiscal quarter;

(f) any Borrower or Guarantor makes an assignment for the benefit of creditors, makes or sends notice of a bulk transfer or calls a meeting of its creditors or principal creditors in connection with a moratorium or adjustment of the Indebtedness due to them;

(g) a case or proceeding under the bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against any Borrower or Guarantor or all or any part of its properties and such petition or application is not dismissed within sixty (60) days after the date of its filing or any Borrower or Guarantor shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;

(h) a case or proceeding under the bankruptcy laws of the United States of America or comparable proceeding under the laws of any other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by any Borrower or Guarantor or for all or any part of its property;

(i) any failure by any Borrower or Guarantor to observe or perform any of the material terms or conditions of any material order, stipulation or other arrangements entered by or with the Bankruptcy Court in the Chapter 11 Case or otherwise under the Plan of Reorganization;

(j) any default in respect of any Indebtedness of any Borrower or Guarantor (other than Indebtedness owing to Administrative Agent, Collateral Agent and Lenders hereunder), in any case in an amount in excess of $2,500,000, which default continues for more than the applicable cure period, if any, with respect thereto or any default by any Borrower or Guarantor under any Material Contract, which default continues for more than the applicable cure period, if any, with respect thereto and/or is not waived in writing by the other parties thereto, or any default by any Borrower or Guarantor under the Plan of Reorganization or the Confirmation Order;

(k) any material provision hereof or of any of the other Financing Agreements shall for any reason cease to be valid, binding and enforceable with respect to any party hereto or thereto (other than Administrative Agent or Lenders) in accordance with its terms, or any such party shall challenge the enforceability hereof or thereof, or shall assert in writing, or take any action or fail to take any action based on the assertion that any provision hereof or of any of the other Financing Agreements has ceased to be or is otherwise not valid, binding or enforceable in accordance with its terms, or any security interest provided for herein or in any of the other Financing Agreements shall cease to be a valid and perfected first priority and/or second priority (as

applicable) security interest in any of the Collateral purported to be subject thereto (except as otherwise permitted herein or therein);

(l) an ERISA Event shall occur which results in or could reasonably be expected to result in a Material Adverse Effect;

(m) any Change of Control;

(n) the indictment by any Governmental Authority of any Borrower or Guarantor as to which there is a reasonable possibility of an adverse determination, in the good faith determination of Administrative Agent, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against such Borrower or Guarantor, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (i) any of the Collateral having a value in excess of $2,500,000 or (ii) any other property of any Borrower or Guarantor which is necessary or material to the conduct of its business;

(o) there shall be an event of default (after any applicable cure period thereunder has expired) under any of the other material Financing Agreements;

(p) any default (which is not cured within the applicable period of grace or waived) or event of default shall occur under any Subordinated Debt or the subordination provisions contained therein shall cease to be in full force and effect or to give the Lenders the rights, powers and privileges purported to be created thereby;

(q) any uninsured damage to or loss, theft or destruction of any assets of Borrowers or Guarantors or any of their Subsidiaries shall occur that, with respect to any assets of any Borrower or Guarantor, is in excess of $2,500,000 (except with respect to assets of Borrowers and Guarantors, other than inventory, at plants that have ceased to operate for a period of not less than 90 days from the date of receipt by Agent of notice from Borrowers of such closure, is in excess of $5,000,000) and, with respect to any assets of any Subsidiary of Borrowers or Guarantors, is in excess of $5,000,000; or

(r) the Company fails to comply with the terms of the Settlement Agreement or the Final Judgment and any cure right or period prior to which the Commonwealth of Massachusetts or other applicable Governmental Authority shall have the right to (i) enjoin or materially limit the Company's business operations or (ii) levy or issue a fine or penalty that could reasonably be expected to have a Material Adverse Effect shall have expired; or

(s) the Company fails to deliver any of the information or other items required by Section 7.1(a) within five (5) Business Days of the later to occur of (i) the date due or (ii) receipt by the Company of notice from Administrative Agent that such information or other items are past due.

For the purposes of this Section 10.1, in relation to any procedure or step taken in the Netherlands, (A) bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*), emergency procedure (*noodregeling*) or any other procedure having the effect that the entity to which it applies loses the free management or ability to dispose of its property (irrespective of whether that procedure is provisional or final); and (B) dissolution (*ontbinding*) or any other procedure having the effect that

the entity to which it applies ceases to exist, shall qualify as events specified in Sections 10.1(g) and (h) above.

10.2 Remedies.

(a) At any time an Event of Default exists or has occurred and is continuing, Administrative Agent and Lenders shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the UCC and other applicable law, all of which rights and remedies may be exercised without notice to or consent by any Borrower or Guarantor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Administrative Agent and Lenders hereunder, under any of the other Financing Agreements, the UCC or other applicable law, are cumulative, not exclusive and enforceable, in Administrative Agent's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by any Borrower or Guarantor of this Agreement or any of the other Financing Agreements. Subject to Section 12 hereof, Administrative Agent may, and at the direction of the Required Lenders shall, at any time or times, proceed directly against any Borrower or Guarantor to collect the Obligations without prior recourse to the Collateral.

(b) Without limiting the generality of the foregoing, at any time an Event of Default exists or has occurred and is continuing, Administrative Agent may, at its option and shall upon the direction of the Required Lenders, (i) upon notice to Company, accelerate the payment of all Obligations (other than Obligations consisting of Bank Product Debt related to hedging agreements) and demand immediate payment thereof to Administrative Agent for itself and the benefit of Lenders (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), all Obligations shall automatically become immediately due and payable), and (ii) terminate the Commitments whereupon the obligation of each Lender to make any Loan and Issuing Bank to issue any Letter of Credit shall immediately terminate (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), the Commitments and any other obligation of Administrative Agent or a Lender hereunder shall automatically terminate).

(c) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, subject to the terms of the Intercreditor Agreement, Administrative Agent may, in its discretion (i) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (ii) require any Borrower or Guarantor, at Borrowers' expense, to assemble and make available to Administrative Agent any part or all of the Collateral at any place and time designated by Administrative Agent, (iii) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (iv) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose, (v) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Administrative Agent or elsewhere) at such prices or terms as Administrative Agent may deem reasonable, for cash, upon credit or for future delivery, with Administrative Agent having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of any

Borrower or Guarantor, which right or equity of redemption is hereby expressly waived and released by Borrowers and Guarantors and/or (vi) terminate this Agreement. If any of the Collateral is sold or leased by Administrative Agent upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Administrative Agent. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Administrative Agent to Company designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Borrowers and Guarantors waive any other notice. In the event Administrative Agent institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, each Borrower and Guarantor waives the posting of any bond which might otherwise be required. At any time an Event of Default exists or has occurred and is continuing, upon Administrative Agent's request, Borrowers will either, as Administrative Agent shall specify, furnish cash collateral to Issuing Bank to be used to secure and fund the reimbursement obligations to Issuing Bank in connection with any Letter of Credit Obligations or furnish cash collateral to Administrative Agent for the Letter of Credit Obligations. Such cash collateral shall be in the amount equal to one hundred ten (110%) percent of the amount of the Letter of Credit Obligations plus the amount of any fees and expenses payable in connection therewith through the end of the latest expiration date of the Letters of Credit giving rise to such Letter of Credit Obligations. The rights of the Administrative Agent set forth in this clause (c) with respect to the Capital Stock of the Dutch Borrower shall be subject to the terms of the Dutch Deed of Pledge.

(d) At any time or times that an Event of Default exists or has occurred and is continuing, Administrative Agent and Collateral Agent may, in their discretion, enforce the rights of any Borrower or Guarantor against any account debtor, secondary obligor or other obligor in respect of any of the Accounts or other Receivables. Without limiting the generality of the foregoing, Administrative Agent and/or Collateral Agent may, in its discretion, at such time or times (i) notify any or all account debtors, secondary obligors or other obligors in respect thereof that the Receivables have been assigned to Collateral Agent and that Collateral Agent has a security interest therein and Administrative Agent and/or Collateral Agent may direct any or all account debtors, secondary obligors and other obligors to make payment of Receivables directly to Collateral Agent or Administrative Agent, (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Receivables or other obligations included in the Collateral and thereby discharge or release the account debtor or any secondary obligors or other obligors in respect thereof without affecting any of the Obligations, (iii) demand, collect or enforce payment of any Receivables or such other obligations, but without any duty to do so, and Administrative Agent, Collateral Agent and Lenders shall not be liable for any failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and (iv) take whatever other action Administrative Agent or Collateral Agent may deem necessary or desirable for the protection of its interests and the interests of Lenders. At any time that an Event of Default exists or has occurred and is continuing, at Administrative Agent's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Collateral Agent and are payable directly and only to Collateral Agent and Borrowers and Guarantors shall deliver to Administrative Agent such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Administrative Agent may require. In the event any account debtor returns Inventory when an Event of Default exists or has occurred and is continuing, Borrowers shall, upon Administrative Agent's request, hold the returned Inventory in trust for

Collateral Agent, segregate all returned Inventory from all of its other property, dispose of the returned Inventory solely according to Administrative Agent's and Collateral Agent's instructions, and not issue any credits, discounts or allowances with respect thereto without Administrative Agent's prior written consent.

(e) To the extent that applicable law imposes duties on Administrative Agent or Collateral Agent or any Lender to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), each Borrower and Guarantor acknowledges and agrees that it is not commercially unreasonable for Administrative Agent, Collateral Agent or any Lender (i) to fail to incur expenses reasonably deemed significant by Administrative Agent, Collateral Agent or any Lender to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as any Borrower or Guarantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Administrative Agent, Collateral Agent or Lenders against risks of loss, collection or disposition of Collateral or to provide to Administrative Agent, Collateral Agent or Lenders a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Administrative Agent and Collateral Agent in the collection or disposition of any of the Collateral. Each Borrower and Guarantor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Administrative Agent, Collateral Agent or any Lender would not be commercially unreasonable in the exercise by Administrative Agent, Collateral Agent or any Lender of remedies against the Collateral and that other actions or omissions by Administrative Agent, Collateral Agent or any Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to any Borrower or Guarantor or to impose any duties on Administrative Agent, Collateral Agent or Lenders that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

(f) For the purpose of enabling Administrative Agent and Collateral Agent to exercise the rights and remedies hereunder, each Borrower and Guarantor hereby grants to Administrative Agent and Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable at any time an Event of Default shall exist or have occurred and for so long as

the same is continuing) without payment of royalty or other compensation to any Borrower or Guarantor, to use, assign, license or sublicense any of the trademarks, service-marks, trade names, business names, trade styles, designs, logos and other source of business identifiers and other Intellectual Property and general intangibles now owned or hereafter acquired by any Borrower or Guarantor, wherever the same maybe located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(g) At any time an Event of Default exists or has occurred and is continuing, Administrative Agent may apply the cash proceeds of Collateral actually received by Administrative Agent or Collateral Agent from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in accordance with the terms hereof, whether or not then due or may hold such proceeds as cash collateral for the Obligations. Borrowers and Guarantors shall remain liable to Administrative Agent, Collateral Agent and Lenders for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including attorneys' fees and expenses.

(h) Without limiting the foregoing, upon the occurrence and during the continuance of a Default or an Event of Default, (i) Administrative Agent and Lenders may, at Administrative Agent's option, and upon the occurrence of an Event of Default at the direction of the Required Lenders, Administrative Agent and Lenders shall, without notice, cease making Loans or arranging for Letters of Credit or reduce the lending formulas or amounts of Loans and Letters of Credit available to Borrowers and (ii) Administrative Agent may, at its option, establish such Reserves as Administrative Agent determines, without limitation or restriction, notwithstanding anything to the contrary contained herein.

(i) Upon the occurrence and during the continuance of an Event of Default, Administrative Agent and Lenders may, by notice to the Dutch Borrower, require the Dutch Borrower to give a guarantee or security in favour of the Lenders and the Dutch Borrower shall comply with such request.

(j) Notwithstanding any provision to the contrary in any Financing Agreement, foreclosure on any security governed by Canadian law, including the right of pledge over the Capital Stock of Newark Paperboard Products, Ltd. (including allocation of the proceeds) shall take place in accordance with Canadian law and any relevant Security Document. Section 10.2(c) hereof shall not apply to any security governed by Canadian law to the extent not permissible under the applicable Canadian law.

(k) Notwithstanding any provision to the contrary in any Financing Agreement, foreclosure on any security governed by Dutch law, including the right of pledge over the Capital Stock of the Dutch Borrower (including allocation of the proceeds) shall take place in accordance with Dutch law and any relevant Security Document (including the Dutch Deed of Pledge).

SECTION 11. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements (except as otherwise provided therein) and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than New York; provided, however, that, the Dutch Deed of Pledge shall be governed by the laws of the Netherlands.

(b) Borrowers, Guarantors, Administrative Agent, Lenders, Swingline Lender and Issuing Bank irrevocably consent and submit to the non-exclusive jurisdiction of the courts of the State of New York sitting in New York County, New York and the United States District Court of the Southern District of New York, whichever Administrative Agent may elect, and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except, that, Administrative Agent and Lenders shall have the right to bring any action or proceeding against any Borrower or Guarantor or its or their property in the courts of any other jurisdiction which Administrative Agent deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against any Borrower or Guarantor or its or their property).

(c) Each Borrower and Guarantor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Administrative Agent's option, by service upon any Borrower or Guarantor (or Company on behalf of such Borrower or Guarantor) in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, such Borrower or Guarantor shall appear in answer to such process, failing which such Borrower or Guarantor shall be deemed in default and judgment may be entered by Administrative Agent against such Borrower or Guarantor for the amount of the claim and other relief requested; provided, however, that enforcement in a Dutch court of this Agreement and the Dutch Deed of Pledge will be subject to Dutch rules of civil procedure.

(d) BORROWERS, GUARANTORS, AGENT, LENDERS AND ISSUING BANK EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. BORROWERS, GUARANTORS, AGENT, LENDERS AND ISSUING BANK EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND

THAT ANY BORROWER, ANY GUARANTOR, ADMINISTRATIVE AGENT, ANY LENDER OR ISSUING BANK MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Administrative Agent, Lenders, Swingline Lender and Issuing Bank shall not have any liability to any Borrower or Guarantor (whether in tort, contract, equity or otherwise) for losses suffered by such Borrower or Guarantor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Administrative Agent, such Lender, Swingline Lender and Issuing Bank, that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Administrative Agent, Lenders, Swingline Lender and Issuing Bank shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement. Each Borrower and Guarantor: (i) certifies that neither Administrative Agent, any Lender, Swingline Lender, Issuing Bank nor any representative, agent or attorney acting for or on behalf of Administrative Agent, any Lender, Swingline Lender or Issuing Bank has represented, expressly or otherwise, that Administrative Agent, Lenders, Swingline Lender and Issuing Bank would not, in the event of litigation, seek to enforce any of the waivers provided for in this Agreement or any of the other Financing Agreements and (ii) acknowledges that in entering into this Agreement and the other Financing Agreements, Administrative Agent, Lenders, Swingline Lender and Issuing Bank are relying upon, among other things, the waivers and certifications set forth in this Section 11.1 and elsewhere herein and therein.

11.2 Waiver of Notices.

Each Borrower and Guarantor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and chattel paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on any Borrower or Guarantor which Administrative Agent or any Lender may elect to give shall entitle such Borrower or Guarantor to any other or further notice or demand in the same, similar or other circumstances.

11.3 Amendments and Waivers.

(a) Neither this Agreement nor any other Financing Agreement nor any terms hereof or thereof may be amended, waived, discharged or terminated unless such amendment, waiver, discharge or termination is in writing signed by Administrative Agent and the Required Lenders or at Administrative Agent's option, by Administrative Agent with the authorization or consent of the Required Lenders, and as to amendments to any of the Financing Agreements (other than with respect to any provision of Section 12 hereof), by any Borrower and such amendment, waiver, discharger or termination shall be effective and binding as to all Lenders and Issuing Bank only in the specific instance and for the specific purpose for which given; except, that, no such amendment, waiver, discharge or termination shall:

(i) reduce the interest rate or any fees or extend the time of payment of principal, interest or any fees or reduce the principal amount of any Loan or Letters of Credit, in each case without the consent of each Lender directly affected thereby,

(ii) increase the Commitment of any Lender over the amount thereof then in effect or provided hereunder, in each case without the consent of the Lender directly affected thereby,

(iii) release Collateral with a fair market value in excess of $2,000,000 (except as expressly required hereunder or under any of the other Financing Agreements or applicable law and except as permitted under Section 12.11(b) hereof), without the consent of Administrative Agent and all of Lenders,

(iv) release any Borrower or any material Guarantor (as determined by Administrative Agent) from obligations hereunder, without the consent of Administrative Agent and all of the Lenders,

(v) reduce any percentage specified in the definition of Required Lenders, without the consent of Administrative Agent and all of Lenders,

(vi) consent to the assignment or transfer by any Borrower or Guarantor of any of their rights and obligations under this Agreement, without the consent of Administrative Agent and all of Lenders,

(vii) amend, modify or waive any terms of this Section 11.3 hereof, without the consent of Administrative Agent and all of Lenders,

(viii) increase the advance rates constituting part of the U.S. Borrowing Base, increase the Letter of Credit Limit or modify the definitions of Eligible Accounts or Eligible Inventory such that more credit would be available to Borrowers, without the consent of Administrative Agent and all of Lenders,

(ix) amend, modify or waive any requirements of Section 12.8 or 12.11 such that the amount of permitted overadvances or Special Agent Advances may be increased without the consent of Administrative Agent and each Lender,

(x) amend Section 6.4(a) without the consent of Administrative Agent and each Lender, or

(xi) amend, modify or waive any requirements of Section 9.18 without the consent of Administrative Agent and each Lender.

(b) Administrative Agent, Lenders and Issuing Bank shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its or their rights, powers and/or remedies unless such waiver shall be in writing and signed as provided herein. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Administrative Agent, any Lender or Issuing Bank of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which

Administrative Agent, any Lender or Issuing Bank would otherwise have on any future occasion, whether similar in kind or otherwise.

(c) Notwithstanding anything to the contrary contained in Section 11.3(a) above, in connection with any amendment, waiver, discharge or termination, in the event that any Lender whose consent thereto is required shall fail to consent or fail to consent in a timely manner (such Lender being referred to herein as a "Non-Consenting Lender"), but the consent of any other Lenders to such amendment, waiver, discharge or termination that is required are obtained, if any, then Wells Fargo shall have the right, but not the obligation, at any time thereafter, and upon the exercise by Wells Fargo of such right, such Non-Consenting Lender shall have the obligation, to sell, assign and transfer to Wells Fargo or such Eligible Transferee as Wells Fargo may specify, the Commitment of such Non-Consenting Lender and all rights and interests of such Non-Consenting Lender pursuant thereto. Wells Fargo shall provide the Non-Consenting Lender with prior written notice of its intent to exercise its right under this Section, which notice shall specify the date on which such purchase and sale shall occur. Such purchase and sale shall be pursuant to the terms of an Assignment and Acceptance (whether or not executed by the Non-Consenting Lender); except, that, on the date of such purchase and sale, Wells Fargo, or such Eligible Transferee specified by Wells Fargo, shall pay to the Non-Consenting Lender (except as Wells Fargo and such Non-Consenting Lender may otherwise agree) the amount equal to: (i) the principal balance of the Loans held by the Non-Consenting Lender outstanding as of the close of business on the business day immediately preceding the effective date of such purchase and sale, plus (ii) amounts accrued and unpaid in respect of interest and fees payable to the Non-Consenting Lender to the effective date of the purchase, minus (iii) the amount of the closing fee received by the Non-Consenting Lender pursuant to the terms hereof or of any of the other Financing Agreements multiplied by the fraction, the numerator of which is the number of months remaining in the then current term of the Credit Facility and the denominator of which is the number of months in the then current term thereof. Such purchase and sale shall be effective on the date of the payment of such amount to the Non-Consenting Lender and the Commitment of the Non-Consenting Lender shall terminate on such date.

(d) The consent of Administrative Agent shall be required for any amendment, waiver or consent affecting the rights or duties of Administrative Agent hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section and the exercise by Administrative Agent of any of its rights hereunder with respect to Reserves or Eligible Accounts or Eligible Inventory shall not be deemed an amendment to the advance rates provided for in this Section 11.3. The consent of Issuing Bank shall be required for any amendment, waiver or consent affecting the rights or duties of Issuing Bank hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section; provided, that, the consent of Issuing Bank shall not be required for any other amendments, waivers or consents. The consent of Swingline Lender shall be required for any amendment, waiver or consent affecting the rights or duties of Swingline Lender hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section. Notwithstanding anything to the contrary contained in Section 11.3(a) above, (i) in the event that Administrative Agent shall agree that any items otherwise required to be delivered to Administrative Agent as a condition of the initial Loans and Letters of Credit hereunder may be delivered after the date hereof, Administrative Agent may, in its discretion, agree to extend the date for delivery of such items or take such other action as Administrative Agent may deem appropriate as a result of the failure to receive such items as Administrative Agent may determine or may waive

any Event of Default as a result of the failure to receive such items, in each case without the consent of any Lender and (ii) Administrative Agent may consent to any change in the type of organization, jurisdiction of organization or other legal structure of any Borrower, Guarantor or any of their Subsidiaries and amend the terms hereof or of any of the other Financing Agreements as may be necessary or desirable to reflect any such change, in each case without the approval of any Lender.

11.4 Waiver of Counterclaims.

Each Borrower and Guarantor waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other then compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

11.5 Indemnification.

Each Borrower and Guarantor shall, jointly and severally, indemnify and hold Administrative Agent, each Lender, the Arranger and Issuing Bank, and their respective officers, directors, agents, employees, advisors and counsel and their respective Affiliates (each such person being an "Indemnitee"), harmless from and against any and all losses, claims, damages, liabilities, costs or expenses (including attorneys' fees and expenses) imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel; except, that, Borrowers and Guarantors shall not have any obligation under this Section 11.5 to indemnify an Indemnitee with respect to a matter covered hereby resulting from the gross negligence or willful misconduct of such Indemnitee as determined pursuant to a final, non-appealable order of a court of competent jurisdiction (but without limiting the obligations of Borrowers or Guarantors as to any other Indemnitee). To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Borrowers and Guarantors shall pay the maximum portion which it is permitted to pay under applicable law to Administrative Agent and Lenders in satisfaction of indemnified matters under this Section. To the extent permitted by applicable law, no Borrower or Guarantor shall assert, and each Borrower and Guarantor hereby waives, any claim against any Indemnitee, on any theory of liability for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Financing Agreements or any undertaking or transaction contemplated hereby. No Indemnitee referred to above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any of the other Financing Agreements or the transaction contemplated hereby or thereby. All amounts due under this Section shall be payable upon demand. The foregoing indemnity shall survive the payment of the Obligations and the termination of this Agreement.

SECTION 12. THE AGENT

12.1 Appointment, Powers and Immunities.

Each Lender and Issuing Bank irrevocably designates, appoints and authorizes Wells Fargo to act as Administrative Agent and Collateral Agent hereunder and under the other Financing Agreements with such powers as are specifically delegated to Administrative Agent and Collateral Agent, as applicable, by the terms of this Agreement and of the other Financing Agreements, together with such other powers as are reasonably incidental thereto. Administrative Agent and Collateral Agent (a) shall have no duties or responsibilities except those expressly set forth in this Agreement and in the other Financing Agreements, and shall not by reason of this Agreement or any other Financing Agreement be a trustee or fiduciary for any Lender; (b) shall not be responsible to Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any of the other Financing Agreements, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Financing Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Financing Agreement or any other document referred to or provided for herein or therein or for any failure by any Borrower or any Guarantor or any other Person to perform any of its obligations hereunder or thereunder; and (c) shall not be responsible to Lenders for any action taken or omitted to be taken by it hereunder or under any other Financing Agreement or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Administrative Agent may employ agents and attorneys in fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys in fact selected by it in good faith. Administrative Agent may deem and treat the payee of any note as the holder thereof for all purposes hereof unless and until the assignment thereof pursuant to an agreement (if and to the extent permitted herein) in form and substance satisfactory to Administrative Agent shall have been delivered to and acknowledged by Administrative Agent.

12.2 Reliance by Administrative Agent.

Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. As to any matters not expressly provided for by this Agreement or any other Financing Agreement, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Required Lenders or all of Lenders as is required in such circumstance, and such instructions of such Agents and any action taken or failure to act pursuant thereto shall be binding on all Lenders.

12.3 Events of Default.

(a) Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or an Event of Default or other failure of a condition precedent to the Loans and Letters of Credit hereunder, unless and until Administrative Agent has received written notice

from a Lender, or Borrower specifying such Event of Default or any unfulfilled condition precedent, and stating that such notice is a "Notice of Default or Failure of Condition". In the event that Administrative Agent receives such a Notice of Default or Failure of Condition, Administrative Agent shall give prompt notice thereof to the Lenders. Administrative Agent shall (subject to Section 12.7) take such action with respect to any such Event of Default or failure of condition precedent as shall be directed by the Required Lenders to the extent provided for herein; provided, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to or by reason of such Event of Default or failure of condition precedent, as it shall deem advisable in the best interest of Lenders. Without limiting the foregoing, and notwithstanding the existence or occurrence and continuance of an Event of Default or any other failure to satisfy any of the conditions precedent set forth in Section 4 of this Agreement to the contrary, unless and until otherwise directed by the Required Lenders, Administrative Agent may, but shall have no obligation to, continue to make Loans and Issuing Bank may, but shall have no obligation to, issue or cause to be issued any Letter of Credit for the ratable account and risk of Lenders from time to time if Administrative Agent believes making such Loans or issuing or causing to be issued such Letter of Credit is in the best interests of Lenders.

(b) Except with the prior written consent of Administrative Agent, no Lender or Issuing Bank may assert or exercise any enforcement right or remedy in respect of the Loans, Letter of Credit Obligations or other Obligations, as against any Borrower or Guarantor or any of the Collateral or other property of any Borrower or Guarantor.

12.4 Wells Fargo in its Individual Capacity.

With respect to its Commitment and the Loans made and Letters of Credit issued or caused to be issued by it (and any successor acting as Administrative Agent), so long as Wells Fargo shall be a Lender hereunder, it shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Administrative Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Wells Fargo in its individual capacity as Lender hereunder. Wells Fargo (and any successor acting as Administrative Agent) and its Affiliates may (without having to account therefor to any Lender) lend money to, make investments in and generally engage in any kind of business with Borrowers (and any of its Subsidiaries or Affiliates) as if it were not acting as Administrative Agent, and Wells Fargo and its Affiliates may accept fees and other consideration from any Borrower or Guarantor and any of its Subsidiaries and Affiliates for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

12.5 Indemnification.

Lenders agree to indemnify Administrative Agent and Issuing Bank (to the extent not reimbursed by Borrowers hereunder and without limiting any obligations of Borrowers hereunder) ratably, in accordance with their Pro Rata Shares, for any and all claims of any kind and nature whatsoever that may be imposed on, incurred by or asserted against Administrative Agent (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other Financing Agreement or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including the costs

and expenses that Administrative Agent is obligated to pay hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents; provided, that, no Lender shall be liable for any of the foregoing to the extent it arises from the gross negligence or willful misconduct of the party to be indemnified as determined by a final non-appealable judgment of a court of competent jurisdiction. The foregoing indemnity shall survive the payment of the Obligations and the termination of this Agreement.

12.6 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender agrees that it has, independently and without reliance on Administrative Agent or other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrowers and Guarantors and has made its own decision to enter into this Agreement and that it will, independently and without reliance upon Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any of the other Financing Agreements. Administrative Agent shall not be required to keep itself informed as to the performance or observance by any Borrower or Guarantor of any term or provision of this Agreement or any of the other Financing Agreements or any other document referred to or provided for herein or therein or to inspect the properties or books of any Borrower or Guarantor. Administrative Agent will use reasonable efforts to provide Lenders with any information received by Administrative Agent from any Borrower or Guarantor which is required to be provided to Lenders or deemed to be requested by Lenders hereunder and with a copy of any Notice of Default or Failure of Condition received by Administrative Agent from any Borrower or any Lender; provided, that, Administrative Agent shall not be liable to any Lender for any failure to do so, except to the extent that such failure is attributable to Administrative Agent's own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Except for notices, reports and other documents expressly required to be furnished to Lenders by Administrative Agent or deemed requested by Lenders hereunder, Administrative Agent shall not have any duty or responsibility to provide any Lender with any other credit or other information concerning the affairs, financial condition or business of any Borrower or Guarantor that may come into the possession of Administrative Agent.

12.7 Failure to Act.

Except for action expressly required of Administrative Agent hereunder and under the other Financing Agreements, Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from Lenders of their indemnification obligations under Section 12.5 hereof against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

12.8 Additional Loans.

Administrative Agent shall not make any Revolving Loans or Issuing Bank provide any Letter of Credit to any Borrower on behalf of Lenders intentionally and with actual knowledge that such Revolving Loans or Letter of Credit would cause the aggregate Dollar Amount of the total outstanding Loans and Letter of Credit Obligations to exceed the U.S. Borrowing Base, without the prior consent of all Lenders; except, that, Administrative Agent may make such additional Revolving

Loans or Issuing Bank may provide such additional Letter of Credit on behalf of Lenders, intentionally and with actual knowledge that such Revolving Loans or Letter of Credit will cause the total outstanding Loans and Letter of Credit Obligations to exceed the U.S. Borrowing Base, as Administrative Agent may deem necessary or advisable in its discretion; provided, that: (a) the total principal Dollar Amount of the additional Revolving Loans or additional Letters of Credit to any Borrower which Administrative Agent may make or provide after obtaining such actual knowledge that the aggregate principal Dollar Amount of the Loans and Letter of Credit Obligations equal or exceed the U.S. Borrowing Base, plus the amount of Special Administrative Agent Advances made pursuant to Section 12.11(a)(ii) hereof then outstanding, shall not exceed the aggregate amount equal to ten (10%) percent of the Maximum Credit and shall not cause the total principal Dollar Amount of the Loans and Letters of Credit to exceed the Maximum Credit and (b) no such additional Revolving Loan or Letter of Credit shall be outstanding more than ninety (90) days after the date such additional Revolving Loan or Letter of Credit is made or issued (as the case may be), except as the Required Lenders may otherwise agree. Each Lender shall be obligated to pay Administrative Agent the amount of its Pro Rata Share of any such additional Revolving Loans or Letters of Credit.

12.9 Concerning the Collateral and the Related Financing Agreements.

Each Lender authorizes and directs Administrative Agent to enter into this Agreement and the other Financing Agreements. Each Lender agrees that any action taken by Administrative Agent or Required Lenders in accordance with the terms of this Agreement or the other Financing Agreements and the exercise by Administrative Agent or Required Lenders of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

12.10 Field Audit, Examination Reports and other Information; Disclaimer by Lenders.

By signing this Agreement, each Lender: is deemed to have requested that Administrative Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report and report with respect to the U.S. Borrowing Base prepared or received by Administrative Agent (each field audit or examination report and report with respect to the U.S. Borrowing Base being referred to herein as a "Report" and collectively, "Reports"), appraisals with respect to the Collateral and financial statements with respect to Company and its Subsidiaries received by Administrative Agent;

(a) expressly agrees and acknowledges that Administrative Agent (i) does not make any representation or warranty as to the accuracy of any Report, appraisal or financial statement or (ii) shall not be liable for any information contained in any Report, appraisal or financial statement;

(b) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Administrative Agent or any other party performing any audit or examination will inspect only specific information regarding Borrowers and Guarantors and will rely significantly upon Borrowers' and Guarantors' books and records, as well as on representations of Borrowers' and Guarantors' personnel; and

(c) agrees to keep all Reports confidential and strictly for its internal use in accordance with the terms of Section 13.5 hereof, and not to distribute or use any Report in any other manner.

12.11 Collateral Matters.

(a) Administrative Agent may, at its option, from time to time, at any time on or after an Event of Default and for so long as the same is continuing or upon any other failure of a condition precedent to the Loans and Letters of Credit hereunder, make such disbursements and advances ("Special Administrative Agent Advances") which Administrative Agent, in its sole discretion, (i) deems necessary or desirable either to preserve or protect the Collateral or any portion thereof or (ii) to enhance the likelihood or maximize the amount of repayment by Borrowers and Guarantors of the Loans and other Obligations; provided, that, (A) the aggregate principal Dollar Amount of the Special Administrative Agent Advances pursuant to this clause (ii) outstanding at any time, plus the then outstanding principal Dollar Amount of the additional Loans and Letters of Credit which Administrative Agent may make or provide as set forth in Section 12.8 hereof, shall not exceed the amount equal to ten (10%) percent of the Maximum Credit and (B) the aggregate principal Dollar Amount of the Special Administrative Agent Advances pursuant to this clause (ii) outstanding at any time, plus the then outstanding principal Dollar Amount of the Loans, shall not exceed the Maximum Credit, except at Administrative Agent's option; provided, that, to the extent that the aggregate principal amount of Special Administrative Agent Advances plus the then outstanding principal amount of the Loans exceed the Maximum Credit the Special Administrative Agent Advances that are in excess of the Maximum Credit shall be for the sole account and risk of Administrative Agent and notwithstanding anything to the contrary set forth below, no Lender shall have any obligation to provide its share of such Special Administrative Agent Advances in excess of the Maximum Credit, or (iii) to pay any other amount chargeable to any Borrower or Guarantor pursuant to the terms of this Agreement or any of the other Financing Agreements consisting of (A) costs, fees and expenses and (B) payments to Issuing Bank in respect of any Letter of Credit Obligations. The Special Administrative Agent Advances shall be repayable on demand and together with all interest thereon shall constitute Obligations secured by the Collateral. Special Administrative Agent Advances shall not constitute Loans but shall otherwise constitute Obligations hereunder. Interest on Special Administrative Agent Advances shall be payable at the Interest Rate then applicable to Prime Rate Loans and shall be payable on demand. Without limitation of its obligations pursuant to Section 6.11, each Lender agrees that it shall make available to Administrative Agent, upon Administrative Agent's demand, in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Special Administrative Agent Advance. If such funds are not made available to Administrative Agent by such Lender, such Lender shall be deemed a Defaulting Lender and Administrative Agent shall be entitled to recover such funds, on demand from such Lender together with interest thereon for each day from the date such payment was due until the date such amount is paid to Administrative Agent at the Federal Funds Rate for each day during such period (as published by the Federal Reserve Bank of New York or at Administrative Agent's option based on the arithmetic mean determined by Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of the three leading brokers of Federal funds transactions in New York City selected by Administrative Agent) and if such amounts are not paid within three (3) days of Administrative Agent's demand, at the highest Interest Rate provided for in Section 3.1 hereof applicable to Prime Rate Loans.

(b) Lenders hereby irrevocably authorize Administrative Agent and Collateral Agent, at their option and in their discretion to release any security interest in or lien upon, any of the Collateral (i) upon termination of the Commitments and payment and satisfaction of all of the Obligations and delivery of cash collateral to the extent required under Section 13.1 below, or (ii) constituting property being sold or disposed of if Company or any Borrower or Guarantor certifies to Administrative Agent or Collateral Agent that the sale or disposition is made in compliance with Section 9.7 hereof (and Administrative Agent and Collateral Agent may rely conclusively on any such certificate, without further inquiry), or (iii) constituting property in which any Borrower or Guarantor did not own an interest at the time the security interest or lien was granted or at any time thereafter, or (iv) having a value in the aggregate in any twelve (12) month period of less than $500,000, and to the extent Collateral Agent may release its security interest in and lien upon any such Collateral pursuant to the sale or other disposition thereof, such sale or other disposition shall be deemed consented to by Lenders, or (v) if required or permitted under the terms of any of the other Financing Agreements, including any intercreditor agreement, or (vi) approved, authorized or ratified in writing by all of Lenders. Except as provided above, Collateral Agent and Administrative Agent will not release any security interest in or lien upon, any of the Collateral without the prior written authorization of all of Lenders. Upon request by Collateral Agent or Administrative Agent at any time, Lenders will promptly confirm in writing Collateral Agent's or Administrative Agent's authority to release particular types or items of Collateral pursuant to this Section. In no event shall the consent or approval of Issuing Bank to any release of Collateral be required.

(c) Without in any manner limiting Administrative Agent's authority to act without any specific or further authorization or consent by the Required Lenders, each Lender agrees to confirm in writing, upon request by Collateral Agent or Administrative Agent, the authority to release Collateral conferred upon Collateral Agent under this Section. Collateral Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release of the security interest or liens granted to Collateral Agent upon any Collateral to the extent set forth above; provided, that, (i) Collateral Agent shall not be required to execute any such document on terms which, in Collateral Agent's or Administrative Agent's opinion, would expose Collateral Agent or Administrative Agent to liability or create any obligations or entail any consequence other than the release of such security interest or liens without recourse or warranty and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any security interest or lien upon (or obligations of any Borrower or Guarantor in respect of) the Collateral retained by such Borrower or Guarantor.

(d) Neither Collateral Agent nor Administrative Agent shall have any obligation whatsoever to any Lender, Issuing Bank or any other Person to investigate, confirm or assure that the Collateral exists or is owned by any Borrower or Guarantor or is cared for, protected or insured or has been encumbered, or that any particular items of Collateral meet the eligibility criteria applicable in respect of the Loans or Letters of Credit hereunder, or whether any particular reserves are appropriate, or that the liens and security interests granted to Collateral Agent pursuant hereto or any of the Financing Agreements or otherwise have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Collateral Agent or Administrative Agent in this Agreement or in any of the other Financing Agreements, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, subject to the other terms

and conditions contained herein, Collateral Agent and Administrative Agent may act in any manner it may deem appropriate, in its discretion, given Collateral Agent's own interest in the Collateral as a Lender and that neither Collateral Agent nor Administrative Agent shall have any duty or liability whatsoever to any other Lender or Issuing Bank.

12.12 Agency for Perfection.

Each Lender and Issuing Bank hereby appoints Administrative Agent, Collateral Agent, Control Agent and each other Lender and Issuing Bank as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral of Collateral Agent in assets which, in accordance with Article 9 of the UCC can be perfected only by possession (or where the security interest of a secured party with possession has priority over the security interest of another secured party) and Collateral Agent, Administrative Agent, Control Agent and each Lender and Issuing Bank hereby acknowledges that it holds possession of any such Collateral for the benefit of Collateral Agent as secured party. Should any Lender or Issuing Bank obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor shall deliver such Collateral to Collateral Agent or Control Agent or in accordance with Administrative Agent's instructions.

12.13 Successor Administrative Agent.

Administrative Agent may resign as Administrative Agent upon thirty (30) days' notice to Lenders and Company; provided, that, if Administrative Agent resigns, it shall also resign as Collateral Agent and Control Agent (if applicable). If Administrative Agent resigns under this Agreement, the Required Lenders shall appoint a successor agent for Lenders with (so long as no Default or Event of Default has occurred and is continuing) the consent of the Company (such consent not to be unreasonably withheld, delayed or conditioned). If no successor agent is appointed prior to the effective date of the resignation of Administrative Agent, Administrative Agent may appoint, after consulting with Lenders and Company, a successor agent but no Lender shall be required to accept such appointment. Upon the acceptance by a Person as successor agent hereunder, such successor agent shall succeed to all of the rights, powers and duties of the retiring Administrative Agent and Collateral Agent and the terms "Administrative Agent" and "Collateral Agent" as used herein and in the other Financing Agreements shall mean such successor agent and the retiring Administrative Agent's and Collateral Agent's appointment, powers and duties as Administrative Agent and Collateral Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent and Collateral Agent's resignation hereunder as Collateral Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken or omitted by it while it was Administrative Agent or Collateral Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent and Collateral Agent by the date which is thirty (30) days after the date of a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nonetheless thereupon become effective and Lenders shall perform all of the duties of Administrative Agent and Collateral Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. The successor Administrative Agent and Collateral Agent shall execute all documents and take all other actions necessary in connection with the substitution, in accordance with applicable law, of the successor Administrative Agent and Collateral Agent as creditor of the Company's Parallel Debts and as holder of the security created pursuant to the Financing Agreements.

12.14 Other Agent Designations.

Administrative Agent may at any time and from time to time determine that a Lender may, in addition, be a "Co-Administrative Agent", "Syndication Agent", "Documentation Agent", "Collateral Agent", "Control Agent" or similar designation hereunder and enter into an agreement with such Lender to have it so identified for purposes of this Agreement. Any such designation shall be effective upon written notice by Administrative Agent to Company of any such designation. Any Lender that is so designated as a Co-Administrative Agent, Syndication Agent, Documentation Agent, Collateral Agent, Control Agent or such similar designation by Administrative Agent shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any of the other Financing Agreements other than those applicable to all Lenders as such. Without limiting the foregoing, the Lenders so identified shall not have or be deemed to have any fiduciary relationship with any Lender and no Lender shall be deemed to have relied, nor shall any Lender rely, on a Lender so identified as a Co-Administrative Agent, Syndication Agent, Documentation Agent, Collateral Agent, Control Agent or such similar designation in deciding to enter into this Agreement or in taking or not taking action hereunder.

12.15 Intercreditor Agreement.

Each of the Lenders hereby acknowledges that it has received and reviewed the Intercreditor Agreement and agrees to be bound by the terms thereof. Each Lender (and each Person that becomes a Lender hereunder pursuant to Section 13.7) hereby (i) acknowledges that Wells Fargo is acting under the Intercreditor Agreement in multiple capacities as Administrative Agent, CL Administrative Agent and Control Agent and (ii) waives any conflict of interest, now contemplated or arising hereafter, in connection therewith and agrees not to assert against Wells Fargo any claims, causes of action, damages or liabilities of whatever kind or nature relating thereto. Each Lender (and each Person that becomes a Lender hereunder pursuant to Section 13.7) hereby authorizes and directs Wells Fargo to enter into the Intercreditor Agreement on behalf of such Lender and agrees that Wells Fargo, in its various capacities thereunder, may take such actions on its behalf as is contemplated by the terms of the Intercreditor Agreement.

12.16 Parallel Debts and Administrative Agent.

(a) Notwithstanding any provision to the contrary in any Financing Agreement, in relation to the Company's Parallel Debts and any security governed by Dutch law (i) Administrative Agent (or Collateral Agent, as applicable) shall act for itself and not as agent for any lender (but always for the benefit of the Lenders in accordance with the provisions of the Financing Agreements); and (ii) the rights, powers and authorities vested in Administrative Agent (or Collateral Agent, as applicable) pursuant to the Financing Agreements are subject to any restrictions imposed by mandatory Dutch law.

(b) If Collateral Agent resigns in accordance with Section 12.13, the Company shall execute such documents and take all such other action as necessary or (in the opinion of Collateral Agent) desirable in connection with the substitution, in accordance with applicable law, of the successor Collateral Agent as creditor of the Parallel Debts and as beneficiary of any security securing the Parallel Debts.

SECTION 13. TERM OF AGREEMENT; MISCELLANEOUS

13.1 Term.

(a) This Agreement and the other Financing Agreements shall become effective as of the date set forth on the first page hereof and shall mature with all Obligations to be paid and satisfied in full in immediately available funds on the Termination Date. Upon the Termination Date, or earlier if accelerated pursuant to Section 10.2, Borrowers shall pay to Administrative Agent all outstanding and unpaid Obligations and shall furnish cash collateral to Administrative Agent (or at Administrative Agent's option, a letter of credit issued for the account of Borrowers and at Borrowers' expense, in form and substance satisfactory to Administrative Agent, by an issuer reasonably acceptable to Administrative Agent and payable to Administrative Agent as beneficiary) in such amounts as Administrative Agent determines are reasonably necessary to secure Administrative Agent, Lenders and Issuing Bank from loss, cost, damage or expense, including attorneys' fees and expenses, in connection with any contingent Obligations, including issued and outstanding Letter of Credit Obligations and checks or other payments provisionally credited to the Obligations and/or as to which Administrative Agent or any Lender has not yet received final and indefeasible payment and any continuing obligations of Administrative Agent or any Lender pursuant to any Account Control Agreement. The amount of such cash collateral (or letter of credit, as Administrative Agent may determine) as to any Letter of Credit Obligations shall be in the amount equal to one hundred five (105%) percent of the amount of the Letter of Credit Obligations plus the amount of any fees and expenses payable in connection therewith through the end of the latest expiration date of the Letters of Credit giving rise to such Letter of Credit Obligations. Such payments in respect of the Obligations and cash collateral shall be remitted by wire transfer in Federal funds to the Agent Payment Account or such other bank account of Administrative Agent, as Administrative Agent may, in its discretion, designate in writing to Company for such purpose. Interest shall be due until and including the next Business Day, if the amounts so paid by Borrowers to the Agent Payment Account or other bank account designated by Administrative Agent are received in such bank account later than 12:00 noon, Charlotte, North Carolina time.

(b) No termination of the Commitments, this Agreement or any of the other Financing Agreements shall relieve or discharge any Borrower or Guarantor of its respective duties, obligations and covenants under this Agreement or any of the other Financing Agreements until all Obligations (other than contingent indemnification and like Obligations which by the terms thereof are stated to survive termination of the Financing Agreements) have been fully and finally discharged and paid, and Collateral Agent's continuing security interest in the Collateral and the rights and remedies of Administrative Agent, Collateral Agent and Lenders hereunder, under the other Financing Agreements and applicable law, shall remain in effect until all such Obligations have been fully and finally discharged and paid. Accordingly, each Borrower and Guarantor waives any rights it may have under the UCC to demand the filing of termination statements with respect to the Collateral and neither Collateral Agent nor Administrative Agent shall be required to send such termination statements to Borrowers or Guarantors, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all such Obligations paid and satisfied in full in immediately available funds.

13.2 Interpretative Provisions.

All terms used herein which are defined in Article 1, Article 8 or Article 9 of the UCC shall have the meanings given therein unless otherwise defined in this Agreement.

(a) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

(b) All references to any Borrower, Guarantor, Administrative Agent, Collateral Agent and Lenders pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns.

(c) The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(d) The word "including" when used in this Agreement shall mean "including, without limitation" and the word "will" when used in this Agreement shall be construed to have the same meaning and effect as the word "shall".

(e) An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 11.3 or is cured in a manner satisfactory to Administrative Agent, if such Event of Default is capable of being cured as determined by Administrative Agent.

(f) All references to the term "good faith" used herein when applicable to Administrative Agent or any Lender shall mean, notwithstanding anything to the contrary contained herein or in the UCC, honesty in fact in the conduct or transaction concerned. Borrowers and Guarantors shall have the burden of proving any lack of good faith on the part of Administrative Agent or any Lender alleged by any Borrower or Guarantor at any time.

(g) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the financial statements of Company most recently received by Administrative Agent prior to the date hereof. Notwithstanding the foregoing, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards No. 159 (or any similar accounting principle) permitting a Person to value its financial liabilities or Indebtedness at the fair value thereof. Notwithstanding anything to the contrary contained in GAAP or any interpretations or other pronouncements by the Financial Accounting Standards Board or otherwise, the term "unqualified opinion" as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is unqualified and also does not include any explanation, supplemental comment or other comment concerning the ability of the applicable person to continue as a going concern or the scope of the audit.

(h) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including".

(i) Unless otherwise expressly provided herein, (i) references herein to any agreement, document or instrument shall be deemed to include all subsequent amendments, modifications, supplements, extensions, renewals, restatements or replacements with respect thereto, but only to the extent the same are not prohibited by the terms hereof or of any other Financing Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, recodifying, supplementing or interpreting the statute or regulation.

(j) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(k) This Agreement and other Financing Agreements may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(l) This Agreement and the other Financing Agreements are the result of negotiations among and have been reviewed by counsel to Administrative Agent and the other parties, and are the products of all parties. Accordingly, this Agreement and the other Financing Agreements shall not be construed against Administrative Agent or Lenders merely because of Administrative Agent's or any Lender's involvement in their preparation.

13.3 Notices.

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. Notices delivered through electronic communications shall be effective to the extent set forth in Section 13.3(b) below. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

The Company and the other Borrowers and Guarantors:

The Newark Group, Inc.
20 Jackson Drive
Cranford, New Jersey 07016
Attention: Mr. Joseph E. Byrne, Vice President and Chief Financial Officer
Telecopier: (908) 276-2888
Telephone: (908) 276-4000
Email: jbyrne@tngus.com

with a copy to:	Lowenstein Sandler PC 65 Livingston Avenue Roseland, New Jersey07068 Attention: Mr. Daniel J. Barkin Telecopier: (973) 597-2400 Telephone: (973 597-2500 Email: dbarkin@lowenstein.com
The Administrative Agent:	Wells Fargo Bank, National Association, as Administrative Agent 12 East 49th Street New York, New York 10017 Attention: Portfolio Manager Telecopier: (212) 545-4420 Telephone: (212) 545-4535 Email: herb.korn@wellsfargo.com
The Lenders:	The address set forth on each Lender's Administrative Details Form

(b) Notices and other communications to Lenders and Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent or as otherwise determined by Administrative Agent; provided, that, the foregoing shall not apply to notices to any Lender or Issuing Bank pursuant to Section 2 hereof if such Lender or Issuing Bank, as applicable, has notified Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. Unless Administrative Agent otherwise requires, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that, if such notice or other communication is not given during the normal business hours of the recipient, such notice shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communications is available and identifying the website address therefor.

13.4 Partial Invalidity.

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

13.5 Confidentiality.

(a) Administrative Agent, each Lender and Issuing Bank shall use all reasonable efforts to keep confidential, in accordance with its customary procedures for handling confidential information and safe and sound lending practices, any non-public information supplied to it by any Borrower pursuant to this Agreement which is clearly and conspicuously marked as confidential at the time such information is furnished by such Borrower to Administrative Agent, such Lender or Issuing Bank; provided, that, nothing contained herein shall limit the disclosure of any such information: (i) to the extent required by statute, rule, regulation, subpoena or court order, (ii) to bank examiners and other regulators, auditors and/or accountants, in connection with any litigation to which Administrative Agent, such Lender or Issuing Bank is a party, (iii) to any Lender or Participant (or prospective Lender or Participant) or Issuing Bank or to any Affiliate of any Lender so long as such Lender, Participant (or prospective Lender or Participant), Issuing Bank or Affiliate shall have been instructed to treat such information as confidential in accordance with this Section 13.5, or (iv) to counsel for Administrative Agent, any Lender, Participant (or prospective Lender or Participant) or Issuing Bank.

(b) In the event that Administrative Agent, any Lender or Issuing Bank receives a request or demand to disclose any confidential information pursuant to any subpoena or court order, Administrative Agent or such Lender or Issuing Bank, as the case may be, agrees (i) to the extent permitted by applicable law or if permitted by applicable law, to the extent Administrative Agent or such Lender or Issuing Bank determines in good faith that it will not create any risk of liability to Administrative Agent or such Lender or Issuing Bank, Administrative Agent or such Lender or Issuing Bank will promptly notify Company of such request so that Company may seek a protective order or other appropriate relief or remedy and (ii) if disclosure of such information is required, disclose such information and, subject to reimbursement by Borrowers of Administrative Agent's or such Lender's or Issuing Bank's expenses, cooperate with Company in the reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the disclosed information which Company so designates, to the extent permitted by applicable law or if permitted by applicable law, to the extent Administrative Agent or such Lender or Issuing Bank determines in good faith that it will not create any risk of liability to Administrative Agent or such Lender or Issuing Bank.

(c) In no event shall this Section 13.5 or any other provision of this Agreement, any of the other Financing Agreements or applicable law be deemed: (i) to apply to or restrict disclosure of information that has been or is made public by any Borrower, Guarantor or any third party or otherwise becomes generally available to the public other than as a result of a disclosure in violation hereof, (ii) to apply to or restrict disclosure of information that was or becomes available to Administrative Agent, any Lender (or any Affiliate of any Lender) or Issuing Bank on a non-confidential basis from a person other than a Borrower or Guarantor, (iii) to require Administrative Agent, any Lender or Issuing Bank to return any materials furnished by a Borrower or Guarantor to Administrative Agent, a Lender or Issuing Bank or prevent Administrative Agent, a Lender or Issuing Bank from responding to routine informational requests in accordance with the Code of Ethics for the Exchange of Credit Information promulgated by The Robert Morris Associates or other applicable industry standards relating to the exchange of credit information. The obligations of Administrative Agent, Lenders and Issuing Bank under this Section 13.5 shall supersede and replace the obligations of Administrative Agent, Lenders and Issuing Bank under any confidentiality letter signed prior to the date hereof or any other arrangements concerning the confidentiality of information provided by any Borrower or Guarantor to Administrative Agent or any Lender. In

addition, Administrative Agent and Lenders may disclose information relating to the Credit Facility to Gold Sheets and other publications, with such information to consist of deal terms and other information customarily found in such publications and that Wells Fargo may otherwise use the corporate name and logo of Borrowers and Guarantors or deal terms in "tombstones" or other advertisements, public statements or marketing materials.

13.6 Successors.

This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon and inure to the benefit of and be enforceable by Administrative Agent, Lenders, Issuing Bank, Borrowers, Guarantors and their respective successors and assigns; except, that, Borrower may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Administrative Agent and Lenders. Any such purported assignment without such express prior written consent shall be void. No Lender may assign its rights and obligations under this Agreement without the prior written consent of Administrative Agent and the Company, except as provided in Section 13.7 below. The terms and provisions of this Agreement and the other Financing Agreements are for the purpose of defining the relative rights and obligations of Borrowers, Guarantors, Administrative Agent, Lenders and Issuing Bank with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Agreement or any of the other Financing Agreements.

13.7 Assignments; Participations.

(a) Each Lender may, with the prior written consent of Administrative Agent and, so long as there is no Default or Event of Default that has occurred and is continuing (which such approval shall not be unreasonably withheld or delayed), the Company, assign all or, if less than all, a portion equal to at least $5,000,000 in the aggregate for the assigning Lender, of such rights and obligations under this Agreement to one or more Eligible Transferees (but not including for this purpose any assignments in the form of a participation), each of which assignees shall become a party to this Agreement as a Lender by execution of an Assignment and Acceptance; provided, that, (i) such transfer or assignment will not be effective until recorded by Administrative Agent on the Register and (ii) Administrative Agent shall have received for its sole account payment of a processing fee from the assigning Lender or the assignee in the amount of $3,500. Administrative Agent shall maintain a register of the names and addresses of Lenders, their Commitments and the principal amount of their Loans (the "Register"). Administrative Agent shall also maintain a copy of each Assignment and Acceptance delivered to and accepted by it and shall modify the Register to give effect to each Assignment and Acceptance. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and any Borrowers, Guarantors, Administrative Agent and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Company and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and to the other Financing Agreements and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and

obligations (including, without limitation, the obligation to participate in Letter of Credit Obligations) of a Lender hereunder and thereunder and the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement.

(c) By execution and delivery of an Assignment and Acceptance, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any of the other Financing Agreements or the execution, legality, enforceability, genuineness, sufficiency or value of this Agreement or any of the other Financing Agreements furnished pursuant hereto, (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower, Guarantor or any of their Subsidiaries or the performance or observance by any Borrower or Guarantor of any of the Obligations; (iii) such assignee confirms that it has received a copy of this Agreement and the other Financing Agreements, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such assignee will, independently and without reliance upon the assigning Lender, Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Financing Agreements, (v) such assignee appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Financing Agreements as are delegated to Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Financing Agreements are required to be performed by it as a Lender. Administrative Agent and Lenders may furnish any information concerning any Borrower or Guarantor in the possession of Administrative Agent or any Lender from time to time to assignees and Participants.

(d) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement and the other Financing Agreements (including, without limitation, all or a portion of its Commitments and the Loans owing to it and its participation in the Letter of Credit Obligations, without the consent of Administrative Agent or the other Lenders); provided, that, (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) and the other Financing Agreements shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and Borrowers, Guarantors, the other Lenders and Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Financing Agreements, and (iii) the Participant shall not have any rights under this Agreement or any of the other Financing Agreements (the Participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the Participant relating thereto) and all amounts payable by any Borrower or Guarantor hereunder shall be determined as if such Lender had not sold such participation.

(e) Nothing in this Agreement shall prevent or prohibit any Lender from pledging its Loans hereunder to a Federal Reserve Bank in support of borrowings made by such Lenders from such Federal Reserve Bank; provided, that, no such pledge shall release such Lender from any of its obligations hereunder or substitute any such pledgee for such Lender as a party hereto.

(f) Borrowers and Guarantors shall assist Administrative Agent or any Lender permitted to sell assignments or participations under this Section 13.7 in whatever manner reasonably necessary in order to enable or effect any such assignment or participation, including (but not limited to) the execution and delivery of any and all agreements, notes and other documents and instruments as shall be requested and the delivery of informational materials, appraisals or other documents for, and the participation of relevant management in meetings and conference calls with, potential Lenders or Participants. Borrowers shall certify the correctness, completeness and accuracy, in all material respects, of all descriptions of Borrowers and Guarantors and their affairs provided, prepared or reviewed by any Borrower or Guarantor that are contained in any selling materials and all other information provided by it and included in such materials.

(g) Any Lender that is an Issuing Bank may at any time assign all of its Commitments pursuant to this Section 13.7. If such Issuing Bank ceases to be Lender, it may, at its option, resign as Issuing Bank and such Issuing Bank's obligations to issue Letters of Credit shall terminate but it shall retain all of the rights and obligations of Issuing Bank hereunder with respect to Letters of Credit outstanding as of the effective date of its resignation and all Letter of Credit Obligations with respect thereto (including the right to require Lenders to make Revolving Loans or fund risk participations in outstanding Letter of Credit Obligations), shall continue.

13.8 Entire Agreement.

This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

13.9 USA Patriot Act.

Each Lender subject to the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Act") hereby notifies Borrowers and Guarantors that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each person or corporation who opens an account and/or enters into a business relationship with it, which information includes the name and address of Borrowers and Guarantors and other information that will allow such Lender to identify such person in accordance with the Act and any other applicable law. Borrowers and Guarantors are hereby advised that any Loans or Letters of Credit hereunder are subject to satisfactory results of such verification.

13.10 Counterparts, Etc.

This Agreement or any of the other Financing Agreements may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement or any of the other Financing Agreements by telefacsimile or other electronic method of transmission shall have the same force and effect as the delivery of an original executed counterpart of this Agreement or any of such other Financing Agreements. Any party delivering an executed counterpart of any such agreement by telefacsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of such agreement.

13.11 Dutch Obligations.

(a) Notwithstanding anything set forth in this Agreement or any other Financing Agreement to the contrary, the Dutch Borrower shall not at any time be liable, directly or indirectly, for any portion of the Domestic Obligations, including, without limitation, the principal of the Loans or any interest thereon or fees or expenses payable with respect thereto made to any U.S. Borrower (and the U.S. Borrowers and Guarantors are solely liable for such Obligations), and no property of the Dutch Borrower shall at any time serve, directly or indirectly, as Collateral or any other type of collateral or security for any portion of the Domestic Obligations.

(b) Notwithstanding anything in this Agreement or in the other Financing Agreements to the contrary, the parties hereto acknowledge and agree that (i) each of Borrowers, in its capacity as a Borrower hereunder, is jointly and severally liable for the Obligations of the other Borrowers; provided, that, it is acknowledged and agreed that the Company has guaranteed the Obligations of the Dutch Borrower and that the Dutch Borrower has not guaranteed the Domestic Obligations and (ii) the Dutch Borrower shall not be required to repay or prepay, or to guarantee, nor shall any amount paid by the Dutch Borrower be applied to, any Domestic Obligations.

13.12 [Intentionally Omitted].

13.13 Parallel Debts.

(a) Without prejudice to the other provisions of this Agreement and the other Financing Agreements and for the purpose of ensuring the validity and effect of any security right governed by Dutch law and granted or to be granted by the Company pursuant to the Financing Agreements, the Company undertakes, as a separate and independent obligation to Collateral Agent, to pay to Collateral Agent its Parallel Debts.

(b) (i) The Company may not pay its Parallel Debts other than at the instruction of, and in the manner determined by, Collateral Agent. All payments to be made by the Company under the Financing Agreements shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

(ii) Without prejudice to paragraph (i) above, the Company shall be obliged to pay its Parallel Debts (or, if the Company's Underlying Debts are due at different times, amounts of its Parallel Debts corresponding to each such Underlying Debts) only when its Underlying Debts have fallen due.

(c) Any payment made, or amount recovered, in respect of the Company's Parallel Debts shall reduce the Company's Underlying Debts to any Lender by the amount which that Lender is entitled to receive out of that payment or recovery under the Financing Agreement.

(d) Each Parallel Debt is a separate and independent obligation and shall not constitute the Collateral Agent and any Lender as joint creditor of any Underlying Debt.

(e) If (notwithstanding Section 13.13(d)) any Parallel Debt constitutes the Collateral Agent as a joint creditor with any Lender, the Collateral Agent may determine (at its discretion) that that Parallel Debt and one or more other Parallel Debts shall be combined into one single Parallel Debt (a "Combined Parallel Debt"), whereupon those Parallel Debts shall be combined into a Combined Parallel Debt:

(i) the amount of which shall be equal to the aggregate of the amounts of the Underlying Debts combined into it;

(ii) which shall, if the Underlying Debts are expressed in different currencies, be expressed in such of those currencies or Euro as the Collateral Agent my determine (and, for this purpose, each Underlying Debt shall be converted into the current of the Combined Parallel Debt in accordance with Section 6.13);

(iii) which shall, if the Underlying Debts combined into it fall due at different times, fall due in parts corresponding to those Underlying Debts; and

(iv) to which this Agreement shall otherwise apply as if the Combined Parallel Debt were a Parallel Debt.

(f) If any Underlying Debt is avoided or reduced other than (i) as a result of payment to, or recovery or discharge by, the Lender to which the Underlying Debt is owed, or (ii) otherwise with the consent of that Lender, then the amount of the Parallel Debt corresponding to that Underlying Debt shall be equal to the amount which the Underlying Debt would have had if the avoidance or reduction had not occurred.

13.14 Concerning Joint and Several Liability of Borrowers.

(a) Each of U.S. Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each of U.S. Borrowers and in consideration of the undertakings of each of U.S. Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each of U.S. Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other U.S. Borrowers with respect to the payment and performance of all of the Obligations, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the U.S. Borrowers without preferences or distinction among them.

(c) If and to the extent that any of the U.S. Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other U.S. Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The obligations of each U.S. Borrower under the provisions of this Section 13.14 constitute full recourse obligations of such Borrower, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein, each U.S. Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Loan made under this Agreement, notice of occurrence of any Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by any Lender under or in respect of any of the Obligations, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Agreement. Each U.S. Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by any Lender at any time or times in respect of any default by any U.S. Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by any Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any U.S. Borrower. Without limiting the generality of the foregoing, each U.S. Borrower assents to any other action or delay in acting or failure to act on the part of any Lender, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with the applicable laws or regulations thereunder which might, but for the provisions of this Section 13.14, afford grounds for terminating, discharging or relieving such Borrower, in whole or in part, from any of its obligations under this Section 13.14, it being the intention of each U.S. Borrower that, so long as any of the Obligations remain unsatisfied, the obligations of such Borrower under this Section 13.14 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each U.S. Borrower under this Section 13.14 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Borrower or any Lender. The joint and several liability of U.S. Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any Borrower or any Lender.

(f) The provisions of this Section 13.14 are made for the benefit of the Lenders and their respective successors and assigns, and may be enforced by any such Person from time to time against any of the U.S. Borrowers as often as occasion therefor may arise and without requirement on the part of any Lender first to marshal any of its claims or to exercise any of its rights against any of the other U.S. Borrowers or to exhaust any remedies available to it against any of the other U.S. Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy. The provisions of this Section 13.14 shall remain in effect until all the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any

payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by any Lender upon the insolvency, bankruptcy or reorganization of any of the U.S. Borrowers, or otherwise, the provisions of this Section 13.14 will forthwith be reinstated in effect, as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Financing Agreements, to the extent the joint obligations of a Borrower shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each U.S. Borrower hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

(h) U.S. Borrowers hereby agree, as among themselves, that if any U.S. Borrower shall become an Excess Funding Borrower (as defined below), each other U.S. Borrower shall, on demand of such Excess Funding Borrower (but subject to the next sentence hereof and to subsection (B) below), pay to such Excess Funding Borrower an amount equal to such Borrower's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, assets, liabilities and debts of such Excess Funding Borrower) of such Excess Payment (as defined below). The payment obligation of any U.S. Borrower to any Excess Funding Borrower under this Section 13.14(h) shall be subordinate and subject in right of payment to the prior payment in full of the Obligations of such Borrower under the other provisions of this Agreement, and such Excess Funding Borrower shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such Obligations. For purposes hereof, (i) "Excess Funding Borrower" shall mean, in respect of any Obligations arising under the other provisions of this Credit Agreement (hereafter, the "Joint Obligations"), a U.S. Borrower that has paid an amount in excess of its Pro Rata Share of the Joint Obligations; (ii) "Excess Payment" shall mean, in respect of any Joint Obligations, the amount paid by an Excess Funding Borrower in excess of its Pro Rata Share of such Joint Obligations; and (iii) "Pro Rata Share", for the purposes of this Section 13.14(h) only, shall mean, for any U.S. Borrower, the ratio (expressed as a percentage) of (A) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Borrower (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Borrower hereunder) to (B) the amount by which the aggregate present fair salable value of all assets and other properties of such Borrower and all of the other U.S. Borrowers exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Borrower and the other U.S. Borrowers hereunder) of such Borrower and all of the other U.S. Borrowers, all as of the Closing Date (if any Borrower becomes a party hereto subsequent to the Closing Date, then for the purposes of this Section 13.14(h) such subsequent Borrower shall be deemed to have been a Borrower as of the Closing Date and the information pertaining to, and only pertaining to, such Borrower as of the date such Borrower became a Borrower shall be deemed true as of the Closing Date).

13.15 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Financing Agreement in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures Administrative

Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrowers in respect of any such sum due from it to Administrative Agent or any Lender hereunder or under the other Financing Agreements shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by Administrative Agent or such Lender of any sum adjudged to be so due in the Judgment Currency, Administrative Agent or such Lender may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Administrative Agent or such Lender in the Agreement Currency, Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify Administrative Agent or such Lender or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Administrative Agent or such Lender in such currency, Administrative Agent or such Lender agrees to return the amount of any excess to Borrowers (or to any other Person who may be entitled thereto under applicable law).

SECTION 14. GUARANTY OF U.S. OBLIGATIONS

14.1 The Domestic Guaranty.

In order to induce the Lenders to enter into this Agreement with the Company or any of its Domestic Subsidiaries and to extend credit hereunder, and in recognition of the direct benefits to be received by Guarantors from the Revolving Loans hereunder, each of the Guarantors hereby agrees with Administrative Agent and the Lenders as follows: each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the U.S. Borrowers to Administrative Agent, and the Lenders. If any or all of the indebtedness of the U.S. Borrowers to Administrative Agent and the Lenders becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to Administrative Agent and the Lenders, or order, on demand, together with any and all reasonable expenses which may be incurred by Administrative Agent, or the Lenders in collecting any of the indebtedness. The word "indebtedness" is used in this Section 14 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the U.S. Borrowers, including all U.S. Obligations, arising in connection with this Agreement, or the other Financing Agreements, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the U.S. Borrowers may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable. The Domestic Guaranty set forth in this Section 14 is a guaranty of timely payment and not of collection.

Notwithstanding any provision to the contrary contained herein or in any other of the Financing Agreements, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or

federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

14.2 Bankruptcy.

Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all indebtedness of the U.S. Borrowers to the Lenders whether or not due or payable by the U.S. Borrowers upon the occurrence of any of the events specified in Section 10.1(g) or (h), and unconditionally promises to pay such indebtedness to Administrative Agent for the account of the Lenders, or order, on demand when due, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the U.S. Borrowers or a Guarantor shall make a payment or a transfer of an interest in any property to Administrative Agent, or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to a U.S. Borrower or a Guarantor, the estate of a U.S. Borrower or a Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

14.3 Nature of Liability.

The liability of each Guarantor hereunder is exclusive and independent of any security for or other Domestic Guaranty of the indebtedness of the U.S. Borrowers whether executed by any such Guarantor, any other Guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by any U.S. Borrower or by any other party, (b) any other continuing or other Domestic Guaranty, undertaking or maximum liability of a Guarantor or of any other party as to the indebtedness of the U.S. Borrowers, (c) any payment on or in reduction of any such other Domestic Guaranty or undertaking, (d) any dissolution, termination or increase, decrease or change in personnel by any U.S. Borrower, or (e) any payment made to Administrative Agent, or any Lenders on the indebtedness which Administrative Agent, or such repay the U.S. Borrowers pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

14.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the U.S. Borrowers, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the U.S. Borrowers and whether or not any other Guarantor or any U.S. Borrower is joined in any such action or actions.

14.5 Authorization.

Each of the Guarantors authorizes Administrative Agent, and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend,

increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of the Domestic Guaranty or the indebtedness and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, the U.S. Borrowers or other obligors.

14.6 Reliance.

It is not necessary for Administrative Agent, or the Lenders to inquire into the capacity or powers of any U.S. Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

14.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require Administrative Agent, or any Lender to (i) proceed against any U.S. Borrower, any other Guarantor or any other party, (ii) proceed against or exhaust any security held from any U.S. Borrower, any other Guarantor or any other party, or (iii) pursue any other remedy in Administrative Agent's, or any Lender's power whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of any U.S. Borrower, any other Guarantor or any other party other than payment in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of any U.S. Borrower, any other Guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of any U.S. Borrower other than payment in full of the indebtedness. Administrative Agent or any of the Lenders may, at their election, exercise any right or remedy Administrative Agent and any Lender may have against any U.S. Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the indebtedness has been paid. Each of the Guarantors waives any defense arising out of any such election by Administrative Agent and each of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Guarantors against any U.S. Borrower or any other party.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of the Domestic Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of the Domestic Guaranty (whether

contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Lenders against any U.S. Borrower or any other Guarantor of the indebtedness of any U.S. Borrower owing to the Lenders (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of the Domestic Guaranty until such time as the Loans hereunder shall have been paid and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which Administrative Agent, or the Lenders now has or may hereafter have against any Other Party, any endorser or any other Guarantor of all or any part of the indebtedness of any U.S. Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to secure payment of the indebtedness of any U.S. Borrower until such time as the Loans hereunder shall have been paid and the Commitments have been terminated.

14.8 Limitation on Enforcement.

The Lenders agree that this Domestic Guaranty may be enforced only by the action of Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce the Domestic Guaranty, it being understood and agreed that such rights and remedies may be exercised by Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this Domestic Guaranty may not be enforced against any director, officer, employee or stockholder of Guarantors.

14.9 Confirmation of Payment.

Administrative Agent and the Lenders will, upon request after payment in cash in full of the indebtedness and obligations which are the subject of the Domestic Guaranty and termination of the Commitments relating thereto, confirm to the U.S. Borrowers, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated.

SECTION 15. GUARANTY OF THE DUTCH BORROWER OBLIGATIONS

15.1 The DO Guaranty.

In order to induce the Lenders to enter into this Agreement with the Dutch Borrower or any of its Subsidiaries and to extend credit hereunder and thereunder, and in recognition of the direct benefits to be received by the DO Guarantors from the Loans made to the Dutch Borrower hereunder, each of the DO Guarantors hereby agrees with Administrative Agent and the Lenders as follows: each DO Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the Dutch Borrower to Administrative Agent, and the Lenders. If any or all of the indebtedness of the Dutch Borrower to Administrative Agent and the Lenders becomes due and payable hereunder, each DO Guarantor unconditionally promises to pay such indebtedness to Administrative Agent and the Lenders, or order, on demand, together with any and all reasonable expenses which may be incurred by Administrative Agent, or the Lenders in collecting any of the indebtedness. The word

"indebtedness" is used in this Section 15 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Dutch Borrower, including all Obligations of the Dutch Borrower, arising in connection with this Agreement, or the other Financing Agreements, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Dutch Borrower may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable. The DO Guaranty set forth in this Section 15 is a guaranty of timely payment and not of collection.

15.2 Bankruptcy.

Additionally, each of the DO Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all indebtedness of the Dutch Borrower to the Lenders whether or not due or payable by the Dutch Borrower upon the occurrence of any of the events specified in Section 10.1(g) or (h), and unconditionally promises to pay such indebtedness to Administrative Agent for the account of the Lenders, or order, on demand when due, in lawful money of the United States. Each of the DO Guarantors further agrees that to the extent that the Dutch Borrower or a DO Guarantor shall make a payment or a transfer of an interest in any property to Administrative Agent, or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Dutch Borrower or a DO Guarantor, the estate of the Dutch Borrower or a DO Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

15.3 Nature of Liability.

The liability of each DO Guarantor hereunder is exclusive and independent of any security for or other DO Guaranty of the indebtedness of the Dutch Borrower whether executed by any such DO Guarantor, any other DO Guarantor or by any other party, and no DO Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Dutch Borrower or by any other party, (b) any other continuing or other DO Guaranty, undertaking or maximum liability of a DO Guarantor or of any other party as to the indebtedness of the Dutch Borrower, (c) any payment on or in reduction of any such other DO Guaranty or undertaking, (d) any dissolution, termination or increase, decrease or change in personnel by the Dutch Borrower, or (e) any payment made to Administrative Agent, or the Lenders on the indebtedness which Administrative Agent, such Lenders repay the Dutch Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the DO Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

15.4 Independent Obligation.

The obligations of each DO Guarantor hereunder are independent of the obligations of any other DO Guarantor or the Dutch Borrower, and a separate action or actions may be brought and prosecuted against each DO Guarantor whether or not action is brought against any other DO Guarantor or the Dutch Borrower and whether or not any other DO Guarantor or the Dutch Borrower is joined in any such action or actions.

15.5 Authorization.

Each of the DO Guarantors authorizes Administrative Agent, and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any DO Guarantor or any other party for the payment of the DO Guaranty or the indebtedness and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, DO Guarantors, the Dutch Borrower or other obligors.

15.6 Reliance.

It is not necessary for Administrative Agent, or the Lenders to inquire into the capacity or powers of the Dutch Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

15.7 Waiver.

(a) Each of the DO Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require Administrative Agent, or any Lender to (i) proceed against the Dutch Borrower, any other DO Guarantor or any other party, (ii) proceed against or exhaust any security held from the Dutch Borrower, any other DO Guarantor or any other party, or (iii) pursue any other remedy in Administrative Agent's, or any Lender's power whatsoever. Each of the DO Guarantors waives any defense based on or arising out of any defense of the Dutch Borrower, any other DO Guarantor or any other party other than payment in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of the Dutch Borrower, any other DO Guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of the Dutch Borrower other than payment in full of the indebtedness. Administrative Agent or any of the Lenders may, at their election, exercise any right or remedy Administrative Agent and any Lender may have against the Dutch Borrower or any other party, or any security, without affecting or impairing in any way the liability of any DO Guarantor hereunder except to the extent the indebtedness has been paid. Each of the DO Guarantors waives any defense arising out of any such election by Administrative Agent and each of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the DO Guarantors against the Dutch Borrower or any other party.

(b) Each of the DO Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of the DO Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each DO Guarantor assumes all responsibility for being and keeping itself informed of the Dutch Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which such DO Guarantor assumes and incurs hereunder, and agrees that neither Administrative Agent nor any Lender shall have any duty to advise such DO Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the DO Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of the DO Guaranty (whether contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Lenders against the Dutch Borrower or any other DO Guarantor of the indebtedness of the Dutch Borrower owing to the Lenders (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of the DO Guaranty until such time as the Loans hereunder shall have been paid and the Commitments have been terminated. Each of the DO Guarantors hereby further agrees not to exercise any right to enforce any other remedy which Administrative Agent, or the Lenders now have or may hereafter have against any Other Party, any endorser or any other DO Guarantor of all or any part of the indebtedness of the Dutch Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to secure payment of the indebtedness of the Dutch Borrower until such time as the Loans hereunder shall have been paid and the Commitments have been terminated.

15.8 Limitation on Enforcement.

The Lenders agree that this DO Guaranty may be enforced only by the action of Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce the DO Guaranty, it being understood and agreed that such rights and remedies may be exercised by Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this DO Guaranty may not be enforced against any director, officer, employee or stockholder of the DO Guarantors.

15.9 Confirmation of Payment.

Administrative Agent and the Lenders will, upon request after payment in cash in full of the indebtedness and obligations which are the subject of the DO Guaranty and termination of the Commitments relating thereto, confirm to the Dutch Borrower, the DO Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated.

SECTION 16. ACKNOWLEDGMENT AND RESTATEMENT

16.1 Existing Obligations.

Borrowers hereby acknowledge, confirm and agree that Borrowers are indebted to Administrative Agent and Lenders for: (a) Loans and advances to Borrowers under the Existing

Loan Agreement, as of the close of business on [_____ __, 20__], in the aggregate principal amount of $[_____] and (b) Letter of Credit Accommodations (as defined in the Existing Loan Agreement) incurred at the request or for the benefit of Borrowers in the aggregate principal amount of $[_____], together with all interest accrued and accruing thereon (to the extent applicable), and all fees, costs, expenses and other charges relating thereto, all of which are unconditionally owing by Borrowers to Administrative Agent and Lenders, without offset, defense or counterclaim of any kind, nature or description whatsoever.

16.2 Acknowledgment of Security Interests.

Borrowers and Guarantors hereby acknowledge, confirm and agree that Collateral Agent, for itself and the benefit of the other Secured Parties, has and shall continue to have a security interest in and lien upon the Collateral heretofore granted to Collateral Agent pursuant to the Existing Loan Documents to secure the Obligations, as well as any Collateral granted under this Agreement or under any of the other Financing Agreements or otherwise granted to or held by Collateral Agent or any Lender. The liens and security interests of Collateral Agent, for itself and the benefit of the other Secured Parties, in the Collateral shall be deemed to be continuously granted and perfected from the earliest date of the granting and perfection of such liens and security interests, whether under the Existing Loan Documents, this Agreement or any other Financing Agreements.

16.3 Existing Loan Agreement.

Borrowers and Guarantors hereby acknowledge, confirm and agree that: (a) the Existing Loan Documents have been duly executed and delivered by Borrowers and Guarantors and are in full force and effect as of the date hereof and (b) the agreements and obligations of Borrowers and Guarantors contained in the Existing Loan Documents constitute the legal, valid and binding obligations of Borrowers and Guarantors enforceable against them in accordance with their respect terms and Borrowers and Guarantors have no valid defense to the enforcement of such obligations and (c) Agent and Lenders are entitled to all of the rights and remedies provided for in the Existing Loan Documents.

16.4 Restatement.

(a) Except as otherwise stated in Section 16.2 hereof and this Section 16.4, as of the date hereof, the terms, conditions, agreements, covenants, representations and warranties set forth in the Existing Loan Documents are hereby amended and restated in their entirety, and as so amended and restated, replaced and superseded, by the terms, conditions, agreements, covenants, representations and warranties set forth in this Agreement and the other Financing Agreements; except, that, nothing herein or in the other Financing Agreements shall impair or adversely affect the continuation of the liability of Borrowers and Guarantors for the Obligations heretofore incurred (whether during the Chapter 11 Case as predecessors to Borrowers and Guarantors) and the security interests, liens and other interests in the Collateral heretofore granted, pledged and/or assigned by Borrowers and Guarantors (including during the Chapter 11 Case as predecessors to Borrowers or Guarantors or otherwise) to Collateral Agent or any Secured Party. The amendment and restatement contained herein shall not, in any manner, be construed to constitute payment of, or impair, limit, cancel or extinguish, or constitute a novation in respect of, the Indebtedness and other obligations and liabilities of Borrowers and Guarantors evidenced by or arising under the Existing

Loan Documents, and the liens and security interests securing such Indebtedness and other obligations and liabilities, which shall not in any manner be impaired, limited, terminated, waived or released.

(b) The principal amount of the Loans and Letter of Credit Accommodations outstanding as of the date hereof under the Existing Loan Agreement, if any, shall be allocated to the Loans and Letters of Credit hereunder in such manner and in such amounts as Administrative Agent shall determine.

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IN WITNESS WHEREOF, Administrative Agent, Collateral Agent, Control Agent, Lenders, Borrowers and Guarantors have caused these presents to be duly executed as of the day and year first above written.

COMPANY:

THE NEWARK GROUP, INC.,
a New Jersey corporation

By: _____
Name: Joseph E. Byrne
Title: Vice President, Chief Financial Officer and Assistant Treasurer

DUTCH BORROWER:

NEWARK GROUP INTERNATIONAL B.V.,

By: Trust International Management (T.I.M.) B.V., its Managing Director

By: _____
Name: _____
Title: _____

GUARANTORS:

NP COGEN, INC.,
a California corporation

By: _____
Name: Joseph E. Byrne
Title: Vice President, Chief Financial Officer and Assistant Treasurer

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

AGENTS AND LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Collateral Agent, Control Agent, Swingline Lender and a Lender

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF TRANCHE A PROMISSORY NOTE

THIS TRANCHE A SUBORDINATED UNSECURED PROMISSORY NOTE (THE "PROMISSORY NOTE") HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THIS PROMISSORY NOTE MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, HYPOTHECATED OR OFFERED FOR SALE EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR A VALID EXEMPTION THEREFROM.

TRANCHE A SUBORDINATED UNSECURED PROMISSORY NOTE

$800,000

New York, NY
[redacted], 2010

1. Promise to Pay. For value received, The Newark Group, Inc. ("Payor"), hereby promises to pay to the order of Frederick G. Von Zuben ("Payee") the principal sum of EIGHT HUNDRED THOUSAND DOLLARS ("Initial Principal Balance") at Maturity, together with interest to Payee at the per annum rate (based on actual days elapsed and a 365-day year) of the prime rate of interest as in effect from time to time as published on each Quarterly Payment Date (as defined below) in the "Money Rates" column of The Wall Street Journal (the "Base Rate") on the unpaid balance of the principal sum of each quarterly principal installment payment date, which shall occur on January 31, April 30, July 31 and October 31 (each, a "Quarterly Payment Date") of each calendar year until payment in full of the outstanding obligations hereunder (including any interest accruing after the occurrence and during the pendency of a Bankruptcy Event (as defined below)). Interest on any installments that are due and not paid in accordance with the terms of this Promissory Note shall accrue at a rate equal to the Base Rate plus two percent (2.0%) per annum.

2. Maturity. "Maturity" shall mean the 16th Quarterly Payment Date after the date hereof, as the same may be accelerated after the occurrence and during the continuance of a Default (as defined below).

3. Place and Manner of Payment. All payments of principal and interest owing hereon shall be payable in lawful money of the United States of America at the principal office of Payor, 20 Jackson Drive, Cranford, New Jersey, or by check mailed to the address designated by Payee by written notice to Payor or, if so requested by Payee, by wire transfer to an account designated by Payee to Payor in writing from time to time.

4. Amortization. On each Quarterly Payment Date commencing on [redacted][1], 2010, one-sixteenth of the outstanding principal amount under this Promissory Note shall be due and payable.

5. Prepayment.

[1] Date will be the Quarterly Payment Date after the Effective Date.

(a) Mandatory Prepayment upon Prepayment of the Tranche B Promissory Note. The outstanding principal amount under this Promissory Note plus the accrued and unpaid interest, computed as set forth in Section 1, shall be due and payable upon prepayment of the Tranche B Subordinated Unsecured Accreting Promissory Note made by Payor to Payee of even date herewith.

(b) Mandatory Prepayment upon Change of Control. The outstanding principal amount under this Promissory Note plus the accrued and unpaid interest, computed as set forth in Section 1, shall be due and payable upon the occurrence of a Change of Control. For purposes of this Section 5(b), "Change of Control" means the acquisition, after the date hereof, of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) (in such capacity, the "Acquiring Entity"), of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Payor; provided, however, that a Change of Control shall not be deemed to have occurred if (i) after giving effect to such acquisition and any incurrence and repayment in connection therewith of indebtedness that is recourse to Payor (or to any Successor Obligor (as defined below), the ratio of Pro Forma Consolidated Senior Obligations (as defined below) to Pro Forma Consolidated EBITDA (as defined below) is less than or equal to 4.25 to 1.0 or (ii) the Acquiring Entity is an entity identified as a Designated Holder in the ABL Facility as in effect on the date of this Promissory Note.

(c) Optional Prepayment. This Promissory Note may be prepaid in whole or in part, at any time (except as set forth in Section 5(d)), without premium or penalty, and shall be accompanied by accrued and unpaid interest in respect of the principal being prepaid, computed as set forth in Section 1. If prepaid in part, such prepayment of principal will be applied proportionately to all remaining payments required to be made under Section 3.

(d) No Prepayment within Taxable Year. No optional prepayment may be made without Payee's consent during the taxable year of Payee within which this Promissory Note is delivered to Payee.

6. Subordination. Payee, by acceptance of this Promissory Note, for himself and his heirs, legatees, legal representatives and assigns, acknowledges, covenants and agrees that:

(a) Senior Obligations. The payment, from whatever source, of the principal of, and interest on, this Promissory Note and any other obligations of Payor hereunder (collectively, the "Subordinated Obligations"), are hereby expressly made subordinate and subject in right of payment to the prior payment in full in cash of the ABL Obligations, the Term Loan Obligations and Other Permitted Senior Obligations (each as defined below) (collectively, the "Senior Obligations"), on the terms and conditions specified in this Section 6. Such terms and conditions shall be for the benefit of, and enforceable directly against Payor and Payee by the Senior Agents (as defined below) and any holder from time to time of Senior Obligations.

(b) No Payment of Promissory Note. In the event that any event of default (x) shall have occurred and be continuing or (y), but for the giving of any notice, the lapse of time, or both, or any other condition to any event of default with respect thereto, would have occurred and be continuing or (z) will occur after giving effect to any such payment, with respect to any Senior Obligation, then no payment on account of any obligations under or in respect of this Promissory Note or any judgment with respect thereto (and no payment on account of the purchase or redemption or other acquisition of this Promissory Note) shall be made by or on behalf of Payor unless and until all Senior Obligations shall have been repaid in full. In the event that, Payee shall have received any payment prohibited by the foregoing provision of this Section 6(b), including any such payment arising out of the exercise by Payee of a right

of set off or counterclaim and any such payment received by reason of other indebtedness of Payor being subordinated to the obligations under this Promissory Note, then, and in any such event, such payment shall be held by Payee in trust for the benefit of the holders of Senior Obligations, and shall be immediately paid over or delivered to Payor to be held in trust for the benefit of the holders of Senior Obligations as their interests may then appear.

(c) Payment of Proceeds in a Bankruptcy Proceeding. In the event of any Bankruptcy Event (as defined below) with respect to Payor or a Successor Obligor:

(i) any and all holders of Senior Obligations shall be entitled to receive payment in full in cash of all amounts due or to become due on or in respect of any and all Senior Obligations, or provision shall be made for such payment, before Payee shall be entitled to receive any payment on account of any amounts due or payable under or in respect of this Promissory Note;

(ii) any payment or distribution of assets of Payor or such Successor Obligor of any kind or character, whether in cash, property or securities other than distributions to Payee in the form of Permitted Reorganization Securities (as defined below), by set off or otherwise, to which Payee would be entitled but for the provisions of this Section 6, including any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of Payor being subordinated to the payment of the Subordinated Obligations, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of the Senior Obligations as their interests may then appear after giving effect to any concurrent payment or distribution to holders of Senior Obligations; and

(iii) in the event that, notwithstanding the foregoing provisions of this Section 6(c), Payee shall have received, before all Senior Obligations are paid in full in cash or payment thereof provided for, any such payment or distribution of assets of Payor of any kind or character, whether in cash, property or securities, including any such payment or distribution arising out of the exercise by Payee of a right of set off or counterclaim and any such payment or distribution received by reason of any other indebtedness of Payor being subordinated to the obligations under this Promissory Note, then, and in such event, such payment or distribution shall be held by Payee in trust for the benefit of the holders of Senior Obligations, and shall be immediately paid over or delivered to Payor to be held in trust for the benefit of the holders of Senior Obligations, as their interests may then appear after giving effect to any concurrent payment or distribution to holders of Senior Obligations.

As used herein, the term "Permitted Reorganization Securities" means any (a) unsecured debt securities issued in substitution of or exchange for all or any portion of the Subordinated Obligations that are subordinated in right of payment, performance and otherwise to the Senior Obligations to at least the same extent that the Subordinated Obligations are subordinated to the Senior Obligations pursuant to the terms of this Promissory Note, or (b) equity securities issued in substitution of or exchange for all or any portion of the Subordinated Obligations, provided, that if such equity securities provide for mandatory redemption or mandatory dividend or distribution payments, the making and payment thereof shall be subordinated to the Senior Obligations to at least the same extent that the Subordinated Obligations are subordinated to the Senior Obligations pursuant to the terms of this Promissory Note.

(d) If No Default. Nothing contained in this Section 6 shall impair or affect the obligation of Payor to make (or prevent Payor from making or Payee from receiving) regularly scheduled payments of principal of, or interest or other amounts in respect of, the obligations under this Promissory Note as and

when the same become due and payable or shall prevent Payee, upon a Default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law, including the right to proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, except upon the occurrence and during the continuance of a Bankruptcy Event or under the conditions described in Section 6(b) or Section 6(f).

(e) No Waiver of Subordination Provisions. No right of any present or future holder of any Senior Obligation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Payor or by any act or failure to act, in good faith, by such holder, or by any noncompliance by Payor with the terms, provisions and covenants of this Section 6, regardless of any knowledge thereof such holder may have or be otherwise charged with. Without limiting the foregoing, any Senior Agent or the holder of Senior Obligations may, without the consent of or notice to Payee, without incurring any responsibility to Payee and without impairing or releasing the obligations of Payor under such Senior Obligations or this Promissory Note:

(i) change the manner, place or terms of payment, or change or extend the time of payment of, or amend, restate, modify, replace, substitute, extend, renew or refinance any Senior Obligations;

(ii) sell, exchange, release, or otherwise deal with any property by whomsoever at any time pledged or mortgaged to secure any Senior Obligations;

(iii) release any person liable in any manner for the payment or collection of any Senior Obligations;

(iv) exercise or refrain from exercising any rights against Payor or any other person liable in any manner for payment or collection of any Senior Obligations; and

(v) apply any sum by whomsoever paid or however realized to the Senior Obligations in any manner or order determined by the Senior Agents.

(f) Certain Limitations on Actions by Payee. Payee shall not, without the prior written consent of the Senior Agents in their sole discretion,

(i) seek to collect from any of the property of Payor securing amounts due under any Senior Obligations (by self-help or judicial or non-judicial action) upon a Default by Payor under this Promissory Note;

(ii) initiate or prosecute or encourage any other person to initiate or prosecute any claim, action or other proceeding challenging the enforceability of the Senior Obligations, challenging the enforceability of any liens securing the Senior Obligations or asserting any claims which Payor may hold with respect to the Senior Agents or holders of any Senior Obligations; or

(iii) sell, or otherwise transfer, release, realize upon or enforce, or otherwise take action against or deal with any property Payor securing amounts due under the Senior Obligations;

provided that, Payee shall, at the reasonable written direction and expense of the Senior Agents (provided that such expense reimbursement shall be the sole responsibility of the Senior Agents giving such direction and shall be limited to reasonable out-of-pocket costs and expenses incurred by Payee in complying with such direction), take any of the actions set forth above in clauses (i), (ii) or (iii); provided

further that if Payor fails to make any payment that it is permitted to make under this Promissory Note (including Section 6 of this Promissory Note) (x) Payee may institute an action to enforce this Promissory Note no sooner than one hundred twenty (120) days after the occurrence of a Default so long as no default under any Senior Obligations then exists and is continuing and (ii) if any bankruptcy or insolvency proceeding is commenced by or against Payor, Payee may file proofs of claim in Payee's own name and assert and perfect payee's rights under this Promissory Note subject to the provisions of Section 6(c) hereof.

(g) Subrogation. Until the payment in full of all Senior Obligations, Payee hereby waives any and all rights of subrogation, reimbursement, indemnity, or otherwise, whether arising by contract or operation of law (including any such rights arising under any bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity)) or otherwise by reason of any payment to the Senior Agents pursuant to the provisions hereof. After the payment in full of all of the Senior Obligations, and prior to repayment in full of this Promissory Note, Payee shall, to the extent permitted by law (including bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity)), be subrogated to the rights of the Senior Agents to the extent that distributions otherwise payable to Payee have been applied to the payment of the Senior Obligations in accordance with the provisions of this Promissory Note.

(h) No Amendment. For so long as any Senior Obligations are outstanding, this Section 6 may not be amended without the written consent of each of the Senior Agents.

7. Representation and Warranty of Payor. Payor hereby represents and warrants to Payee that Payor's obligations under this Promissory Note constitute its legal, valid and binding obligations, enforceable in accordance with its respective terms.

8. Default. The outstanding principal amount of this Promissory Note shall, at the option of and after notice by Payee in accordance with Section 11, become due and payable, (a) upon the failure of Payor to pay any amount due hereunder in accordance with the terms of this Promissory Note, which failure continues for a period of 30 days after notice in accordance with Section 11 of such failure or (b) upon the occurrence of a Bankruptcy Event (either, a "Default").

9. Waiver. No failure on the part of Payor or Payee to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Promissory Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Promissory Note preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. Certain Definitions. As used in this Promissory Note, the following terms shall have the following respective meanings:

"ABL Agent" means Wachovia Bank, National Association, in its capacity as administrative agent and collateral agent under the ABL Facility, and its successors and assigns in such capacity.

"ABL Obligations" means all obligations of Payor or a Successor Obligor under (a) that certain Amended and Restated Loan and Security Agreement dated as of [redacted], 2010 by and among Payor,

Newark Group International B.V., a private company with limited liability with its corporate seat in Amsterdam, The Netherlands and a wholly owned subsidiary of Payor ("Newark B.V."), certain subsidiaries of Payor from time to time party thereto as guarantors, the lenders party thereto from time to time and the ABL Agent (as amended or otherwise modified from time to time, the "ABL DIP Facility"), (b) that certain Second Amended and Restated Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, Newark B.V., certain subsidiaries of Payor from time to time party thereto as guarantors, the lenders party thereto from time to time and the ABL Agent (as amended or otherwise modified from time to time, the "ABL Facility") and (c) any amendment, restatement, modification, replacement, substitution, extension, renewal or refinancing of the ABL DIP Facility or ABL Facility.

"Bankruptcy Event" means (a) a case or proceeding under the bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against Payor or a Successor Obligor or all or any part of its properties and such petition or application is not dismissed within sixty (60) days after the date of its filing or Payor or a Successor Obligor shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner; or (b) a case or proceeding under the bankruptcy laws of the United States of America or comparable proceeding under the laws of any other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by Payor or a Successor Obligor or for all or any part of its property;

"Consolidated EBITDA" means, any person, for the twelve calendar month period ending on or immediately prior to the date of determination, the sum (without duplication) of:

(a) net income (excluding extraordinary items, excluding income received from joint ventures to the extent not received in cash and cancellation of indebtedness income arising in connection with the reorganization under title 11 of the United States Code of Payor and its subsidiaries) after taxes; plus

(b) any amount deducted from net income for (i) interest expense, (ii) total federal, state, local and foreign income, value added and similar taxes, (iii) depreciation and amortization expense (iv) other non-cash charges (excluding non-cash charges that are expected to become cash charges in a future period or that are reserves for future cash charges, but including non-cash charges related to foreign currency translation and remeasurement), (v) non-cash charges related to stock-related compensation, (vi) non-capitalized fees and expenses incurred in connection with the related reorganization under title 11 of the United States Code of Payor and its subsidiaries, (vii) other cash restructuring charges in an aggregate amount not to exceed $2,000,000 in any fiscal quarter, and (viii) pension plan expenses; minus

(c) actuarially determined minimum pension funding obligations and any amount included in net income for all non-cash income and any gains related to foreign currency translation and remeasurement;

in each case for such person and its subsidiaries on a consolidated basis, as determined in accordance with generally accepted accounting principles.

"Consolidated Senior Obligations" means, at any time, the aggregate amount of (a) the principal amount of ABL Obligations outstanding at such time, (b) the principal amount of Term Loan Obligations outstanding at such time and (c) the principal amount of Other Permitted Senior Obligations outstanding

at such time.

"Other Permitted Senior Agent" means any person acting as agent, trustee or lead lender from time to time under any facility constituting Other Permitted Senior Obligations or, if no person is designated by the holders of any Other Permitted Senior Obligations to act in such capacity, each holder of such Other Permitted Senior Obligations acting for itself.

"Other Permitted Senior Obligations" means all obligations of Payor or a Successor Obligor under (a) any additional senior indebtedness permitted to be incurred by Payor under the ABL Facility and the Term Loan Facility and (b) any amendment, restatement, modification, replacement, substitution, extension or refinancing thereof; provided the amount of senior indebtedness that shall be deemed to be Other Permitted Senior Obligations at any time shall not exceed the amount that would cause the ratio of Consolidated Senior Obligations to Consolidated EBITDA to exceed 4.25 to 1.0.

"Pro Forma Consolidated EBITDA" means, as of the consummation of any acquisition contemplated by Section 5(b), and after giving effect to the incurrence in connection therewith and application of proceeds of any indebtedness that is recourse to Payor or the Successor Obligor, the Consolidated EBITDA of Payor and its subsidiaries or such Successor Obligor and its subsidiaries, calculated as if such acquisition occurred on the first day of the twelve calendar-month period ending on or immediately prior to the date of such acquisition.

"Pro Forma Consolidated Senior Obligations" means, as of the consummation of any acquisition contemplated by Section 5(b), and after giving effect to the incurrence in connection therewith and application of proceeds of any indebtedness that is recourse to Payor or any Successor Obligor, the aggregate amount of (a) the principal amount of ABL Obligations outstanding at such time, (b) the principal amount of Term Loan Obligations outstanding at such time and (c) the principal amount of any indebtedness outstanding at such time that would, without regard to the limitation in the proviso of the definition thereof, constitute Other Permitted Senior Obligations.

"Senior Agents" means the ABL Agent, the Term Loan Agent and each Other Permitted Senior Agent, in each case to the extent that the Senior Obligations with respect to which such person is acting in such capacity remain outstanding.

"Successor Obligor" means any person that, in connection with an acquisition contemplated by Section 5(b), succeeds to the obligations of Payor under substantially all of the Senior Obligations outstanding at such time.

"Term Loan Agent" means ORIX Finance Corp., in its capacity as administrative agent and collateral agent under the Term Loan Facility, and its successors and assigns in such capacity.

"Term Loan Obligations" means all obligations of Payor or a Successor Obligor under (a) that certain Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, certain subsidiaries of Payor from time to time party thereto as the guarantors, the lenders party thereto from time to time and the Term Loan Agent (as amended or otherwise modified from time to time, the "Term Loan DIP Facility"), (b) that certain Amended and Restated Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, certain subsidiaries of Payor from time to time party thereto as the guarantors, the lenders party thereto from time to time and the Term Loan Agent (as amended or otherwise modified from time to time, the "Term Loan Facility") and (c) any amendment, restatement, modification, replacement, substitution, extension, renewal or refinancing of the Term Loan DIP Facility or Term Loan Facility.

11. Notices. All notices and other communications in respect of this Promissory Note (including, without limitation, any modifications of, or requests, waivers or consents under, this Promissory Note) shall be given or made in writing (including, without limitation, by telecopy) (a) in the case of Payor, at the "Address for Notices" specified below its name on the signature page hereof and (b) in the case of Payee, at the address for such purpose as shall have been most recently specified to Payor by Payee. Except as otherwise provided in this Promissory Note, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

12. Amendments; Successors; Assignments. This Promissory Note may not be amended, modified or supplemented except by an instrument in writing signed by Payee and Payor. No party hereto may assign its rights or obligations hereunder without the prior written consent of each other party hereto. This Promissory Note shall be binding upon and inure to the benefit of Payee and his heirs, legatees, legal representatives and assigns and Payor and its successors and assigns.

13. Governing Law; Submission to Jurisdiction; Venue. This Promissory Note shall be governed by, and construed in accordance with, the law of the State of New York. Payee and Payor hereby submit to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for the purposes of all legal proceedings arising out of or relating to this Promissory Note or the transactions contemplated hereby. Payee and Payor irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

14. Waiver of Jury Trial. EACH OF PAYEE AND PAYOR BY ITS ACCEPTANCE OF THE BENEFITS OF THIS PROMISSORY NOTE, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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15. Waiver of Notice, Etc. Payor hereby expressly waives presentment, demand, and protest, notice of demand, dishonor and nonpayment of this Promissory Note, and all other notices or demands of any kind in connection with the delivery, acceptance, performance, default or enforcement hereof, and hereby consents to any delays, extensions of time, renewals, waivers or modifications that may be granted or consented to by the holder hereof with respect to the time of payment or any other provision hereof.

THE NEWARK GROUP, INC.

By: _____
Name:
Title:

Address for Notices:

The Newark Group, Inc.
20 Jackson Drive
Cranford, New Jersey 07016
Attention: TBD

With a copy to:

TBD

FORM OF TRANCHE B PROMISSORY NOTE

THIS TRANCHE B SUBORDINATED UNSECURED PROMISSORY NOTE (THE "PROMISSORY NOTE") HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THIS PROMISSORY NOTE MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, HYPOTHECATED OR OFFERED FOR SALE EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR A VALID EXEMPTION THEREFROM.

TRANCHE B SUBORDINATED UNSECURED ACCRETING PROMISSORY NOTE

$550,000

New York, NY
[redacted], 2010

1. Promise to Pay. For value received, The Newark Group, Inc. (Payor"), hereby promises to pay to the order of Frederick G. Von Zuben ("Payee") the principal sum of FIVE HUNDRED AND FIFTY THOUSAND DOLLARS, as such amount shall have accreted in accordance with the terms of Section 4 hereof, at Maturity.

2. Maturity. "Maturity" shall mean the 16th Quarterly Accretion Date (as defined below) after the date hereof, as the same may be accelerated after the occurrence and during the continuance of a Default (as defined below).

3. Place and Manner of Payment. All payments of principal shall be payable in lawful money of the United States of America at the principal office of Payor, 20 Jackson Drive, Cranford, New Jersey, or by check mailed to the address designated by Payee by written notice to Payor or, if so requested by Payee, by wire transfer to an account designated by Payee to Payor in writing from time to time.

4. Accretion. On each January 31, April 30, July 31 and October 31 (each, a "Quarterly Accretion Date"), commencing on [redacted][2], 2010, the principal amount of this Promissory Note shall be increased by an amount equal to $12,500 (such increased principal amount from time to time, the "Accreted Principal Amount").

5. Prepayment.

(a) Mandatory Prepayment upon Change of Control. The outstanding principal amount under this Promissory Note shall be due and payable upon the occurrence of a Change of Control and, if such prepayment occurs on any day other than a Quarterly Accretion Date, shall be accompanied by an amount equal to $12,500 divided by 90 multiplied by the actual number of days elapsed from and including the previous Quarterly Accretion Date and through but excluding the date of prepayment. For purposes of this Section 5(a), "Change of Control" means the acquisition, after the date hereof, of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of

[2] Date will be the first Quarterly Accretion Date after the Effective Date.

the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) (in such capacity, the "Acquiring Entity"), of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Payor; provided, however, that a Change of Control shall not be deemed to have occurred if (i) after giving effect to such acquisition and any incurrence and repayment in connection therewith of indebtedness that is recourse to Payor (or to any Successor Obligor (as defined below)), the ratio of Pro Forma Consolidated Senior Obligations (as defined below) to Pro Forma Consolidated EBITDA (as defined below) is less than or equal to 4.25 to 1.0 or (ii) the Acquiring Entity is an entity identified as a Designated Holder in the ABL Facility as in effect on the date of this Promissory Note.

(b) Optional Prepayment. The Accreted Principal Amount, may be prepaid in whole, but not in part, at any time (except as set forth in Section 5(c)), without premium or penalty, and, if such prepayment occurs on any day other than a Quarterly Accretion Date, shall be accompanied by an amount equal to $12,500 divided by 90 multiplied by the actual number of days elapsed from and including the previous Quarterly Accretion Date and through but excluding the date of prepayment; provided that any prepayment made pursuant to this Section 5(b) must also be accompanied by the prepayment in full of the Tranche A Subordinated Unsecured Promissory Note made by Payor to Payee of even date herewith, in accordance with Section 5(a) thereof.

(c) No Prepayment within Taxable Year. No prepayment may be made without Payee's consent during the taxable year of Payee within which this Promissory Note is delivered to Payee.

6. Subordination. Payee, by acceptance of this Promissory Note, for himself and his heirs, legatees, legal representatives and assigns, acknowledges, covenants and agrees that:

(a) Senior Obligations. The payment, from whatever source, of the Accreted Principal Amount of this Promissory Note and any other obligations of Payor hereunder (collectively, the "Subordinated Obligations"), are hereby expressly made subordinate and subject in right of payment to the prior payment in full in cash of the ABL Obligations, the Term Loan Obligations and Other Permitted Senior Obligations (each as defined below) (collectively, the "Senior Obligations"), on the terms and conditions specified in this Section 6. Such terms and conditions shall be for the benefit of, and enforceable directly against Payor and Payee by the Senior Agents (as defined below) and any holder from time to time of Senior Obligations.

(b) No Payment of Promissory Note. In the event that any event of default (x) shall have occurred and be continuing or (y), but for the giving of any notice, the lapse of time, or both, or any other condition to any event of default with respect thereto, would have occurred and be continuing or (z) will occur after giving effect to any such payment, with respect to any Senior Obligation, then no payment on account of any obligations under or in respect of this Promissory Note or any judgment with respect thereto (and no payment on account of the purchase or redemption or other acquisition of this Promissory Note) shall be made by or on behalf of Payor unless and until all Senior Obligations shall have been repaid in full. In the event that, Payee shall have received any payment prohibited by the foregoing provision of this Section 6(b), including any such payment arising out of the exercise by Payee of a right of set off or counterclaim and any such payment received by reason of other indebtedness of Payor being subordinated to the obligations under this Promissory Note, then, and in any such event, such payment shall be held by Payee in trust for the benefit of the holders of Senior Obligations, and shall be immediately paid over or delivered to Payor to be held in trust for the benefit of the holders of Senior Obligations as their interests may then appear.

(c) Payment of Proceeds in a Bankruptcy Proceeding. In the event of any Bankruptcy Event (as defined below) with respect to Payor or a Successor Obligor:

(i) any and all holders of Senior Obligations shall be entitled to receive payment in full in cash of all amounts due or to become due on or in respect of any and all Senior Obligations, or provision shall be made for such payment, before Payee shall be entitled to receive any payment on account of any amounts due or payable under or in respect of this Promissory Note;

(ii) any payment or distribution of assets of Payor or such Successor Obligor of any kind or character, whether in cash, property or securities other than distributions to Payee in the form of Permitted Reorganization Securities (as defined below), by set off or otherwise, to which Payee would be entitled but for the provisions of this Section 6, including any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of Payor being subordinated to the payment of the Subordinated Obligations, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of the Senior Obligations as their interests may then appear after giving effect to any concurrent payment or distribution to holders of Senior Obligations; and

(iii) in the event that, notwithstanding the foregoing provisions of this Section 6(c), Payee shall have received, before all Senior Obligations are paid in full in cash or payment thereof provided for, any such payment or distribution of assets of Payor of any kind or character, whether in cash, property or securities, including any such payment or distribution arising out of the exercise by Payee of a right of set off or counterclaim and any such payment or distribution received by reason of any other indebtedness of Payor being subordinated to the obligations under this Promissory Note, then, and in such event, such payment or distribution shall be held by Payee in trust for the benefit of the holders of Senior Obligations, and shall be immediately paid over or delivered to Payor to be held in trust for the benefit of the holders of Senior Obligations, as their interests may then appear after giving effect to any concurrent payment or distribution to holders of Senior Obligations.

As used herein, the term "Permitted Reorganization Securities" means any (a) unsecured debt securities issued in substitution of or exchange for all or any portion of the Subordinated Obligations that are subordinated in right of payment, performance and otherwise to the Senior Obligations to at least the same extent that the Subordinated Obligations are subordinated to the Senior Obligations pursuant to the terms of this Promissory Note, or (b) equity securities issued in substitution of or exchange for all or any portion of the Subordinated Obligations, provided, that if such equity securities provide for mandatory redemption or mandatory dividend or distribution payments, the making and payment thereof shall be subordinated to the Senior Obligations to at least the same extent that the Subordinated Obligations are subordinated to the Senior Obligations pursuant to the terms of this Promissory Note.

(d) If No Default. Nothing contained in this Section 6 shall impair or affect the obligation of Payor to make (or prevent Payor from making or Payee from receiving) payments of the Accreted Principal Amount or other amounts in respect of, the obligations under this Promissory Note as and when the same become due and payable or shall prevent Payee, upon a Default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law, including the right to proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, except upon the occurrence and during the continuance of a Bankruptcy Event or under the conditions described in Section 6(b) or Section 6(f).

(e) No Waiver of Subordination Provisions. No right of any present or future holder of any Senior Obligation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Payor or by any act or failure to act, in good faith, by

such holder, or by any noncompliance by Payor with the terms, provisions and covenants of this Section65, regardless of any knowledge thereof such holder may have or be otherwise charged with. Without limiting the foregoing, any Senior Agent or the holder of Senior Obligations may, without the consent of or notice to Payee, without incurring any responsibility to Payee and without impairing or releasing the obligations of Payor under such Senior Obligations or this Promissory Note:

(i) change the manner, place or terms of payment, or change or extend the time of payment of, or amend, restate, modify, replace, substitute, extend, renew or refinance any Senior Obligations;

(ii) sell, exchange, release, or otherwise deal with any property by whomsoever at any time pledged or mortgaged to secure any Senior Obligations;

(iii) release any person liable in any manner for the payment or collection of any Senior Obligations;

(iv) exercise or refrain from exercising any rights against Payor or any other person liable in any manner for payment or collection of any Senior Obligations; and

(v) apply any sum by whomsoever paid or however realized to the Senior Obligations in any manner or order determined by the Senior Agents.

(f) Certain Limitations on Actions by Payee. Payee shall not, without the prior written consent of the Senior Agents in their sole discretion,

(i) seek to collect from any of the property of Payor securing amounts due under any Senior Obligations (by self-help or judicial or non-judicial action) upon a Default by Payor under this Promissory Note;

(ii) initiate or prosecute or encourage any other person to initiate or prosecute any claim, action or other proceeding challenging the enforceability of the Senior Obligations, challenging the enforceability of any liens securing the Senior Obligations or asserting any claims which Payor may hold with respect to the Senior Agents or holders of any Senior Obligations; or

(iii) sell, or otherwise transfer, release, realize upon or enforce, or otherwise take action against or deal with any property Payor securing amounts due under the Senior Obligations;

provided that, Payee shall, at the reasonable written direction and expense of the Senior Agents (provided that such expense reimbursement shall be the sole responsibility of the Senior Agents giving such direction and shall be limited to reasonable out-of-pocket costs and expenses incurred by Payee in complying with such direction), take any of the actions set forth above in clauses (i), (ii) or (iii); provided further that if Payor fails to make any payment that it is permitted to make under this Promissory Note (including Section 6 of this Promissory Note) (x) Payee may institute an action to enforce this Promissory Note no sooner than one hundred twenty (120) days after the occurrence of a Default so long as no default under any Senior Obligations then exists and is continuing and (ii) if any bankruptcy or insolvency proceeding is commenced by or against Payor, Payee may file proofs of claim in Payee's own name and assert and perfect payee's rights under this Promissory Note subject to the provisions of Section 6(c) hereof.

(g) Subrogation. Until the payment in full of all Senior Obligations, Payee hereby waives

any and all rights of subrogation, reimbursement, indemnity, or otherwise, whether arising by contract or operation of law (including any such rights arising under any bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity)) or otherwise by reason of any payment to the Senior Agents pursuant to the provisions hereof. After the payment in full of all of the Senior Obligations, and prior to repayment in full of this Promissory Note, Payee shall, to the extent permitted by law (including bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity)), be subrogated to the rights of the Senior Agents to the extent that distributions otherwise payable to Payee have been applied to the payment of the Senior Obligations in accordance with the provisions of this Promissory Note.

(h) No Amendment. For so long as any Senior Obligations are outstanding, this Section 6 may not be amended without the written consent of each of the Senior Agents.

7. Representation and Warranty of Payor. Payor hereby represents and warrants to Payee that Payor's obligations under this Promissory Note constitute its legal, valid and binding obligations, enforceable in accordance with its respective terms.

8. Default. The outstanding principal amount of this Promissory Note shall, at the option of and after notice by Payee in accordance with Section 11, become due and payable, (a) upon the failure of Payor to pay any amount due hereunder in accordance with the terms of this Promissory Note, which failure continues for a period of 30 days after notice in accordance with Section 11 of such failure or (b) upon the occurrence of a Bankruptcy Event (a "Default").

9. Waiver. No failure on the part of Payor or Payee to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Promissory Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Promissory Note preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. Certain Definitions. As used in this Promissory Note, the following terms shall have the following respective meanings:

"ABL Agent" means Wachovia Bank, National Association, in its capacity as administrative agent and collateral agent under the ABL Facility, and its successors and assigns in such capacity.

"ABL Obligations" means all obligations of Payor or a Successor Obligor under (a) that certain Amended and Restated Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, Newark Group International B.V., a private company with limited liability with its corporate seat in Amsterdam, The Netherlands and a wholly owned subsidiary of Payor ("Newark B.V."), certain subsidiaries of Payor from time to time party thereto as guarantors, the lenders party thereto from time to time and the ABL Agent (as amended or otherwise modified from time to time, the "ABL DIP Facility"), (b) that certain Second Amended and Restated Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, Newark B.V., certain subsidiaries of Payor from time to time party thereto as guarantors, the lenders party thereto from time to time and the ABL Agent (as amended or otherwise modified from time to time, the "ABL Facility") and (c) any amendment, restatement, modification, replacement, substitution, extension, renewal or refinancing of the ABL DIP Facility or ABL Facility.

"Bankruptcy Event" means (a) a case or proceeding under the bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against Payor or a Successor Obligor or all or any part of its properties and such petition or application is not dismissed within sixty (60) days after the date of its filing or Payor or a Successor Obligor shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner; or (b) a case or proceeding under the bankruptcy laws of the United States of America or comparable proceeding under the laws of any other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by Payor or a Successor Obligor or for all or any part of its property;

"Consolidated EBITDA" means, any person, for the twelve calendar month period ending on or immediately prior to the date of determination, the sum (without duplication) of:

(a) net income (excluding extraordinary items, excluding income received from joint ventures to the extent not received in cash and cancellation of indebtedness income arising in connection with the reorganization under title 11 of the United States Code of Payor and its subsidiaries) after taxes; plus

(b) any amount deducted from net income for (i) interest expense, (ii) total federal, state, local and foreign income, value added and similar taxes, (iii) depreciation and amortization expense (iv) other non-cash charges (excluding non-cash charges that are expected to become cash charges in a future period or that are reserves for future cash charges, but including non-cash charges related to foreign currency translation and remeasurement), (v) non-cash charges related to stock-related compensation, (vi) non-capitalized fees and expenses incurred in connection with the related reorganization under title 11 of the United States Code of Payor and its subsidiaries, (vii) other cash restructuring charges in an aggregate amount not to exceed $2,000,000 in any fiscal quarter, and (viii) pension plan expenses; minus

(c) actuarially determined minimum pension funding obligations and any amount included in net income for all non-cash income and any gains related to foreign currency translation and remeasurement;

in each case for such person and its subsidiaries on a consolidated basis, as determined in accordance with generally accepted accounting principles.

"Consolidated Senior Obligations" means, at any time, the aggregate amount of (a) the principal amount of ABL Obligations outstanding at such time, (b) the principal amount of Term Loan Obligations outstanding at such time and (c) the principal amount of Other Permitted Senior Obligations outstanding at such time.

"Other Permitted Senior Agent" means any person acting as agent, trustee or lead lender from time to time under any facility constituting Other Permitted Senior Obligations or, if no person is designated by the holders of any Other Permitted Senior Obligations to act in such capacity, each holder of such Other Permitted Senior Obligations acting for itself.

"Other Permitted Senior Obligations" means all obligations of Payor or a Successor Obligor under (a) any additional senior indebtedness permitted to be incurred by Payor under the ABL Facility and the Term Loan Facility and (b) any amendment, restatement, modification, replacement, substitution,

extension or refinancing thereof; provided the amount of senior indebtedness that shall be deemed to be Other Permitted Senior Obligations at any time shall not exceed the amount that would cause the ratio of Consolidated Senior Obligations to Consolidated EBITDA to exceed 4.25 to 1.0.

"Pro Forma Consolidated EBITDA" means, as of the consummation of any acquisition contemplated by Section 5(a), and after giving effect to the incurrence in connection therewith and application of proceeds of any indebtedness that is recourse to Payor or the Successor Obligor, the Consolidated EBITDA of Payor and its subsidiaries or such Successor Obligor and its subsidiaries, calculated as if such acquisition occurred on the first day of the twelve calendar-month period ending on or immediately prior to the date of such acquisition.

"Pro Forma Consolidated Senior Obligations" means, as of the consummation of any acquisition contemplated by Section 5(a), and after giving effect to the incurrence in connection therewith and application of proceeds of any indebtedness that is recourse to Payor or any Successor Obligor, the aggregate amount of (a) the principal amount of ABL Obligations outstanding at such time, (b) the principal amount of Term Loan Obligations outstanding at such time and (c) the principal amount of any indebtedness outstanding at such time that would, without regard to the limitation in the proviso of the definition thereof, constitute Other Permitted Senior Obligations.

"Senior Agents" means the ABL Agent, the Term Loan Agent and each Other Permitted Senior Agent, in each case to the extent that the Senior Obligations with respect to which such person is acting in such capacity remain outstanding.

"Successor Obligor" means any person that, in connection with an acquisition contemplated by Section 5(a), succeeds to the obligations of Payor under substantially all of the Senior Obligations outstanding at such time.

"Term Loan Agent" means ORIX Finance Corp., in its capacity as administrative agent and collateral agent under the Term Loan Facility, and its successors and assigns in such capacity.

"Term Loan Obligations" means all obligations of Payor or a Successor Obligor under (a) that certain Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, certain subsidiaries of Payor from time to time party thereto as the guarantors, the lenders party thereto from time to time and the Term Loan Agent (as amended or otherwise modified from time to time, the "Term Loan DIP Facility"), (b) that certain Amended and Restated Loan and Security Agreement dated as of [redacted], 2010 by and among Payor, certain subsidiaries of Payor from time to time party thereto as the guarantors, the lenders party thereto from time to time and the Term Loan Agent (as amended or otherwise modified from time to time, the "Term Loan Facility") and (c) any amendment, restatement, modification, replacement, substitution, extension, renewal or refinancing of the Term Loan DIP Facility or Term Loan Facility.

11. Notices. All notices and other communications in respect of this Promissory Note (including, without limitation, any modifications of, or requests, waivers or consents under, this Promissory Note) shall be given or made in writing (including, without limitation, by telecopy) (a) in the case of Payor, at the "Address for Notices" specified below its name on the signature page hereof and (b) in the case of Payee, at the address for such purpose as shall have been most recently specified to Payor by Payee. Except as otherwise provided in this Promissory Note, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

12. Amendments; Successors; Assignments. This Promissory Note may not be amended, modified or supplemented except by an instrument in writing signed by Payee and Payor. No party hereto may assign its rights or obligations hereunder without the prior written consent of each other party hereto. This Promissory Note shall be binding upon and inure to the benefit of Payee and his heirs, legatees, legal representatives and assigns and Payor and its successors and assigns.

13. Governing Law; Submission to Jurisdiction; Venue. This Promissory Note shall be governed by, and construed in accordance with, the law of the State of New York. Payee and Payor hereby submit to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for the purposes of all legal proceedings arising out of or relating to this Promissory Note or the transactions contemplated hereby. Payee and Payor irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

14. Waiver of Jury Trial. EACH OF PAYEE AND PAYOR BY ITS ACCEPTANCE OF THE BENEFITS OF THIS PROMISSORY NOTE, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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15. Waiver of Notice, Etc. Payor hereby expressly waives presentment, demand, and protest, notice of demand, dishonor and nonpayment of this Promissory Note, and all other notices or demands of any kind in connection with the delivery, acceptance, performance, default or enforcement hereof, and hereby consents to any delays, extensions of time, renewals, waivers or modifications that may be granted or consented to by the holder hereof with respect to the time of payment or any other provision hereof.

THE NEWARK GROUP, INC.

By: _____
Name:
Title:

Address for Notices:

The Newark Group, Inc.
20 Jackson Drive
Cranford, New Jersey 07016
Attention: [TBD]

With a copy to:

[TBD]

EXHIBIT F

THE NEWARK GROUP, INC.

STOCKHOLDERS' AGREEMENT

DATED AS OF [_____], 2010

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; RULES OF INTERPRETATION 1
Section 1.1 Definitions 1
Section 1.2 Rules of Interpretation 8

ARTICLE II BOARD OF DIRECTORS 9
Section 2.1 Election of Directors; Number and Composition 9
Section 2.2 Board Observer 11
Section 2.3 Exculpation 12
Section 2.4 Further Assurances 12

ARTICLE III REGISTRATION RIGHTS 12
Section 3.1 Demand Registration 12
Section 3.2 Piggyback Registration 16
Section 3.3 Certain Information 17
Section 3.4 Expenses 17
Section 3.5 Registration and Qualification 18
Section 3.6 Underwriting; Due Diligence 21
Section 3.7 Indemnification and Contribution 21
Section 3.8 Rule 144 Information 24
Section 3.9 Transfer of Registration Rights 24
Section 3.10 Termination 24

ARTICLE IV TRANSFERS OF SHARES 25
Section 4.1 Restrictions on Transfers 25
Section 4.2 Merger Transactions 27
Section 4.3 Legend on Certificates 27

ARTICLE V DRAG-ALONG; TAG-ALONG; RIGHT OF FIRST REFUSAL 28
Section 5.1 Drag-Along Sale 28
Section 5.2 Tag-Along Sale 29
Section 5.3 Right of First Refusal 30

ARTICLE VI ADDITIONAL AGREEMENTS 32
Section 6.1 Access to Information; Reports 32
Section 6.2 Certificate of Incorporation and Bylaws 33
Section 6.3 No Other Voting Agreements 33
Section 6.4 Confidentiality 33
Section 6.5 Preemptive Rights 34
Section 6.6 No Management Fees 35

ARTICLE VII MISCELLANEOUS 35
Section 7.1 Survival of Agreement; Term 35
Section 7.2 Notices 36
Section 7.3 Binding Effect 36
Section 7.4 Entire Agreement 36
Section 7.5 Amendment 36
Section 7.6 Third Party Beneficiary 36
Section 7.7 Counterparts 37
Section 7.8 Headings 37
Section 7.9 Governing Law; Consent to Jurisdiction and Service of Process 37
Section 7.10 Injunctive Relief 38
Section 7.11 Severability 38
Section 7.12 Recapitalization and Similar Events. 38
Section 7.13 Certain Information Requirements. 38

Exhibit A Form of Joinder Agreement

Exhibit B Form of Amended and Restated Certificate of Incorporation

Exhibit C Form of Amended and Restated Bylaws

STOCKHOLDERS' AGREEMENT

This Stockholders' Agreement (this "Agreement") is made as of the [___] day of [_____], 2010, by and among THE NEWARK GROUP, INC., a Delaware corporation (the "Company"), each of the Stockholder Parties (as defined below) named on the signature pages hereto, and each Person (as defined below) that hereafter becomes a Stockholder Party.

W I T N E S S E T H :

WHEREAS, The Newark Group, Inc., a New Jersey corporation and the predecessor to the Company ("Old TNG") and certain of its Subsidiaries (as defined below) filed voluntary petitions for reorganization in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), in In re The Newark Group, Inc. *et al.*, Case No.: 10-[____] (the "Bankruptcy Cases"), under Chapter 11 of the Bankruptcy Code (as defined below), and in connection therewith filed the Joint Prepackaged Plan of Reorganization of The Newark Group, Inc., *et al*., dated as of [_____], 2010 (the "Plan"); and

WHEREAS, the Bankruptcy Court confirmed the Plan and the Effective Date under the Plan occurred on the date first written above (the "Effective Date");

WHEREAS, on the Effective Date, Old TNG merged with and into a newly-formed Delaware corporation ("Merger Sub"), a wholly-owned subsidiary of Old TNG, with Merger Sub as the surviving corporation, and upon completion of such merger (the "Merger"), Merger Sub changed its name to The Newark Group, Inc.;

WHEREAS, pursuant to the Plan and immediately after the Merger, the Company issued shares of its common stock, par value $.01 per share (the "Common Stock"), to the Signing Stockholders as part of the recovery in respect of their Prepetition Notes Claims (as defined in the Plan), to the Other Stockholder Parties and to other parties-in-interest in the Bankruptcy Cases;

WHEREAS, the Company and the Stockholder Parties desire to enter into this Agreement to provide certain rights and obligations among them with respect to the shares of Common Stock issued to the Stockholder Parties pursuant to the Plan.

NOW THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.1 Definitions. As used herein, the terms below shall have the following meanings. Any such term, unless the context otherwise requires, may be used in the singular or plural, depending on reference:

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, or any Related Fund of any of the foregoing. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Bankruptcy Cases" has the meaning set forth in the recitals to this Agreement.

"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 the Bankruptcy Cases.

"Board" means the Board of Directors of the Company.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Delaware) on which banks are open for business in the State of Delaware.

"Bylaws" means the bylaws of the Company, as may be amended, modified or amended and restated and in effect from time to time.

"CEO Director" shall have the meaning ascribed to it in Section 2.1(a).

"Certificate of Incorporation" means the amended and restated certificate of incorporation of the Company, as may be amended, modified, supplemented or amended and restated and in effect from time to time, including any certificates of designation, correction or amendment thereto that are filed with the Secretary of State of the State of Delaware.

"Common Stock" has the meaning set forth in the recitals to this Agreement.

"Company" has the meaning set forth in the preamble of this Agreement.

"Company Option Period" has the meaning set forth in Section 5.3(a) hereof.

"Company Securities" has the meaning set forth in Section 3.1(a).

"Competitor" means any entity engaged in the business of producing recycled paper and paperboard products in North America and/or Europe.

"DDJ Capital" means DDJ Capital Management, LLC.

"DDJ Director" shall have the meaning ascribed to it in Section 2.1(c).

"DDJ Observer" shall have the meaning ascribed to it in Section 2.1(c).

"DDJ Stockholder" means, collectively, any one or more funds and/or accounts managed or advised by DDJ Capital or any of its Affiliates.

"Demand Registration Notice" has the meaning set forth in Section 3.1(a).

"DGCL" means the General Corporation Law of the State of Delaware.

"Director" means a member of the Board.

"Distributed ESOP Share" means a share of Common Stock that has been distributed from the trust established under the ESOP Plan.

"Drag-Along Notice" has the meaning set forth in Section 5.1(a) hereof.

"Drag-Along Sale" shall mean (i) a sale transaction pursuant to which a buyer has agreed to purchase all of the outstanding Shares, (ii) any merger or consolidation with or into any other corporation or entity (other than transactions solely involving the merger or consolidation of a wholly-owned subsidiary with or into the Company or another wholly-owned Subsidiary of the Company) or (iii) the sale, transfer or other disposition of all or substantially all of the assets or business of the Company which is followed by a distribution to the Stockholders of the net proceeds of such sale.

"Drag-Along Seller" has the meaning set forth in Section 5.1(a) hereof.

"Dragged Stockholders" means collectively, with respect to any Drag-Along Sale, all of the Stockholder Parties to whom a Drag-Along Notice with respect to such Drag-Along Sale is given pursuant to Section 5.1(a) and, in the event that the ESOP Trustee (or such other ESOP Plan fiduciary, if any, as has been designated for such purpose pursuant to the terms of the ESOP Plan) notifies the Company and the Drag-Along Seller in writing, within five (5) Business Days after the date of such Drag-Along Notice, that the Drag-Along Sale applies to the ESOP Shares in accordance with the terms of that certain Agreement, dated May [__], 2010, by and between Grandview Capital Strategies, Inc. (in its capacity as Independent Fiduciary of the ESOP Plan) and the Company, shall include the ESOP Trustee.

"Eligible Participating Stockholder" has the meaning set forth in Section 5.2(a) hereof.

"ESOP Distributee" means a holder of one or more Distributed ESOP Shares.

"ESOP Distributee Stockholders" means, collectively, (i) each Person other than the ESOP Trustee who receives a distribution of Common Stock under the Plan in consideration of the cancellation of its ESOP Interests (as defined in the Plan) and, as a condition to receipt of such distribution, executes a counterpart signature page to this Agreement or (ii) each registered holder of Distributed ESOP Shares who executes and delivers to the Company, with respect to such shares, an instrument in substantially the form attached hereto as Exhibit A (or such other documentation as is agreed by the Company and such holder) to confirm that such holder takes such shares subject to all the terms and conditions of this Agreement and agrees to be bound by all of the terms and conditions of this Agreement.

"ESOP Plan" means The Newark Group, Inc. Employee Stock Ownership Plan, as amended.

"ESOP Shares" means the shares of Common Stock held in the trust established under the ESOP Plan.

"ESOP Trustee" means the trustee of the trust established under the ESOP Plan.

"Exchange Act" means the Securities Exchange Act of 1934, and the rules and regulations of the SEC promulgated thereunder.

"Initial Requesting Holder" means, with respect to any registration of Registrable Securities that is requested pursuant to Section 3.1, the Signing Stockholder or Signing Stockholders (as the case may be) who made the underlying Registration Demand.

"Losses" has the meaning set forth in Section 3.7(a) hereof.

"Offered Shares" has the meaning set forth in Section 5.3 hereof.

"Offer Notice" has the meaning set forth in Section 5.3 hereof.

"Old Equity Stockholders" means, collectively, each Person who receives a distribution of Common Stock under the Plan in consideration of the cancellation of its Equity Interests (as defined in the Plan) and, as a condition to receipt of such distribution, executes a counterpart signature page to this Agreement.

"Organizational Documents" means the Certificate of Incorporation and the Bylaws.

"Other Stockholder Parties" means, collectively, each Old Equity Stockholder, each Warrant Stockholder, each ESOP Distributee Stockholder, and each other Person who is a Transferee of Shares beneficially owned by any Other Stockholder Party in a Transfer that complies with the terms and conditions of this Agreement.

"Participating Stockholder" has the meaning set forth in Section 5.3(b) hereof.

"Person" means an individual, partnership, corporation, unincorporated organization, joint stock company, limited liability company, trust, joint venture or other legal entity, or a governmental agency or political subdivision thereof.

"Piggyback Registration" means any proposed filing of a Registration Statement with respect to Company Securities that requires the Company to provide the Stockholder Parties with a Piggyback Registration Notice.

"Piggyback Registration Notice" has the meaning set forth in Section 3.2(a).

"Piggyback Registration Request" has the meaning set forth in Section 3.2(a).

"Plan" has the meaning set forth in the Recitals of this Agreement.

"Proposed Buyer" has the meaning set forth in Section 5.2(a) hereof.

"Proposed Sale" has the meaning set forth in Section 5.2(a) hereof.

"Proposed Seller" has the meaning set forth in Section 5.2(a) hereof.

"Public Offering" means (i) any bona fide firm commitment underwritten sale of Common Stock, or shares of common stock of any Subsidiary of the Company, to the public pursuant to an effective Registration Statement or (ii) a merger of the Company or any Subsidiary into a company which has publicly traded equity securities listed on a national securities exchange and registered under the Securities Act; provided that the following shall not be considered a Public Offering: (x) any issuance of shares of Common Stock as consideration for a merger or acquisition or (y) any issuance of shares of Common Stock or rights to acquire shares of Common Stock to existing equityholders or to employees of the Company or its Subsidiaries on Form S-4 or Form S-8 (or a successor form adopted by the SEC) or otherwise.

"Qualified Public Offering" means the first Public Offering that (i) results in gross proceeds to the Company of at least $150 million, (ii) is led by a nationally recognized investment bank, and (iii) results in shares of Common Stock being listed on a national securities exchange.

"Registrable Securities" means all Shares issued by the Company to the Stockholder Parties pursuant to the Plan, plus any additional Shares acquired by any Stockholder Party that would constitute "restricted securities" in the hands of such Stockholder Party within the meaning of Rule 144, including without limitation any securities issued or issuable with respect to the Shares by way of a split, dividend, or other division of securities, or in connection with a combination of securities, conversion, exchange, replacement, recapitalization, merger, consolidation, or other reorganization or otherwise; provided, that such Registrable Securities shall cease to be Registrable Securities (i) upon any sale pursuant to a Registration Statement or Rule 144, (ii) upon repurchase by the Company, (iii) at such time, following an Initial Public Offering, as they become eligible for sale by the holder thereof under the circumstances described in Rule 144(b)(1)(i) or (iv) when they otherwise cease to be outstanding.

"Registration Demand" has the meaning set forth in Section 3.1(a).

"Registration Expenses" means any and all expenses incident to the performance of or compliance with Article III, including (i) the fees, disbursements and expenses of the Company's counsel and accountants (including the expenses of any annual audit letters and "cold comfort" letters required or incidental to the performance of such obligations), (ii) the reasonable fees and disbursements of one counsel for all of the Selling Holders, which counsel shall be selected by the holders of a majority of the voting power of the Registrable Securities to be registered on the Registration Statement, (iii) all expenses, including filing fees, in connection with the preparation, printing and filing of the Registration Statement, any free writing, preliminary prospectus or final prospectus, any other offering document and amendments and supplements thereto and the mailing and delivering of copies thereof to any underwriters and dealers, (iv) the cost of printing or producing any agreements among underwriters, underwriting agreements, any selling agreements and any other documents in connection with the offering,

sale or delivery of the securities to be disposed of, (v) all expenses in connection with the qualification of the securities to be disposed of for offering and sale under state securities laws, (vi) the filing fees incident to securing any required review by the Financial Industry Regulatory Authority of the terms of the sale of the securities to be disposed of, (vii) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering, (viii) all security engraving and security printing expenses, (ix) all fees and expenses payable in connection with the listing of the securities on any national securities exchange and (x) all rating agency fees.

"Registration Request" has the meaning set forth in Section 3.2(a).

"Registration Statement" means a registration statement under the Securities Act that is filed by the Company with the SEC for a public offering and sale of securities of the Company.

"Related Fund" means, with respect to any Person, a fund now or hereafter existing that is (i) controlled by one or more general partners or managing members of such Person, (ii) managed by the same entity as such Person, or (iii) otherwise managed or advised by such Person, or the entity that manages or advises such Person.

"Remaining Offered Shares" has the meaning set forth in Section 5.3(b) hereof.

"Requesting Holder" means, with respect to any Registration Statement that is used to register Registrable Securities pursuant to Article III, any Signing Stockholder who is an Initial Requesting Holder or timely submits a Registration Request pursuant to Section 3.1 or any Stockholder Party who timely submits a Piggyback Registration Request pursuant to Section 3.2.

"Responsible Requesting Holder" has the meaning set forth in Section 3.4 hereof.

"Rule 144" means Rule 144 under the Securities Act, and any successor rule or regulation hereafter adopted by the SEC.

"SEC" means the United States Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act or the Exchange Act.

"Securities Act" means the Securities Act of 1933, and the rules and regulations of the SEC promulgated thereunder.

"Selling Holder" means, with respect to any Registration Statement that is used to register Registrable Securities pursuant to Article III, any Stockholder Party who beneficially owns Registrable Securities included in such Registration Statement.

"Shares" means, collectively, all shares of Common Stock held by the Stockholder Parties (and solely for purposes of Section 5.1 with respect to any Drag-Along Sale in which the ESOP Trustee is a Dragged Stockholder, shall also include all shares of Common Stock held by the ESOP Trustee), and shall include all securities issued or issuable with respect thereto by way of a split, dividend, or other division of securities, or in connection with a

combination of securities, conversion, exchange, replacement, recapitalization, merger, consolidation, or other reorganization or otherwise.

"Signing Stockholders" means, collectively, (a) each Person who (i) is a Plan Support Party (as defined in the Plan), (ii) receives a distribution of Common Stock under the Plan in consideration of the cancellation of its Prepetition Note Claims (as defined in the Plan, but excluding any such claims to the extent they arise under or in connection with the Mullen Note (as defined in the Plan)), and (iii) as a condition to receipt of such distribution, executes a counterpart signature page to this Agreement, (including, without limitation, the DDJ Stockholders party hereto from time to time) and (b) each other Person that is an Affiliate of a Signing Stockholder that is a Transferee of Shares beneficially owned by any Signing Stockholder in a Transfer that complies with the terms and conditions of this Agreement.

"Signing Stockholder Directors" has the meaning set forth in Section 2.1(b) hereof.

"Stockholder" means a beneficial owner of Common Stock.

"Stockholder Option Period" has the meaning set forth in Section 5.3(b) hereof.

"Stockholder Parties" means, collectively, all Signing Stockholders and all Other Stockholder Parties and, (i) solely for purposes of Article III shall include the ESOP Trustee and (ii) solely for purposes of Section 5.2 with respect to any Proposed Sale of Shares that constitute more than 25% of the total outstanding shares of Common Stock, shall include the ESOP Trustee.

"Subsidiary" means any Person in which the Company, directly or indirectly through Subsidiaries or otherwise, beneficially owns more than fifty percent (50%) of either the equity interests in, or the voting control of, such Person.

"Tag-Along Notice" has the meaning set forth in Section 5.2(a) hereof.

"Tag-Along Portion" means, with respect to any Tagging Stockholder in any Proposed Sale that is subject to Section 5.2, a number of Shares, rounded down to the nearest whole Share, equal to (i) the total number of Shares proposed to be Transferred by the Proposed Seller in such Proposed Sale *multiplied by* (ii) a fraction the numerator of which is the total number of Shares held by such Tagging Stockholder immediately prior to such Transfer and the denominator of which is the total number of Shares outstanding immediately prior to such Transfer; provided, that solely for purposes of this definition, "Shares" shall include the Warrant Shares issuable upon exercise of all Warrants held by all holders of Warrants who conditionally exercise Warrants pursuant to the Warrant Agreement in connection with such Proposed Sale.

"Tag-Along Sale Percentage" has the meaning set forth in Section 5.2(a) hereof.

"Tagging Stockholder" has the meaning set forth in Section 5.2(a) hereof.

"Transfer" means, with respect to any security, to directly or indirectly sell, exchange, transfer, hypothecate, negotiate, gift, bequeath, convey in trust, pledge, mortgage,

grant a security interest in, assign, encumber, or otherwise dispose of all or any portion of such security, including by recapitalization, merger, consolidation, liquidation, dissolution, dividend, distribution or otherwise; provided, however, that a pledge or grant of a security interest in Shares to secure a "bona fide" loan shall in no event be deemed a Transfer for any purpose of this Agreement so long as (i) written notice is provided to the Company identifying the pledgee or Person to whom a security interest in the Shares is granted (the "Pledgee"); and (ii) Pledgee's interest in the Shares is limited to an actual or contingent economic interest, it being understood and agreed that the pledge or grant of a security interest in Shares does not grant such Pledgee the rights of a Signing Stockholder under this Agreement, including any right to vote, or the right to direct the vote of, the pledged Shares; provided, further, that any foreclosure, transfer in lieu of foreclosure or other enforcement of such pledge or security interest shall be deemed to constitute a Transfer hereunder and shall be subject to the rights of the Company and the Signing Stockholders set forth in this Agreement (including but not limited to Article IV and Article V). "Transferred", "Transferor" and "Transferee" shall have the correlative meanings.

"Transferee Holder" has the meaning set forth in Section 3.9 hereof.

"Transfer Request" has the meaning set forth in Section 4.1(c) hereof.

"Undersubscription Notice" has the meaning set forth in Section 5.3(b) hereof.

"Underwriter's Maximum Number" has the meaning set forth in Section 3.1(i).

"Underwriting Agreement" has the meaning set forth in Section 3.6(a) hereof.

"Warrant" means a warrant to purchase shares of Common Stock, issued under the Warrant Agreement.

"Warrant Agreement" means, as applicable, (i) that certain Warrant Agreement, dated as of ____, 2010, between the Company and [___], as Warrant Agent, for the warrants issued to holders of interests in Old TNG common stock and/or (ii) that certain Warrant Agreement, dated as of ____, 2010, between the Company and [___], as Warrant Agent, for the warrants issued to certain members of the Company's management.

"Warrant Holder" means a registered holder of a Warrant.

"Warrant Share" means a share of Common Stock issued upon exercise of a Warrant.

"Warrant Stockholder" means a registered holder of Warrant Shares who executes and delivers to the Company, in connection with the exercise of the underlying Warrants, an instrument in substantially the form attached hereto as Exhibit A (or such other documentation as is agreed by the Company and such holder) to confirm that such holder takes such Warrant Shares subject to all the terms and conditions of this Agreement and agrees to be bound by all of the terms and conditions of this Agreement.

Section 1.2 Rules of Interpretation. Unless the context otherwise clearly requires: (a) a term has the meaning assigned to it; (b) "or" is not exclusive; (c) wherever from

the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine, feminine or neuter shall include the masculine, feminine and neuter; (d) provisions apply to successive events and transactions; (e) all references in this Agreement to "including" shall be deemed to be followed by the phrase "without limitation"; (f) all references in this Agreement to designated "Articles," "Sections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, paragraphs, clauses and other subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph, clause or other subdivision; and (g) any definition of or reference to any agreement, instrument, document, statute, rule or regulation herein shall be construed as referring to such agreement, instrument, document, statute, rule or regulation as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein).

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Election of Directors; Number and Composition. Each Signing Stockholder hereby agrees to take all necessary actions within its control, including, but not limited to, the voting of any and all of its Shares (whether at a Stockholders' meeting which has been duly called, or if so requested by the a majority of the Signing Stockholders, by written consent), the calling of special meetings, the removal of Directors, the filling of vacancies on the Board, the waiving of notice and the attending of meetings, and the Company shall take all necessary and desirable actions within its control (including calling special Board and Stockholder meetings), so as to cause the Board to be at all time comprised of five (5) individuals to be elected/appointed as set forth in this Section 2.1. The five (5) individuals comprising the Board are to be elected/appointed as follows:

(a) One (1) Director who shall be the individual then serving as the Chief Executive Officer of the Company (the "CEO Director"), provided that if for any reason such Person shall cease to serve as the Chief Executive Officer of the Company, each of the Stockholders shall promptly vote its respective Shares (i) to remove such Person from the Board if he or she has not resigned as a Director and (ii) to appoint such Person's replacement as Chief Executive Officer of the Company, and thereupon such replacement shall become the new CEO Director without any further action necessary on the part of the Signing Stockholders, the Board or the Company.

(b) Two (2) individuals nominated by the Signing Stockholders (collectively, the "Signing Stockholder Directors"); provided, that, if at any time the DDJ Stockholders' beneficial ownership of the outstanding shares of Common Stock increases to 50% or more, then for so long as such ownership remains at or above 50%, one (1) such individual shall be nominated by the Signing Stockholders other than the DDJ Stockholders; provided, further, that (i) in the event that the DDJ Stockholders are only entitled to appoint one DDJ Director pursuant to Section 2.1(c), three (3) Signing Stockholder Directors shall be nominated by the Signing Stockholders pursuant to this Section 2.1(b) and (ii) in the event that the DDJ Stockholders are no longer entitled to

appoint any DDJ Directors pursuant to Section 2.1(c), four (4) Signing Stockholder Directors shall be nominated pursuant to this Section 2.1(b). With respect to any meeting of Stockholders at which Directors are to be elected, each Signing Stockholder shall be entitled to propose one or more individuals for nomination as a Signing Stockholder Director by delivering written notice of such proposed nomination(s) to each of the other Signing Stockholders at least [__] Business Days prior to such meeting of Stockholders; provided, that if the number of individuals so proposed for nomination as Signing Stockholder Directors exceeds the number of available Signing Stockholder Director Board seats at such meeting of Stockholders, a number of such individuals, equal to the number of available Signing Stockholder Director Board seats, shall be selected for nomination as the Signing Stockholder Directors by a plurality vote of the holders (but not including the DDJ Stockholders with respect to any Signing Stockholder Director required by this paragraph to be nominated by the Signing Stockholders other than the DDJ Stockholders) of the outstanding shares of Common Stock held by the Signing Stockholders. Any meeting of the Signing Stockholders that is required pursuant to this Section 2.1(b) shall be called by the DDJ Stockholders (or, in the event that the Signing Stockholders no longer include any DDJ Stockholders, by the Signing Stockholder holding the greatest number of Shares) by giving at least [__] Business Days written notice thereof to each of the other Signing Stockholders; provided, that any such meeting may, to the extent so specified in the notice of such meeting, be held telephonically or by any other means of remote communication permitted under the DGCL. Each Signing Stockholder shall, at any meeting of Stockholders at which Directors are to be elected, vote all of its Shares in favor of the election of each Signing Stockholder Director nominated in accordance with the preceding sentences of this paragraph, provided that any Signing Stockholder may withhold its approval of any Signing Stockholder Director who is so nominated but with respect to whom Signing Stockholders holding a majority of the outstanding shares of Common Stock held by the Signing Stockholders have, in their reasonable judgment, determined lacks the qualifications necessary, with respect to experience, educational background and integrity, to serve as a Director. The initial Signing Stockholder Directors shall be [_____] and [_____], each of whom shall be deemed approved by Signing Stockholders holding a majority of the outstanding shares of Common Stock held by the Signing Stockholders, as required pursuant to this Section 2.1(b). If any Signing Stockholder Director resigns, or for any other reason ceases during his or her term of office to serve as a Director, then the resulting vacancy shall be filled by an individual designated by the Board until the next annual meeting of Stockholders. Any Signing Stockholder Director may be removed, with or without cause, (i) by the Board or (ii) by Signing Stockholders holding a majority of the outstanding shares of Common Stock held by the Signing Stockholders; provided, that the foregoing shall be the exclusive means for removing any Signing Stockholder Director.

(c) From the date hereof and for so long as the DDJ Stockholders beneficially own at least 40% of the outstanding shares of Common Stock, two (2) individuals designated by the DDJ Stockholders, and for so long as the DDJ Stockholders beneficially own at least 5% but less than 40% of the outstanding shares of Common Stock, one (1) individual designated by the DDJ Stockholders (each individual designated by the DDJ Stockholders pursuant to this sentence, a "DDJ Director"). The DDJ

Stockholders may select each DDJ Director by any means agreed to among the DDJ Stockholders, and notice of such designation shall be provided to each of the other Signing Stockholders and to the Company by the DDJ Stockholders (and the Company, each other Signing Stockholder and each other Director is entitled to rely on such notice). The DDJ Directors shall initially be [_____] and [_____]. The DDJ Stockholders shall have the exclusive right to remove, with or without cause, any DDJ Director. If any individual designated as a DDJ Director resigns, or for any other reason ceases during his or her term of office to serve as a Director, then the DDJ Stockholders shall have the exclusive right to fill such vacancy. In the event that the DDJ Stockholders cease to beneficially own at least 40% of the outstanding shares of Common Stock, then for such period, the DDJ Stockholders shall cease to have the right to appoint one of the two DDJ Directors and if the DDJ Stockholders cease to beneficially own at least 5% of the outstanding shares of Common Stock, then, for such period, the DDJ Stockholders shall cease to have any of the rights set forth in this paragraph, and the Board seat occupied by the applicable DDJ Director(s) (to be selected by the DDJ Stockholders in their sole discretion) shall subsequently be filled by an individual who is nominated and elected pursuant to Section 2.1(b). This paragraph shall not be repealed, amended or modified in any respect, and the respective rights and obligations of the Company, the Signing Stockholders and the DDJ Stockholders hereunder may not be waived, without the prior written consent of the DDJ Stockholders, unless the DDJ Stockholders no longer beneficially own at least 5% of the outstanding shares of Common Stock. For the avoidance of doubt, the DDJ Stockholders' rights under this paragraph may not be transferred by to any Person, except to an Affiliate of any DDJ Stockholder.

Section 2.2 Board Observer. From the date hereof and for so long as the DDJ Stockholders beneficially own at least 2.5% of the outstanding shares of Common Stock, the DDJ Stockholders shall be entitled, at any time and from time, to appoint up to two (2) representatives (each, a "DDJ Observer") to attend, and the Company shall invite each such DDJ Observer to attend, all meetings of the Board in a nonvoting observer capacity; provided, that: (i) at any time when one of the DDJ Directors is concurrently an employee of DDJ Capital or any of its controlled Affiliates, the DDJ Stockholders shall only be entitled to appoint one (1) DDJ Observer pursuant to this Section 2.2 (if at any such time two DDJ Observers have been appointed and are serving as such, the DDJ Stockholders shall determine, in their sole discretion, which DDJ Observer shall continue to serve in such capacity and shall notify the Company of such determination); and (ii) at any time when two DDJ Directors are concurrently employees of DDJ Capital or any of its controlled Affiliates, the DDJ Stockholders shall not be entitled to appoint any DDJ Observers. Attendance by the DDJ Observers at each Board meeting shall be at the Company's expense, and the Company shall reimburse each DDJ Observer for his or her reasonable out-of-pocket costs and expenses incurred in attending each Board meeting. Each DDJ Observer shall be entitled to receive, and the Company shall provide to each DDJ Observer, copies of all notices, minutes, consents, and other materials that it provides to the Directors, at the same time and in the same manner as provided to the Directors; provided, that each DDJ Observer shall hold in confidence and trust, and act in a fiduciary manner with respect to, all information so provided, and provided, further, that the Company reserves the right to withhold any information and to exclude either (or both) DDJ Observer(s) from any meeting or portion thereof, if access to such information or attendance at such Board meeting (or portion thereof) could reasonably be expected to adversely affect the attorney-client privilege between the

Company and its counsel or result in disclosure of trade secrets or relate to a conflict of interest. The DDJ Stockholders shall have the exclusive right to remove, with or without cause, any DDJ Observer. If any individual designated as a DDJ Observer resigns or for any other reason ceases during to serve as a DDJ Observer, then the DDJ Stockholders shall have the exclusive right to fill such vacancy.

Section 2.3 Exculpation. No Signing Stockholder, nor any Affiliate of any Signing Stockholder, shall have any liability as a result of designating any individual as a Director or proposing to nominate any individual for election as a Director, for any act or omission by such individual in his or her capacity as a Director, nor shall any Signing Stockholder or any Affiliate of any Signing Stockholder have any liability as a result of voting for any such individual in accordance with the provisions of this Agreement.

Section 2.4 Further Assurances. Each Signing Stockholder agrees to vote, in person or by proxy, all of its Shares, at any annual or special meeting of Stockholders or by consensual action of Stockholders without a meeting, against any matter that is presented to Stockholders for a vote or consent that may be inconsistent with this Agreement. Each Signing Stockholder shall vote all of its Shares and take all other actions necessary to ensure that the Organizational Documents do not at any time conflict with the provisions of this Agreement.

ARTICLE III

REGISTRATION RIGHTS

Section 3.1 Demand Registration.

(a) **Requests for Registration.** The Signing Stockholders may, pursuant to Section 3.1(b) or Section 3.1(c) and subject to the terms and conditions set forth in this Article III, submit a written request to the Company asking the Company to effect the registration under the Securities Act of Registrable Securities beneficially owned by the Signing Stockholder(s) who submitted such request and specifying the amount of Registrable Securities proposed to be registered and the intended method (or methods) and plan of disposition thereof, including whether such requested registration is to involve an underwritten offering (a "Registration Demand"). The Company shall give prompt written notice thereof (a "Demand Registration Notice") to each of the other Signing Stockholders, each of whom shall be entitled to elect to include, subject to the terms and conditions set forth in this Article III, Registrable Securities beneficially owned by it in the Registration Statement to which a Demand Registration Notice relates, by submitting a written request to the Company (a "Registration Request") within fifteen (15) days after the date of such Demand Registration Notice, specifying the number of Registrable Securities that such Signing Stockholder intends to dispose of pursuant to such Registration Statement. Except as otherwise provided in this Agreement, the Company shall prepare and use its reasonable best efforts to file with the SEC, within sixty (60) days after the date of the applicable Registration Demand, a Registration Statement with respect to the following (in either case subject to Section 3.1(i) if the Registrable Securities will be sold in an underwritten offering): (i) all Registrable Securities of the Initial Requesting Holder included in such Registration Demand and (ii) all Registrable Securities that other Signing Stockholders elect to include in such Registration Statement, pursuant to one or more timely submitted

Registration Requests. Thereafter, the Company shall use its reasonable best efforts, in accordance with Section 3.5, to effect the registration of such Registrable Securities under the Securities Act and applicable state securities laws, for disposition in accordance with the intended method or methods of disposition stated in the underlying Registration Demand. Subject to Section 3.1(i), the Company may include in such Registration Statement such number of shares of Common Stock and/or other securities of the Company (collectively, "Company Securities") as the Company proposes to offer and sell for its own account or the account of any other Person.

(b) **S-1 Registration**. Subject to the terms and conditions of this Article III, any one or more of the DDJ Stockholders shall have the right, commencing on the date of this Agreement and for so long as the DDJ Stockholders beneficially own at least 20% of the outstanding shares of Common Stock, to submit a Registration Demand to effect the registration on Form S-1 (or any successor form) of all or any portion of the Registrable Securities held by such DDJ Stockholder(s); provided, that the DDJ Stockholders shall collectively be entitled to three (3) such Registration Demands. Subject to the terms and conditions of this Article III, any Signing Stockholder or group of Signing Stockholders that beneficially owns, in the aggregate, at least 30% of the outstanding shares of Common Stock shall have the right, at any time after the date of this Agreement, to submit a Registration Demand to effect the registration on Form S-1 (or any successor form) of all or any portion of the Registrable Securities held by such Signing Stockholder(s), provided, that the Signing Stockholders shall collectively be entitled to three (3) such Registration Demands.

(c) **S-3 Registration; Shelf Registration**. At any time following such time as the Company has completed a Public Offering and becomes eligible to use Form S-3 (or any successor form) for the registration of Registrable Securities for resale, any Signing Stockholder or group of Signing Stockholders that beneficially owns, in the aggregate, at least 10% of the outstanding shares of Common Stock shall have the right, subject to the terms and conditions of this Article III, to submit a Registration Demand to effect the registration on Form S-3 (or any successor form) of the Registrable Securities held by such Signing Stockholder(s). Any registration pursuant to such a Registration Demand may, with the prior written consent of the DDJ Stockholders and if so requested in the underlying Registration Demand, be a "shelf" registration for an offering of Registrable Securities on a continuous or delayed basis pursuant to Rule 415 under the Securities Act (or any successor rule that is subsequently adopted by the SEC), provided, that the Company is at the time of such registration eligible to use Form S-3 (or any successor form) for the registration of such Registrable Securities for resale. Subject to paragraph (e), the number of Registration Demands that may be made pursuant to this paragraph is unlimited.

(d) **Delay for Disadvantageous Condition**. If, in connection with any registration requested pursuant to a Registration Demand, the Company provides a certificate to the Requesting Holders, signed by the president or chief executive officer of the Company and stating that, in the good faith judgment of the Board and its outside counsel, it would be materially detrimental to the Company or its Stockholders for such Registration Statement either to become effective or to remain effective for as long as such Registration Statement otherwise would be required to remain effective, then the Company shall have the right to defer taking action with respect to such Registration Statement and any time periods with respect to filing or

effectiveness thereof shall be tolled correspondingly, for a period of not more than sixty (60) days after the request of the Requesting Holder is given; provided, however, that the Company may not invoke this right more than once during any period of 12 consecutive months.

(e) **Limitation on Successive Registrations**. The Company shall not be required to effect a registration of Registrable Securities pursuant to Section 3.1(a) or Section 3.1(b) for a period of ninety (90) days immediately following the effective date of any Registration Statement filed pursuant to this Section 3.1.

(f) **Demand Withdrawal**. With respect to any registration requested pursuant to this Section 3.1, (i) the Initial Requesting Holder(s) who submitted the underlying Registration Demand may withdraw such Registration Demand and (ii) any Requesting Holder may withdraw its Registrable Securities from such registration, in either case by providing written notice to the Company at any time prior to the effective date of the Registration Statement relating to such Registration Demand. If all of the Registrable Securities to be included in the registration pursuant to any Registration Demand are so withdrawn, then such Registration Demand shall be deemed withdrawn. In the event of any such actual or deemed withdrawal of a Registration Demand, the Company shall cease all efforts to effect the registration of the Registrable Securities requested to be included in such registration, without liability to any Requesting Holder. Such registration will be deemed to have been effected (including for purposes of Section 3.1(b), with respect to a Registration Demand made thereunder) unless (i) each Requesting Holder who has withdrawn its Registration Demand or has withdrawn all of its Registrable Securities from such registration has paid (or reimbursed the Company for), pursuant to Section 3.4, its pro rata share (based on a fraction, the numerator of which is the number of Registrable Securities that such Requesting Holder asked to be included in such withdrawn registration and the denominator of which is the aggregate number of Registrable Securities that all Requesting Holders collectively asked to be included in such withdrawn registration) of the Registration Expenses incurred by the Company in connection with such withdrawn registration or (ii) the withdrawal is made following the occurrence of a material adverse change in the business or financial condition of the Company that is made known to the Initial Requesting Holder(s) after the date of the applicable Registration Demand, or if the registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason other than a misrepresentation or omission by any Requesting Holder; provided, that if any such stop order, injunction, order or requirement is issued or imposed as a result of any misrepresentation or omission by any Requesting Holder(s), the Responsible Requesting Holder(s) shall be solely responsible for paying (or reimbursing the Company for) all of the Registration Expenses to be paid or reimbursed to the Company pursuant to Section 3.4.

(g) **Effective Registration**. Notwithstanding anything to the contrary in this Agreement, except to the extent expressly set forth in paragraph (f), a Registration Statement filed pursuant to this Section 3.1 shall not be deemed to have been requested or effected (including for purposes of Section 3.1(b), with respect to a Registration Demand made thereunder) unless it has been declared effective by the SEC and shall have remained effective for one hundred-eighty (180) days (excluding any periods of time during which such Registration Statement is tolled or suspended pursuant to Sections 3.1(d) or 3.5(c)) or such shorter period as may be required to sell all Registrable Securities included in such Registration

Statement; provided, that in the case of any registration on Form S-3 of Registrable Securities that are intended to be offered on a continuous or delayed basis, such one hundred-eighty (180) day period shall be extended, if necessary, to keep the Registration Statement effective until all such Registrable Securities are sold. In no event shall a registration be deemed to have been effected if (i) after the Registration Statement has been declared effective by the SEC, such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court, for any reason other than a misrepresentation or an omission by any Requesting Holder and, as a result thereof, the Registrable Securities requested to be registered therein cannot be completely distributed in accordance with the plan of distribution set forth in such Registration Statement or (ii) the conditions to closing the sale of Registrable Securities specified in any purchase agreement or Underwriting Agreement, which agreement was entered into in connection with such registration for the purpose of distributing Registrable Securities in accordance with the plan of distribution set forth in the applicable Registration Statement, are not satisfied or waived other than solely by reason of some act or omission by any Requesting Holder.

(h) **Selection of Underwriters**. Any registration of Registrable Shares pursuant to this Section 3.1 may, if so requested in the underlying Registration Demand, be effected as an underwritten offering, and in such event Requesting Holders who beneficially own a majority of the Registrable Securities to be included in such registration shall have the right to select, by written notice to the Company (with a copy to each other Requesting Holder), the managing underwriter or underwriters for the offering; provided that such underwriter or underwriters shall be reasonably acceptable to the Company.

(i) **Priority**. If a registration under this Section 3.1 involves an underwritten offering and the managing underwriter(s) in its good faith judgment advises the Company that the number of Registrable Securities requested to be included in the Registration Statement by the Requesting Holders exceeds the number of securities that can be sold without adversely affecting the price, timing, distribution or sale of securities in the offering (the "Underwriter's Maximum Number"), the Company shall be required to include in such Registration Statement only such number of securities as is equal to the Underwriter's Maximum Number and the Company and the Requesting Holders shall participate in such offering in the following order of priority:

(i) First, the Company shall be obligated and required to include in the Registration Statement the number of Registrable Securities that each Requesting Holder(s) (including the Initial Requesting Holder(s)) has requested to be included in the Registration Statement and that does not exceed the Underwriter's Maximum Number; provided that if there are multiple Requesting Holders, the Registrable Securities to be included in the Registration Statement shall be allocated among all such Requesting Holders in proportion, as nearly as practicable, to the respective number of Registrable Securities held by them on the date of the underlying Registration Demand. If any such Requesting Holder would thus be entitled to include more Registrable Securities than it requested to be registered, the excess shall be allocated among the other Requesting Holders pro rata in the manner described in the immediately preceding sentence.

(ii) Second, the Company shall be entitled to include in such Registration Statement such number of Company Securities as the Company proposes to offer and sell for its own account or the account of any other Person to the full extent of the remaining portion of the Underwriter's Maximum Number.

Section 3.2 Piggyback Registration.

(a) **Notice of Registrations.** In the event that the Company proposes to file a Registration Statement with respect to Company Securities, whether or not for sale for its own account, the Company shall provide each Stockholder Party with written notice of its intention to do so (a "Piggyback Registration Notice") at least thirty (30) days prior to filing such Registration Statement. Any Stockholder Party may elect to include Registrable Securities beneficially owned by it in the Registration Statement to which a Piggyback Registration Notice relates, by submitting a written request (a "Piggyback Registration Request") to the Company within fifteen (15) days after the date of such Piggyback Registration Notice, specifying the number of Registrable Securities that such Stockholder Party intends to dispose of pursuant to such Registration Statement, and the intended method of disposition thereof. The Company shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities that Stockholder Parties have requested, pursuant to timely submitted Registration Requests, to be included in the Registration Statement to which the underlying Piggyback Registration Notice relates. Any Warrant Holder who conditionally exercises Warrants pursuant to the Warrant Agreement in connection with any Piggyback Registration shall be entitled to elect, pursuant to this Section 3.2, to include the Warrant Shares issuable upon exercise of such conditionally exercised Warrants in the applicable Registration Statement, as if such Warrant Holder were a "Stockholder Party" and all such Warrant Shares were "Registrable Securities" for all purposes of this Section 3.2, notwithstanding that such Warrant Shares will not be outstanding at the time such rights are exercised. Such rights shall be subject to all of the terms and conditions set forth in this Agreement with respect to any Stockholder Party's rights to elect to include Registrable Securities in the Registration Statement to which a Piggyback Registration Notice relates, and such additional terms and conditions as are set forth in the Warrant Agreement with respect to the Warrant Holder's exercise of such right.

(b) **Withdrawal of Registration.** If, at any time after the Company provides a Piggyback Registration Notice and prior to the effective date of any Registration Statement filed in connection therewith, the Company shall determine for any reason not to register the Company Securities to which such Piggyback Registration Notice relates, the Company may, in its sole discretion, give the Requesting Holders written notice of such determination and thereupon shall be relieved of its obligation to register any Registrable Securities that the Requesting Holders requested to be registered pursuant to a Piggyback Registration Request delivered in response to such Piggyback Registration Notice.

(c) **Priority.** If a registration under this Section 3.2 involves an underwritten offering and the managing underwriter(s) in its good faith judgment advises the Company that the number of Registrable Securities requested to be included in the Registration Statement by the Requesting Holders exceeds the Underwriter's Maximum Number, the Company shall be required to include in such Registration Statement only such number of securities as is equal to

the Underwriter's Maximum Number and the Company and the Requesting Holders shall participate in such offering in the following order of priority:

(i) First, the Company shall be entitled to include in such Registration Statement the Company Securities that the Company proposes to offer and sell for its own account in such registration and that does not exceed the Underwriter's Maximum Number.

(ii) Second, the Company shall be obligated and required to include in such Registration Statement that number of Registrable Securities that the Requesting Holders have collectively requested to be included in such offering, to the full extent of the remaining portion of the Underwriter's Maximum Number, provided, that if such number of Registrable Securities exceeds the remaining portion of the Underwriter's Maximum Number, the Registrable Securities to be included in such offering shall be allocated among all of the Requesting Holders, in proportion, as nearly as practicable, to the respective number of Registrable Securities held by them on the date of the underlying Piggyback Registration Notice. If any Requesting Holder would thus be entitled to include more Registrable Securities than it requested to be registered, the excess shall be allocated among other Requesting Holders pro rata in the manner described in the preceding sentence.

(iii) Third, the Company shall be entitled to include in such Registration Statement that number of Company Securities that the Company proposes to offer and sell for the account of any other Person, to the full extent of any remaining portion of the Underwriter's Maximum Number.

(d) **Not a Demand Registration.** No registration of Registrable Securities effected under this Section 3.2 shall relieve the Company of its obligation to effect any registration of Registrable Securities pursuant to Section 3.1.

Section 3.3 Certain Information. In connection with any request for registration pursuant to Section 3.1 or Section 3.2, each Selling Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such Registrable Securities as the Company shall reasonably request, to the extent required to complete the filing of such Registration Statement in accordance with applicable law (including the Securities Act and any state securities or "blue sky" laws).

Section 3.4 Expenses. Except as expressly provided otherwise in this Agreement, if the Company is required to effect the registration of any Registrable Securities pursuant to Section 3.1 or Section 3.2, the Company shall pay all Registration Expenses with respect to such registration; provided, that each Selling Holder shall bear its pro rata share, on the basis of the number of Registrable Securities registered, of all underwriting discounts, selling commissions and stock transfer taxes. Notwithstanding the foregoing, in the event that any registration of Registrable Securities requested pursuant to Section 3.1 is withdrawn or deemed withdrawn pursuant to Section 3.1(f) and the Initial Requesting Holder(s) elects not to have such withdrawn registration counted as a registration under Section 3.1, the Initial Requesting

Holder(s) and each Requesting Holder withdrawing all of its Registrable Securities shall pay (or reimburse the Company for) its pro rata share (in accordance with the number of Registrable Securities that it asked to be included in such withdrawn registration) of the Registration Expenses incurred by the Company with respect to such withdrawn registration. The immediately preceding sentence shall not apply if such registration is withdrawn (i) as a result of information concerning the occurrence of a material adverse change in the business or financial condition of the Company that is made known to the Requesting Holders after the date on which such registration was requested or (ii) if the registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason other than a misrepresentation or omission by any Requesting Holder; provided, that if any such stop order, injunction, order or requirement is issued or imposed as a result of any misrepresentation or omission by any Requesting Holder(s), such Requesting Holder(s) (each, a "Responsible Requesting Holder") shall be solely responsible for paying (or reimbursing the Company for) all of the Registration Expenses incurred by the Company with respect to such withdrawn registration; provided, further, that if more than one Responsible Requesting Holder is responsible for such payment or reimbursement of Registration Expenses then each such Responsible Requesting Holder shall be responsible for its pro-rata share of such Registration Expenses (for each Responsible Requesting Holder based on a fraction, the numerator of which is the number of Registrable Securities that such Responsible Requesting Holder asked to be included in such withdrawn registration and the denominator of which is the aggregate number of Registrable Securities that all Responsible Requesting Holder collectively asked to be included in such withdrawn registration).

Section 3.5 Registration and Qualification.

(a) In the event that the Company is required to effect the registration of any Registrable Securities pursuant to this Article III, the Company shall:

(i) use its reasonable best efforts to, as promptly as practicable, prepare, file and cause to become effective a Registration Statement relating to such Registrable Securities;

(ii) prepare and file with the SEC such amendments and supplements to the Registration Statement for such Registrable Securities and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all such Registrable Securities until such time as all of such Registrable Securities have been disposed of; provided, that the Company shall, as far in advance as practicable but at least five (5) Business Days prior to filing a Registration Statement or prospectus (or any amendment or supplement thereto), furnish to each Selling Holder, for their review, copies of such Registration Statement or prospectus (or amendment or supplement) as proposed to be filed (including, upon the request of such Signing Stockholder, documents to be incorporated by reference therein); provided, further that each Selling Holder may request reasonable changes to such Registration Statement, prospectus, amendment or supplement (as the case may be) and the Company shall be required to comply therewith to the extent necessary to lawfully complete such filing or maintain the effectiveness of such Registration Statement;

(iii) furnish to each Selling Holder and each underwriter of such Registrable Securities such number of conformed copies of such Registration Statement and each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity with the requirements of the Securities Act, such documents as are incorporated by reference in such Registration Statement or prospectus (including any amendments or supplements thereto), and such other documents as such Selling Holder or underwriter may reasonably request;

(iv) promptly notify each Selling Holder in writing of the effectiveness of the Registration Statement and of any stop order issued or threatened by the SEC with respect thereto, use its reasonable best efforts to prevent the entry of any such stop order that is threatened and promptly remove any such stop order that has been entered, and promptly notify each Selling Holder of such lifting or withdrawal of any such stop order;

(v) use its reasonable best efforts to (x) register or qualify all Registrable Securities covered by such Registration Statement under the securities or blue sky laws of such jurisdictions as may be requested by any Selling Holder or underwriter of such Registrable Securities, and promptly notify the Selling Holders of the receipt of any notification with respect to the suspension of the qualification of Registrable Securities for sale or offer in any such jurisdiction and (y) obtain all appropriate registrations, permits and consents in connection with such registrations and qualifications, and do any and all other acts and things (including using reasonable best efforts to promptly remove any such suspension) necessary or advisable to enable the Selling Holders and underwriters to consummate the disposition of such Registrable Securities in such jurisdictions; provided, that the Company shall not be required to qualify to do business as a foreign corporation in any such jurisdiction where it is not so qualified, to consent to general service of process in any such jurisdiction or to amend its Organizational Documents;

(vi) use its reasonable best efforts to furnish to each Selling Holder and underwriter of such Registrable Securities (x) an opinion of counsel to the Company addressed to each such Selling Holder and underwriter and dated the date of the closing under the Underwriting Agreement (with respect to an underwritten offering) or the effective date of the Registration Statement (if the offering is not underwritten) and (y) "cold comfort" letters dated the effective date of the Registration Statement (and, with respect to any underwritten offering, brought down to the date of closing under the Underwriting Agreement) addressed to each Selling Holder and (as applicable) underwriter and signed by the independent public accountants who have certified the Company's financial statements included in such Registration Statement, in each such case covering substantially the same matters as are customarily covered in such opinions and cold comfort letters in connection with underwritten public offerings of securities;

(vii) if requested by the managing underwriter, use its reasonable best efforts to list all such Registrable Securities covered by such registration on each national securities exchange on which shares of Common Stock are then listed;

(viii) furnish for delivery in connection with the closing of the registered offering of such Registrable Securities unlegended certificates representing ownership of such Registrable Securities in such denominations as shall be requested by the Selling Holders or the underwriters (if any) for such Registered Securities;

(ix) not later than the effective date of the applicable Registration Statement, (x) retain a transfer agent and registrar (if the Company does not already have one), (y) obtain a CUSIP number for all Registrable Securities included in such Registration Statement and (z) provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company or other applicable clearing agency;

(x) in the case of an underwritten offering of such Registrable Securities, cause its senior executive officers to participate in such customary "road show" presentations as may be reasonably requested by the managing underwriter, and to otherwise facilitate, cooperate with, and participate in each proposed offering of Registrable Securities pursuant to this Article III and customary selling efforts related thereto; and

(xi) otherwise use its reasonable best efforts to comply with all applicable securities laws, including the Securities Act, the Exchange Act, and state securities and "blue sky" laws.

(b) In the event that the Company delivers a prospectus covering Registrable Securities to the Selling Holders and such prospectus is subsequently amended to comply with the requirements of the Securities Act, the Company shall promptly notify each Selling Holder and may, in its discretion, request that the Selling Holders cease making offers of Registrable Securities and return to the Company all prospectuses in their possession. In the event that the Company make such a request each Selling Holder shall immediately cease making such offers and shall promptly return all such prospectuses. The Company shall promptly provide the Selling Holders with revised prospectuses and each Selling Holder shall be free, following its receipt of such revised prospectuses, to resume making offers of the Registrable Securities.

(c) In the event that the Company determines, in its sole discretion, that it is advisable to suspend use of a prospectus included in a Registration Statement due to pending material developments or other events that have not yet been publicly disclosed and as to which the Company believes public disclosure would be detrimental to the Company, the Company shall direct the Selling Holders to discontinue sales of Registrable Securities pursuant to such prospectus, and each Selling Holder shall immediately so discontinue, until such Selling Holder has received copies of a supplemented or amended prospectus or until such Selling Holder is advised in writing by the Company that the then-current prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such prospectus. The Company shall promptly furnish to each Selling Holder copies of any such supplemented or amended prospectuses or additional or supplemental filings, as the case may be. Notwithstanding anything to the contrary in this Agreement, the Company shall not exercise its rights under this Section 3.5(c) to suspend sales

of Registrable Securities for a period in excess of sixty (60) consecutive days or ninety (90) days during any period of 365 consecutive days.

Section 3.6 Underwriting; Due Diligence.

(a) In the event of an underwritten offering of Registrable Securities pursuant to a registration requested under this Article III, the Company shall, if requested by the underwriters for such offering, enter into an underwriting agreement with such underwriters (an "Underwriting Agreement"). Any such Underwriting Agreement shall contain such representations, warranties and covenants by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, and shall include indemnification and contribution provisions substantially to the effect and extent of those set forth in Section 3.7 hereof, and agreements as to the provision of opinions of counsel and accountants' letters substantially to the effect and extent of those set forth in Section 3.5(a)(vii). The Selling Holders on whose behalf such Registrable Securities are to be distributed by the underwriters shall be parties to any such Underwriting Agreement, which shall also contain such representations, and warranties by the Selling Holders as are customarily provided by selling stockholders in underwriting agreements with respect to secondary distributions. The Underwriting Agreement shall also include indemnification and contribution provisions substantially to the effect and extent of those set forth in Section 3.7. With respect to any Underwriting Agreement: (i) all of the representations and warranties by the Company to and for the benefit of the underwriters shall also be made to the Selling Holders, (ii) the other agreements made by the Company for the benefit of the underwriters shall also be made for the benefit of the Selling Holders, (iii) all of the conditions precedent to the obligations of the underwriters thereunder shall be conditions precedent to the obligations of the Selling Holders, and (iv) no Selling Holder shall be required to make any representations or warranties to, or agreements with, the Company or the underwriters, other than customary representations, warranties or agreements regarding such Selling Holder, its Registrable Securities, its intended method of distribution of such Registrable Securities.

(b) In connection with the preparation and filing of each Registration Statement that is used to register Registrable Securities pursuant to a registration requested under this Article III, the Company shall (except during any suspension period pursuant to Section 3.5(c)) give the Selling Holders, the underwriters (if any) and their respective counsel and accountants such reasonable and customary access to its books, records and properties and such opportunities to discuss the Company's business and affairs with its officers and the independent public accountants who have certified the Company's financial statements included with such Registration Statement, to the extent necessary (in the opinion of such Selling Holders, underwriters or their respective counsel) to conduct a reasonable investigation within the meaning of the Securities Act; provided, that such Selling Holders and underwriters shall (and shall cause their respective counsel and accountants to) use their reasonable best efforts to coordinate their respective investigations of the books, records and properties of the Company.

Section 3.7 Indemnification and Contribution.

(a) The Company's Indemnification Obligations. To the fullest extent permitted by law, the Company agrees to indemnify and hold harmless each Selling Holder, its

Affiliates, and their respective directors, officers, members, managers, partners, employees, stockholders, agents, advisors, investment managers and any Person who "controls" such Selling Holder (within the meaning of Section 15 of the Securities Act), from and against any and all losses, claims, damages and liabilities, including any legal or other costs, fees and expenses reasonably incurred in connection with defending or investigating any such action or claim (collectively, "Losses") insofar as such Losses are caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or amendment thereto, any free writing prospectus, any preliminary prospectus or prospectus (as amended or supplemented) relating to the Registrable Securities, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Losses (i) relate to a transaction or sale made by a Selling Holder in violation of Section 3.5(c) or (ii) are caused by any such untrue statement or omission or alleged untrue statement or omission that is based upon and in conformity with information relating to a Selling Holder which is furnished to the Company in writing by such Selling Holder expressly for use therein; provided, that clause (ii) shall not apply to the extent that the Selling Holder has furnished in writing to the Company prior to the filing of such Registration Statement, free writing prospectus, preliminary prospectus, prospectus, amendment or supplement information expressly for use in such document which information corrected or made not misleading the information previously furnished to the Company by such Selling Holder, and the Company failed to include such information therein.

(b) To the fullest extent permitted by law, each Selling Holder agrees to indemnify and hold harmless the Company, all Affiliates of the Company, each of their respective directors, officers, members, managers, partners, employees, stockholders, agents and advisors and each Person, if any, who "controls" (within the meaning of Section 15 of the Securities Act) the Company, from and against any and all Losses insofar as such Losses are caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or amendment thereto, any free writing prospectus, preliminary prospectus or prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) relating to the Registrable Securities, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but only with reference to information relating to such Selling Holder furnished in writing by or on behalf of such Selling Holder expressly for use in such Registration Statement, free writing prospectus, preliminary prospectus, prospectus, amendments or supplement; provided, that such Selling Holder shall not be liable in any such case to the extent that it has furnished in writing to the Company prior to the filing of any such Registration Statement, free writing prospectus, preliminary prospectus, prospectus, amendment or supplement information expressly for use in such document which information corrected or made not misleading the information previously furnished to the Company by such Selling Holder, and the Company failed to include such information therein. Notwithstanding anything to the contrary in this Section 3.7, each Selling Holder's indemnification obligations under this paragraph are several, and not joint and several, and shall not exceed, with respect to any given registration of Registrable Securities pursuant to this Article III, the amount of net proceeds received by such Selling Holder in connection with the offering of its Registrable Securities under such registration.

(c) Each party that is entitled to indemnification under paragraphs (a) or (b) of this Section 3.7 shall, promptly after receipt of notice of a claim or action against such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnifying party in writing of the claim or action and the indemnifying party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such indemnified party, and shall assume the payment of all fees and expenses; provided, that the failure of any indemnified party so to notify the indemnifying party shall not relieve the indemnifying party of its obligations hereunder except to the extent that the indemnifying party is materially prejudiced by such failure to notify. In any such action, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the sole expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) in the reasonable judgment of such indemnified party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, in which case the fees and expenses of such counsel shall be at the sole expense of the indemnifying party; provided, that in the event that the Company, as indemnifying party, is required to pay expenses of separate legal counsel for any one or more Selling Holders as indemnified party, such single counsel shall be designated in writing to the Company by the Selling Holder with the largest number of Registrable Securities included in such registration. All such fees and expenses shall be reimbursed as they are incurred. The indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent, which consent shall not be unreasonably withheld or delayed, but if settled with such consent, or if there be a final judgment for the plaintiff, the indemnifying party shall indemnify and hold harmless such indemnified parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened claim or action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability arising out of such proceeding and imposes no obligations on such indemnified party other than the payment of monetary damages (which damages will be paid by the indemnifying party hereunder).

(d) If the indemnification provided for in this Section 3.7 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified party in respect of any Loss referred to therein, then the indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. Notwithstanding anything to the contrary in this paragraph, no indemnifying party (other than the Company) shall be required to contribute any amount in excess of the amount by which the net proceeds received by such indemnifying party from the sale of Registrable Securities in the offering to which the Loss relates exceeds the amount of any damages which such indemnifying party has otherwise been required to pay by reason of such

untrue statement or omission. The parties to this Agreement agree that it would not be just and equitable if contribution pursuant to this paragraph were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in Section 3.7(c). No Person who is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) that results in a Loss shall be entitled to contribution with respect to such Loss from any Person who is not guilty of such fraudulent misrepresentation.

(e) Indemnification and contribution similar to that specified in the preceding paragraphs of this Section 3.7 (with appropriate modifications) shall be given by the Company, the Selling Holders and the underwriters with respect to any required registration or other qualification of Registrable Securities under any state law or regulation or governmental authority.

(f) The obligations of the parties under this Section 3.7 shall be in addition to any liability which any party may otherwise have to any other party. If indemnification is available under this Section 3.7, the indemnifying parties shall indemnify each indemnified party to the fullest extent permitted by applicable law and as provided in paragraphs (a) and (b) hereof without regard to the relative fault of said indemnifying parties or indemnified party.

(g) The rights and obligations of the Company and the Selling Holders under this Section 3.7 shall survive the termination of this Agreement.

Section 3.8 Rule 144 Information. The Company hereby covenants and agrees that as soon as practicable after the first issuance of Company Securities in a Public Offering, it shall (a) file such periodic reports as it is required to file under the Exchange Act or if the Company is not required to file such reports, it shall, upon the reasonable request of any Signing Stockholder, make publicly available such information as is necessary to permit such Signing Stockholder to sell Registrable Securities pursuant to Rule 144, and (b) take such further action as any Signing Stockholder may reasonably request, to the extent such action is necessary to permit such Signing Stockholder to sell Registrable Securities pursuant to Rule 144.

Section 3.9 Transfer of Registration Rights. No Stockholder Party shall in any way, directly or indirectly, Transfer all or any portion of its registration rights under this Article III with respect to any of its Registrable Securities, except that such rights shall automatically be Transferred to any Transferee who is an Affiliate of a Signing Stockholder, in a Transfer of such Registrable Securities that fully complies with the terms and conditions of this Agreement. Any other purported direct or indirect Transfer of such registration rights by any Stockholder Party shall be null and void and of no force or effect.

Section 3.10 Termination. All of the Company's obligations to register Registrable Securities under this Article III shall terminate on the date on which the Signing Stockholders cease to beneficially own any Registrable Securities.

ARTICLE IV

TRANSFERS OF SHARES

Section 4.1 Restrictions on Transfers.

(a) Transferability. By acceptance of its respective Shares, each Stockholder Party agrees that it shall not Transfer any Shares, except in compliance with the Securities Act, any other applicable securities or "blue sky" laws, and the terms and conditions of this Agreement, including this Article IV and, to the extent applicable, Article V. Except as expressly permitted in this Agreement, no Stockholder Party shall in any way, directly or indirectly, Transfer all or any portion of its Shares. Any Transfer of Shares not expressly permitted herein shall be null and void and of no force or effect, and the Company shall not recognize any such attempted Transfer in its books and records and the purported Transferee or successor by operation of law shall not be deemed to be a Stockholder Party or a holder of Shares or Common Stock for any purpose, and shall not be entitled to any of the rights of ownership with respect to such Shares, including, without limitation, the right to vote such Shares or to receive a certificate for such Shares or to receive any dividends or other distributions on or with respect to such Shares.

(b) Transfers to Affiliates. Any Stockholder Party may Transfer all or any portion of its Shares at any time to an Affiliate of such Stockholder Party, provided that (i) the Transferee is not a Competitor (ii) the Transfer complies with the Securities Act and all applicable state securities and "blue sky" laws and (iii) the Transferor gives the Company and each of the Signing Stockholders at least five (5) Business Days prior written notice of the proposed Transfer. Any Transfer that is made in accordance with this paragraph shall not be subject to any of the provisions of Article V.

(c) Transfers to Signing Stockholders. Any Stockholder Party may Transfer all or any portion of its Shares at any time to one or more of the Signing Stockholders; provided, that (i) the Transferee is not a Competitor, (ii) the Transfer complies with the Securities Act and all applicable state securities and "blue sky" laws, (iii) the Transferor gives the Company and each of the Signing Stockholders at least five (5) Business Days prior written notice of the proposed Transfer, (iv) if the number of Shares to be Transferred in a single transaction or series of related transactions pursuant to this paragraph exceeds 5% of the outstanding shares of Common Stock, then such Shares shall be subject to the Tag-Along provisions set forth in Section 5.2, and (v) if the number of Shares to be Transferred in a single transaction or series of related transactions pursuant to this paragraph exceeds 5% of the outstanding shares of Common Stock, then such Shares shall be subject to the right of first refusal provisions set forth in Section 5.3. Solely for purposes of this paragraph, the following shall not be considered to be a series of related transactions for such purposes: (x) any sales of Shares that are consummated more than one month apart and were not part of the same contract, agreement or arrangement to sell such Shares or (y) any sales of Shares to more than one Person, which such Persons are not Affiliates of each other, pursuant to separately negotiated contracts, whether or not such sales of Shares are consummated within a one-month period. Any Transfer that is made in accordance with this paragraph shall not be subject to the any of the provisions of Section 5.1 and shall be subject to Section 5.2 only to the extent expressly set forth in this paragraph.

(d) Transfers to Third Parties. In addition to Transfers that are made pursuant to Section 4.1(b) or Section 4.1(c), any Stockholder Party may Transfer all or any portion of its Shares at any time to any Person or group of Persons, provided that (i) the proposed Transferee is not a Competitor, (ii) the Transfer complies with the Securities Act all applicable state securities and "blue sky" laws, (iii) the Transferor submits a Transfer Request (as defined below) for such Transfer that is approved by the Company, (iv) if such Transfer is part of a transaction or series of related transactions in which any Stockholder Party or group of Stockholder Parties proposes to Transfer a number of Shares that exceeds 5% of the outstanding shares of Common Stock, then such Stockholder Party or group of Stockholder Parties shall have complied with all of the provisions set forth in Section 5.2 and (v) if such Transfer is part of a transaction or series of related transactions in which any Stockholder Party or group of Stockholder Parties proposes to Transfer a number of Shares that exceeds 1% of the outstanding shares of Common Stock, then such Stockholder Party or group of Stockholder Parties shall have complied with all of the provisions set forth in Section 5.3.

(e) Requests for Transfer. In order to provide for the effective policing of this Section 4.1, a Stockholder Party who proposes to effect a Transfer pursuant to Section 4.1(d) must submit, prior to the date of the proposed Transfer, a written request in writing (a "Transfer Request") that the Company review the proposed Transfer and authorize or not authorize the proposed Transfer pursuant to this Section 4.1. A Transfer Request shall include (i) the name, address, place of birth or jurisdiction of organization, citizenship and telephone number of the proposed Transferee, (ii) the number of Shares proposed to be so Transferred, (iii) the date on which the proposed Transfer is expected to take place, (iv) the name of the Stockholder Party proposing such Transfer, and (v) such information as the Company in its discretion may reasonably request (and which may, in the Company's sole discretion, include an opinion of counsel to be provided at the Transferor's sole cost and expense to such effect) to establish that registration of the proposed Transfer is not required under the Securities Act or any applicable state securities or "blue sky" laws. The Company shall, within five (5) Business Days after its receipt of a Transfer Request that includes all of the information set forth in the foregoing clauses (i) through (v), determine whether to authorize (subject to compliance with all of the applicable provisions, if any, set forth in Article V) the Transfer proposed in such Transfer Request and shall notify the proposed Transferor of such determination; provided, that the only bases on which a Transfer may be denied are failure to comply with the applicable restrictions set forth in this Article IV or Article V, and provided, further that if the Company does not notify the proposed Transferor of its determination within such time period, the Transfer proposed in such Transfer Request shall be deemed to be approved hereunder.

(f) Joinder. With respect to any Transfer of Shares, the Transferee of such Shares shall execute and deliver to the Company, as a condition precedent to such Transfer, an instrument in substantially the form attached hereto as Exhibit A (or such other documentation as is agreed by the Company and such Transferee) to confirm that the Transferee takes such Shares subject to all the terms and conditions of this Agreement and agrees to be bound by all of the terms and conditions of this Agreement.

(g) Exchange Act Reporting Obligations. Notwithstanding anything to the contrary in this Agreement, no Stockholder Party may Transfer any Shares if, as a result of such Transfer, any class of equity securities of the Company would be held of record by more than

three hundred (300) Persons or otherwise in circumstances that the Board determines could require the Company to file reports under the Exchange Act, if it is not otherwise subject to such requirements. Nothing contained in this Article IV shall limit the authority of the Board to take such other action to the extent permitted by law as it deems necessary or advisable to preserve the Company's status as a non-reporting company under the Exchange Act.

(h) Inapplicability of Section 4.1. Notwithstanding anything to the contrary in this Section 4.1, the restrictions on transfer set forth in this Article IV and Article V shall be inapplicable to any sale pursuant to an Effective Registration Statement in accordance with Article III.

Section 4.2 Merger Transactions. Notwithstanding anything to the contrary in this Agreement, the Company may enter into an agreement to consolidate with or merge with or into any other corporation if such agreement is approved by the Board and the requisite vote of the Stockholders under the DGCL, and otherwise complies with applicable law.

Section 4.3 Legend on Certificates. (a) All certificates for Shares shall conspicuously bear the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON _____, 2010 PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF SECTION 5 OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") PROVIDED BY SECTION 1145 OF THE BANKRUPTCY CODE, AND HAVE NOT BEEN REGISTERED UNDER THE ACT OR ANY STATE SECURITIES LAW THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT OR SUCH LAWS AND THE RULES AND REGULATIONS THEREUNDER.
>
> THE VOTING, SALE, TRANSFER, ENCUMBRANCE OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A STOCKHOLDERS' AGREEMENT, DATED AS OF [_____], 2010, AMONG THE NEWARK GROUP, INC. AND CERTAIN HOLDERS OF ITS OUTSTANDING CAPITAL STOCK (AS THE SAME MAY BE AMENDED, MODIFIED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME), A COPY OF WHICH MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE NEWARK GROUP, INC.

(b) In the event that any shares of Common Stock shall be registered under the Securities Act, the Company shall, upon the written request of the holder thereof, issue to such holder a new certificate evidencing such stock without the legend required by Section 4.3

endorsed thereon. In the event that the Common Stock shall cease to be subject to the restrictions on transfer set forth in this Article IV, the Company shall, upon the written request of the holder thereof, issue to such holder a new certificate evidencing such stock without the legend required by Section 4.3 endorsed thereon.

ARTICLE V

DRAG-ALONG; TAG-ALONG; RIGHT OF FIRST REFUSAL

Section 5.1 Drag-Along Sale.

(a) In the event that any Signing Stockholder or group of Signing Stockholders (a "Drag-Along Seller") owns at least 51% of the outstanding shares of Common Stock and proposes to Transfer, pursuant to Section 4.1(d), all of its Shares in a Drag-Along Sale, then such Drag-Along Seller shall give written notice of such Drag-Along Sale (a "Drag-Along Notice") to each of the other Stockholder Parties and to the ESOP Trustee at least ten (10) Business Days prior to the closing of such Drag-Along Sale, which notice shall state that such Drag-Along Seller desires the Dragged Stockholders to enter into such Drag–Along Sale and shall include the following information with respect to the proposed Drag-Along Sale: (i) the names of all of the parties thereto, (ii) a summary of the material terms and conditions thereof, and (iii) the proposed amount and form of consideration to be received by the Drag-Along Seller and Dragged Stockholders, whereupon all Drag-Along Sellers, Dragged Stockholders and the Company (as applicable) shall consent to, cooperate with, and not object to or otherwise impede consummation of the Drag-Along Sale. In the event that the Drag-Along Sale is structured as a merger or consolidation, each Dragged Stockholder shall vote its Shares to approve such merger or consolidation, whether at a meeting of Stockholders or by written consent of Stockholders in lieu of a meeting. In the event that the Drag-Along Sale is structured as a sale of all of the outstanding Shares, then each Dragged Stockholder shall agree to sell, and shall sell, all of its Shares and any other rights to acquire Shares, on the terms and conditions set forth in the Drag-Along Notice. In the event that the Drag-Along Sale is structured as a sale, transfer or other disposition of all or substantially all of the assets or business of the Company, then each Dragged Stockholder shall vote its Shares to approve such sale and any subsequent dissolution or winding up of the Company or other distribution of the proceeds therefrom, whether at a meeting of Stockholders or by written consent of Stockholders in lieu of a meeting, with respect to the sale, transfer or other disposition of assets. In furtherance of the foregoing, each Dragged Stockholder shall (x) waive all dissenter's rights, appraisal rights and similar rights in connection with such Drag-Along Sale, and (y) take, with respect to its Shares, all necessary or desirable actions reasonably requested by the Drag-Along Seller in connection with the consummation of the Drag-Along Sale, including voting all such Shares to approve such transaction and executing the applicable purchase and sale agreement.

(b) No Dragged Stockholder shall be required to sell any Shares in a Drag-Along Sale pursuant to this Section 5.1 unless the form and total amount of consideration per Share payable to such Dragged Stockholder is the same as that paid to each Drag-Along Seller unless any Drag-Along Seller is given an option as to the form and/or amount of consideration to be received, in which case all of the Dragged Stockholders shall be given the same option. No Dragged Stockholder shall be required to make any covenants, representations or warranties in

connection with any Drag-Along Sale, except for representations and warranties concerning its ownership of and authority to sell the Shares, or be required to give any indemnity except with respect to such representation and warranties; provided, that a Dragged Stockholder's liability in connection with any Drag-Along Sale shall be several and not joint, and shall not in any event exceed the net proceeds received by such Dragged Stockholder in such Drag-Along Sale.

(c) At the closing of any Drag-Along Sale pursuant to this Section 5.1 (other than a transaction under clause (iii) of the definition of Drag-Along Sale), each Drag-Along Seller and Dragged Stockholder shall deliver, against payment of the purchase price therefor, certificates (or evidence thereof) representing its Shares, duly endorsed for Transfer or accompanied by duly endorsed stock powers, evidence of good title to the Shares, the absence of liens, encumbrances and adverse claims with respect thereto, and such other documents as are reasonably requested by the Drag-Along Seller and the Company for the proper Transfer of such Shares on the books of the Company.

(d) The provisions of Section 5.2 shall be subordinate to any Transfer or exercise of rights contemplated by this Section 5.1.

Section 5.2 Tag-Along Sale.

(a) In the event that any Stockholder Party or group of Stockholder Parties (a "Proposed Seller") proposes to Transfer, in a single transaction or a series of related transactions, Shares owned by it that exceed the threshold set forth in Section 4.1(c) or Section 4.1(d), as applicable (any such Transfer, a "Proposed Sale"), then such Proposed Seller shall, after complying with Sections 4.1(d) and 5.3, give written notice of such Proposed Sale (a "Tag-Along Notice") to each of the other Stockholder Parties (collectively, the "Eligible Participating Stockholders"), with a copy to the Company. The Tag-Along Notice shall offer to each Eligible Participating Stockholder the option to participate in such Proposed Sale on the terms and conditions set forth in the Tag-Along Notice (and, in any event, on the same terms and conditions as the Proposed Seller) and shall include the following information with respect to the Proposed Sale: (i) the name of each proposed Transferee(s) (the "Proposed Buyer"), (ii) a summary of the material terms and conditions thereof, (iii) the percentage of the Proposed Seller's Shares proposed to be Transferred therein (the "Tag-Along Sale Percentage") and (iv) the proposed amount and form of consideration to be received by the Proposed Seller.

(b) Each Eligible Participating Stockholder may, by written notice given to the Proposed Seller within ten (10) days after the date of the Tag-Along Notice, elect to sell such number of Shares in the Proposed Sale as equals the Tag-Along Portion of such Eligible Participating Stockholder, on the terms and conditions approved by the Proposed Seller, which terms and conditions shall be the same as those on which the Proposed Seller's Shares are to be sold and shall be consistent with the terms and conditions set forth in the Tag-Along Notice (each Eligible Participating Stockholder who timely makes such election, a "Tagging Stockholder"). The Proposed Seller shall cause the Proposed Buyer to purchase from each Tagging Stockholder the number of Shares equal to the Tag-Along Portion of such Tagging Stockholder. The decision by any Eligible Participating Stockholder as to whether to elect to participate in any Proposed Sale shall not adversely affect such Eligible Participating Stockholder's right to elect to participate as a Tagging Stockholder in any other Proposed Sale.

(c) No Tagging Stockholder's liability with respect to any Proposed Sale (except with respect to representations and warranties concerning its ownership of and authority to sell the Shares to be Transferred in such Proposed Sale) shall in any event exceed the lesser of (x) the net proceeds received by such Tagging Stockholder in such Proposed Sale and (y) that portion of the total liabilities as equals the proportion of the net proceeds received by such Tagging Stockholder relative to the net proceeds collectively received by all Tagging Stockholders in such Proposed Sale; provided, that a Tagging Stockholder's liability with respect to representations and warranties concerning its ownership of and authority to sell the Shares to be Transferred in a Proposed Sale shall not in any event exceed the net proceeds received by such Tagging Stockholder in such Proposed Sale; provided, further that a Tagging Stockholder's liability with respect to a Proposed Sale shall not in any event exceed the net proceeds received by such Tagging Stockholder in such Proposed Sale.

(d) At the closing of any Proposed Sale pursuant to this Section 5.2, each Proposed Seller and each Tagging Stockholder shall deliver at such closing, against payment of the purchase price therefor, certificates or other documentation governing the terms of any such Shares (or other evidence thereof acceptable to the transferee of such Shares) representing their Shares to be sold, duly endorsed for Transfer or accompanied by duly endorsed stock powers, evidence of good title to the Shares to be sold, the absence of liens, encumbrances and adverse claims with respect thereto and such other documents as are deemed reasonably necessary by the Proposed Seller and the Company for the proper Transfer of such Shares on the books of the Company.

(e) Any Warrant Holder who conditionally exercises Warrants pursuant to the Warrant Agreement, in connection with any Proposed Sale of Shares that constitute more than 25% of the total outstanding shares of Common Stock, shall be entitled to elect to sell in such Proposed Sale, pursuant to this Section 5.2, the Warrant Shares issuable upon exercise of such conditionally exercised Warrants, as if such Holder were a "Tagging Stockholder" and all such Warrant Shares were "Shares" for all purposes of this Section 5.2, notwithstanding that such Warrant Shares will not be outstanding at the time such rights are exercised. Such right shall be subject to all of the terms and conditions set forth in this Agreement with respect to the right of any Tagging Stockholder to sell Shares in a Proposed Sale pursuant to this Section 5.2, and such additional terms and conditions as are set forth in the Warrant Agreement with respect to the Warrant Holder's exercise of such right.

(f) The provisions of this Section 5.2 and Section 5.3 shall be subject to and subordinate to the provisions of Section 5.1

Section 5.3 Right of First Refusal. With respect to any Proposed Sale, the Proposed Seller must deliver a written notice (an "Offer Notice") at least fifteen (15) Business Days prior to the consummation of such Proposed Sale, to the Company and each of the Eligible Participating Stockholders. The Offer Notice shall include the following information with respect to the Proposed Sale: (i) the name(s) of the Proposed Buyer; (ii) a summary of the material terms and conditions thereof; (iii) the proposed number of Shares to be Transferred therein (the "Offered Shares"); and (iv) the proposed amount and form of consideration to be received by the Proposed Seller. The Proposed Seller shall also provide to the Company and the Eligible Participating Stockholders such additional information regarding the Proposed Sale as

the Company may reasonably request from time to time. The Offer Notice will provide for the following options for the Company and/or the Eligible Participating Stockholders to purchase the Offered Shares:

(a) First, the Company may elect to purchase all or any portion of the Offered Shares at the price and on the terms specified in the Offer Notice by delivering written notice of such election to the Proposed Seller and each of the Eligible Participating Stockholders as soon as practical, but in any event within five (5) Business Days after delivery of such Offer Notice (the "Company Option Period"); and

(b) Second, if the Company has not elected to purchase all of the Offered Shares within the Company Option Period, then each Eligible Participating Stockholder will have the right to purchase its pro rata share (based upon a ratio of the relative number of Shares then held by such Eligible Participating Stockholder to the total number of Shares then held by all Eligible Participating Stockholder) of the Offered Shares not elected to be purchased by the Company (the "Remaining Offered Shares") at the price and on the terms specified in the Offer Notice by delivering written notice of such election to the Proposed Seller and the Company within ten (10) Business Days after delivery of such Offer Notice (the "Stockholder Option Period"). If the Eligible Participating Stockholders elect to acquire some but not all of the Remaining Offered Shares, then the Company will, immediately after the expiration of the Stockholder Option Period, send written notice (the "Undersubscription Notice") to those Eligible Participating Stockholders who elected to acquire their pro rata share of the Remaining Offered Shares (each, a "Participating Stockholder"). Each Participating Stockholder will have an additional right to acquire its pro rata share of the remainder (or if only one such Participating Stockholder, all of the remainder) of the Remaining Offered Shares that were not previously allocated to Participating Stockholders, based upon the number of Shares then held by each such Participating Stockholder who has elected to acquire more than its pro rata share of the Remaining Offered Shares, by delivering written notice of such election to the Proposed Seller and the Company as soon as practical, but in any event within five (5) Business Days after delivery after the Undersubscription Notice.

(c) Finally, in the event the Company and/or the Eligible Participating Stockholders do not elect to purchase 100% of the Offered Shares pursuant to this Section 5.3 within (10) Business Days after delivery of the Offer Notice (or, in the event that an Undersubscription Notice is delivered, within five (5) Business Days after delivery thereof), the Proposed Seller shall be entitled to Transfer to the proposed Transferee(s) set forth in the Offer Notice all of the Offered Shares on terms identical to those set forth in the Offer Notice, and the purchase rights of the Company and the Eligible Participating Stockholders hereunder with respect to the Offered Shares shall be suspended until the earlier of (i) the completion of the Transfer of all such Offered Shares; and (ii) the date that is ninety (90) days after the date of the Offer Notice if the Proposed Sale on the same terms has not been consummated by such date, at which time such Offered Shares shall again be subject to the terms hereof. In the event that the Company and/or the Eligible Participating Stockholders have so elected to purchase 100% of the Offered Shares, then the Transfer of such Offered Shares to the Company and/or the Eligible Participating Stockholders, as the case may be, will be consummated as soon as practicable following the delivery of the election notices. The Company or the Eligible Participating Stockholders, as the case may be, will pay for the Offered Shares by delivery of a wire transfer

of immediately available funds each in proportion to the number of Offered Shares being purchased by it. The Transferee(s) of any Offered Shares pursuant to this Section 5.3 will be entitled to receive representations and warranties from the Proposed Seller on the terms contemplated by the Offer Notice regarding such Transfer.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.1 Access to Information; Reports. (a) The Company will provide, to each Signing Stockholder who is not a Competitor of the Company, the following financial and business information relating to the Company and its Subsidiaries, in each case, accompanied by a reasonably detailed narrative discussion of the changes in the Company's financial condition and results of operations compared with the prior periods presented, similar to the discussion contained in the "Management Discussion & Analysis" section of an Exchange Act report:

(i) as soon as available and in any event no later than ninety (90) days after the end of each fiscal year, a true and complete copy of the audited consolidated balance sheet and the related consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries as of and for the fiscal year then ended, together with the notes relating thereto, all in reasonable detail and accompanied by an report thereon by independent public accountants of recognized national standing, which report shall be unqualified as to the scope of the audit and shall state that such consolidated financial statements present fairly the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries as of the dates thereof and for the fiscal year then ended in accordance with United States generally accepted accounting principles consistently applied; and

(ii) as soon as available and in any event no later than forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a true and complete copy of the unaudited consolidated balance sheet and related consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries as of and for the period then ended, prepared in accordance with United States generally accepted accounting principles consistently applied, subject only to normal year-end audit adjustments.

(b) Within fifteen (15) days after issuing the annual and quarterly reports described in Section 6.1(a), the Company shall convene a meeting to discuss with the Signing Stockholders (but not including any Signing Stockholder who is a Competitor) the information contained in such annual and quarterly reports, and the Company shall provide the Signing Stockholders with conference call access to each such meeting.

(c) All information provided pursuant to this Section 6.1, including the information disclosed in the meetings convened pursuant to Section 6.1(b), shall be subject to the confidentiality restrictions set forth in Section 6.4.

Section 6.2 Certificate of Incorporation and Bylaws. As of the date of this Agreement, the Certificate of Incorporation shall be amended and restated in the form attached as Exhibit B hereto, and the Bylaws shall be amended and restated in the form attached as Exhibit C hereto. If and to the extent that any provision of this Agreement conflicts with or is inconsistent with any provision of the Organizational Documents, then to the fullest extent permitted by law, such provision of this Agreement shall be controlling and, to the extent practicable, the conflicting or inconsistent provision of the Organizational Documents shall be construed in a manner consistent with such provision of this Agreement.

Section 6.3 No Other Voting Agreements. Except as specifically contemplated hereby, no Stockholder Party shall grant any proxy or enter into or agree to be bound by any voting trust with respect to any Shares nor shall any Stockholder Party enter into any stockholder agreement or arrangement of any kind with any Person with respect to Shares that is inconsistent with the provisions of this Agreement (irrespective of whether such agreement or arrangement is with one or more other Signing Stockholders), including but not limited to, agreements or arrangements with respect to the acquisition, disposition, pledge or voting of Shares, nor shall any Stockholder Party act, for any reason, as a member of a group or in concert with any other Person (other than an Affiliate of such Stockholder Party) in connection with the acquisition, disposition or voting of Shares in any manner that is inconsistent with the provisions of this Agreement.

Section 6.4 Confidentiality. Each Stockholder Party hereby agrees that it will keep strictly confidential and will not disclose, divulge or use for any purpose, other than to hold, vote, dispose and monitor its existing investment in the Company, any confidential information obtained from the Company pursuant to the terms of this Agreement, unless such confidential information is known or becomes known to the public in general (other than as a result of a breach of this Section 6.4 by such holder or its Affiliates) or is or becomes available from a source other than the Company or its Affiliates (provided the Stockholder Party is not aware that such source is under an obligation to keep such information confidential); provided, however, that a Stockholder Party may disclose (on a confidential basis) confidential information (a) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with its holding, voting, disposition and monitoring of its existing investment in the Company, (b) to any Affiliate, or to any director, officer, employee, partner, member or regulator of such Stockholder Party or Affiliate in the ordinary course of business, to the extent necessary to hold, vote, dispose and monitor its existing investment in the Company, (c) to a potential Transferee of Shares, to the extent reasonably necessary to consummate a Transfer, provided that such Transferee is not a Competitor, or (d) as may otherwise be required by applicable law or judicial or administrative process, provided that in the case of any such disclosure, such Stockholder Party shall take, at the Company's expense, all reasonable steps requested by the Company to minimize the extent of any such required disclosure, and to the extent practicable, awaits the final outcome of any motion for a protective order that the Company may file before disclosing any confidential information; and provided, further, however, that the acts and omissions of any Person to whom such Stockholder Party may disclose confidential information pursuant to the foregoing clauses (a), (b) and (c) shall be attributable to such Stockholder Party for purposes of determining such Stockholder Party's compliance with this Section 6.4, unless such Person and the Company have entered into a confidentiality agreement between them that imposes confidentiality restrictions on such Person

that are no less restrictive than those contained in this Section 6.4, in which case the acts and omissions of such Person shall not be attributable to such Stockholder Party. Notwithstanding any earlier termination of this Agreement, the obligations of each Stockholder Party under this Section 6.4 shall survive until the earlier of (i) the first anniversary of the termination of this Agreement pursuant to Section 7.1 and (ii) the first anniversary of the date on which such Stockholder Party ceased to own any Shares.

Section 6.5 Preemptive Rights.

(a) In the event that the Company proposes to sell or otherwise issue (a "Proposed Offering") equity securities of the Company (including without limitation shares of common stock or preferred stock), any securities convertible into or exchangeable for equity securities of the Company or any options rights or warrants to purchase equity securities of the Company (any of the foregoing, "Dilutive Securities"), other than in a Permitted Offering (as defined below), each Signing Stockholder shall have the right to acquire a portion of such Dilutive Securities, at the same price and upon the same terms and conditions as such Dilutive Securities are being offered by the Company in the Proposed Offering, to enable such Signing Stockholder to maintain the percentage equity interest that it held in the Company immediately prior to consummation of the Proposed Offering. No Dilutive Securities shall be issued by the Company to any Person unless the Company has first offered such securities to the Signing Stockholders in the accordance with this Section 6.5.

(b) At least ten (10) Business Days prior to the consummation of any Proposed Offering to which this Section 6.5 applies, the Company shall give written notice thereof to each Signing Stockholder (the "Company Sale Notice"), setting forth the price and the other terms and conditions on which the Dilutive Securities are being offered to the proposed transferee(s) (the "Proposed Offering Terms"), and offering to sell to each Signing Stockholder its pro rata share of such Dilutive Securities on the same terms and conditions (the "Preemptive Rights Offer"); provided, that such pro rata share shall be based upon a ratio of the relative number of Shares beneficially owned by such Signing Stockholder to the total number of Shares outstanding immediately prior to consummation of the Proposed Offering. Each Signing Stockholder shall be entitled to accept any Preemptive Rights Offer by providing written notice to the Company not later than ten (10) Business Days after the date of the applicable Company Sale Notice (the "Preemptive Rights Period"), and any Signing Stockholder who fails to timely accept any Preemptive Rights Offer shall have no further rights with respect to the Proposed Offering to which such Preemptive Rights Offer relates. Any Dilutive Securities that are offered in a Preemptive Rights Offer but are not accepted by Signing Stockholders during the Preemptive Rights Period may be sold by the Company at any time thereafter on the same terms and conditions as are set forth in the applicable Company Sale Notice.

(c) As used herein, "Permitted Offering" means any sale or issuance by the Company of Dilutive Securities pursuant to (i) any employee stock option plan, stock purchase plan, employee benefit plan, employment contract or any similar benefit or incentive program or agreement covering employees or consultants of the Company and its Subsidiaries, where the primary purpose of such plan, program or agreement is not to raise capital for the Company, to the extent that the aggregate number of such shares does not exceed, on a fully-diluted basis, 10% of the number of shares of Common Stock outstanding as of the date hereof, (ii) any stock

split or subdivision of shares of Common Stock or other similar transactions by the Company, (iii) any merger or business combination transaction involving the Company or any of its Subsidiaries or as consideration for the acquisition by the Company or any of its Subsidiaries of assets or another business entity which has been approved by a majority of the Board including, in the event that the DDJ Stockholders are then entitled to appoint one or more DDJ Directors pursuant to Section 2.1(c), at least one DDJ Director, (iv) any Public Offering, or (v) the exercise of any rights or agreements, options, warrants or convertible securities outstanding as of the date of this Agreement or issued or issuable pursuant to the exercise of any such rights or agreements granted after the date of this Agreement (so long as the Preemptive Right provided in this Section 6.5 was complied with as to the initial sale or grant by the Company of such rights or agreements). Notwithstanding anything to the contrary herein, any offer by the Company to directly or indirectly sell or otherwise issue Dilutive Securities to any Signing Stockholder or its Affiliates shall not constitute a Permitted Offering if such offer is not made to all other Signing Stockholders on the same terms and conditions.

Section 6.6 No Management Fees. Each Stockholder Party agrees that it shall not, in its capacity as a Stockholder, be entitled to receive any "management fee" from the Company or any of its Affiliates; provided, that this Section 6.6 shall not apply to any amounts received by any Stockholder Party in a capacity other than as a Stockholder, and for the avoidance of doubt shall not apply to any transaction, agreement, payment or other arrangement that (i) is provided for or contemplated by the Plan or the Disclosure Statement for the Plan, dated ____, 2010, (ii) is contemplated by or permitted under the credit facilities entered into pursuant to the Plan and any notes, documents and other agreements entered into in connection therewith, including without limitation any documents required in connection with the creation or perfection of liens securing the obligations thereunder and any modifications, amendments, restatements or refinancings thereof (collectively, the "Financing Documents"), including without limitation any payments of principal, interest, premiums, fees (including fees payable in consideration of or in connection with any waiver or amendment) and expense reimbursements payable under or in connection with the Financing Documents, or (iii) relates to any additional indebtedness owing to any Affiliate to the extent required or permitted to be incurred under the Financing Documents.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Survival of Agreement; Term. This Agreement, and the Company's and the Stockholder Parties' respective rights and obligations hereunder, may be terminated at any time by the written agreement of the Company and all of the Signing Stockholders who hold Shares at the time of such termination. The provisions of this Agreement and the respective rights and obligations of the Company and the Stockholder Parties hereunder, shall automatically terminate (i) upon all of the Shares being owned by a single Person or (ii) immediately prior to the consummation of a Qualified Public Offering; provided, that each of Article III and Section 6.4 shall survive any such termination and shall terminate as set forth

therein. This Agreement shall terminate automatically with respect to any Stockholder Party when such Stockholder Party ceases to beneficially own any Shares; provided, that Section 6.4 shall survive any such termination and shall terminate as set forth therein.

Section 7.2 Notices. All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be deemed to have been effectively given (a) when personally delivered to the party to be notified or (b) three (3) Business Days after deposit in the United States mail postage prepaid by certified or registered mail return receipt requested or one (1) Business Day after deposit with a national overnight delivery service with next-business-day delivery guaranteed, in either case addressed to the party to be notified at the addresses set forth below such party's respective signature to this Agreement; provided, that with respect to all notices, requests, waivers and other communications made pursuant to this Agreement to any Stockholder that is not a party to this Agreement (including, without limitation, the ESOP Trustee), any such notice, request, waiver or other communication shall be deemed to have been effectively given if addressed to the Stockholder to be so notified at the address set forth for such Stockholder in the Company's stock register for the Common Stock. Any party to this Agreement may change its address for purposes of notice hereunder by giving ten (10) days' written notice of such change to all other parties to this Agreement, in the manner provided in this Section 7.2.

Section 7.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

Section 7.4 Entire Agreement. This Agreement (together with the documents attached as exhibits hereto and any documents or agreements specifically contemplated hereby) supersedes all prior discussions and agreements among any of the parties hereto (and their Affiliates) with respect to the subject matter hereof and contains the entire understanding of the parties with respect to the subject matter hereof.

Section 7.5 Amendment. This Agreement shall not be amended, supplemented or modified except pursuant to a written instrument duly executed by or on behalf of (a) Signing Stockholders who beneficially own at least 66 2/3% of the outstanding Shares held by the Signing Stockholders and (b) if such amendment, supplement or modification would reasonably be expected to disproportionately affect any Stockholder Party in any material respect, each such Stockholder Party that is so affected. Notwithstanding the foregoing, (i) Article II shall not be amended, supplemented or modified without the prior written consent of the DDJ Stockholders and (ii) the registration rights of the Stockholder Parties set forth in Article III shall not be amended, supplemented or modified except pursuant to a written instrument duly executed by or on behalf of each Stockholder Party whose registration rights thereunder would reasonably be expected to be adversely affected in any material respect by such amendment, supplement or modification.

Section 7.6 Third Party Beneficiary. This Agreement is intended solely for the benefit of each of the parties hereto and their respective successors and permitted assigns, and this Agreement shall not confer any rights upon any other Person, except that:

(a) Each of the Persons entitled to indemnification under Section 3.7 is an intended third-party beneficiary of such provision;

(b) The ESOP Trustee is an intended third-party beneficiary with respect to its rights under Article III with respect to any Piggyback Registration, its rights under Section 5.1 in connection with any Drag-Along Sale, and its rights under Section 5.2 in connection with any Proposed Sale of Shares that constitute more than 25% of the total outstanding shares of Common Stock, in each case solely to the extent such rights are expressly set forth in such provision;

(c) Warrant Holders who conditionally exercise Warrants in connection with any Proposed Sale of Shares that constitute more than 25% of the total outstanding shares of Common Stock are intended third-party beneficiaries with respect to their rights under Section 5.2, but solely in connection with such Proposed Sale and to the extent such rights are expressly set forth in such provision; and

(d) Warrant Holders who conditionally exercise Warrants in connection with any Piggyback Registration are intended third-party beneficiaries with respect to their rights under Article III, but solely in connection with such Piggyback Registration and solely to the extent such rights are expressly set forth in such provision.

Section 7.7 Counterparts. This Agreement may be signed in any number of counterparts, any of which may be delivered via facsimile, PDF, or other forms of electronic delivery, each of which shall be deemed an original, and all of which are deemed to be one and the same agreement binding upon the Company and each of the Stockholder Parties.

Section 7.8 Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

Section 7.9 Governing Law; Consent to Jurisdiction and Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction. Each party hereby submits to the exclusive jurisdiction of the United States District Court for the District of Delaware or the Chancery Court of the State of Delaware, and any judicial proceeding brought against any of the parties on any dispute arising out of this Agreement or any matter related hereto shall be brought in such courts. Each party hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each party hereby consents to process being served in any such proceeding by the mailing of a copy thereof by registered or certified mail, postage prepaid, to the address specified in Section 7.2, or in any other manner permitted by law. EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ACTION OR PROCEEDING.

Section 7.10 Injunctive Relief. The parties to this Agreement hereby agree and acknowledge that it will be impossible to measure the monetary damages that would be suffered if any party to this Agreement fails to comply with any of the obligations imposed on it by this Agreement, and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Accordingly, each of the parties to this Agreement shall be entitled to injunctive relief, including specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law. Each of the parties to this Agreement herby waives, and causes its respective representatives to waive, any requirement for the securing or posting of any bond in connection with any action brought for injunctive relief hereunder.

Section 7.11 Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

Section 7.12 Recapitalization and Similar Events. In the event that any shares of capital stock or other securities are issued in respect of, in exchange for, or in substitution of, Shares by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to Stockholders or combination of shares of Common Stock or any other change in the Company's capital structure, appropriate adjustments shall be made to the provisions of this Agreement, as determined in good faith by the Board, so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Agreement.

Section 7.13 Certain Information Requirements. Each Stockholder Party hereby covenants and agrees (a) to notify the Company promptly upon becoming aware that it has acquired, after the date hereof, beneficial ownership of [ten (10%) percent] or more of any class of voting stock of the Company or other equity interests in the Company and (b) to make commercially reasonable efforts promptly to comply with reasonable requests from the Company or the lenders under the agreements relating to the Company's senior secured indebtedness for information relating to compliance with, without limitation, (i) the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter B, as amended), or any enabling legislation or executive order relating thereto, (ii) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), or (iii) the Trading with the Enemy Act.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned, thereunto duly authorized, have hereunto set their respective hands as of the date and year first written above.

THE NEWARK GROUP, INC.

By: _____
Name:
Title:

Address for Notices:

_____
Address – Line 1

_____
Address – Line 2

_____
Address – Line 3

_____
Attention

_____
Facsimile

_____
Telephone

SIGNING STOCKHOLDER

[_____]

By: _____
Name:
Title:

Address for Notices:

_____
Address – Line 1

_____
Address – Line 2

_____
Address – Line 3

_____
Attention

_____
Facsimile

_____
Telephone

OTHER STOCKHOLDER PARTY

[_____]

By: _____
Name:
Title:

Address for Notices:

_____
Address – Line 1

_____
Address – Line 2

_____
Address – Line 3

_____
Attention

_____
Facsimile

_____
Telephone

EXHIBIT A

FORM OF JOINDER AGREEMENT

This Joinder Agreement (this "***Agreement***"), dated as of _____, 201_, is made by and among THE NEWARK GROUP, INC., a Delaware corporation (the "***Company***"), and _____, (the "***Joining Party***"). Capitalized terms that are used but are not otherwise defined herein shall have the meanings given to them in the Stockholders' Agreement (as defined below).

WHEREAS, the Company and the Stockholder Parties are parties to that certain Stockholders' Agreement, dated as of [_____], 2010 (the "***Stockholders' Agreement***").

WHEREAS, _____, [a Signing Stockholder] / [an Other Stockholder Party], desires to transfer Shares to the Joining Party (such Shares, the "***Transferred Shares***"), and pursuant to Section 4.1(f) of the Stockholders' Agreement, as a condition to such transfer, the Joining Party is required to execute and deliver to the Company an instrument in form and substance satisfactory to the Company confirming that the Joining Party is taking the Transferred Shares subject to the terms and conditions of the Stockholders' Agreement and agreeing to be bound thereby.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Joining Party hereby agree as follows:

1. Agreement to be Bound. The Joining Party hereby agrees that upon execution of this Agreement, it shall become a party to the Stockholders' Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Stockholders' Agreement as though an original party thereto and shall be deemed included in the definition of [Signing Stockholder[1]] / [Other Signing Stockholder] for all purposes thereof. In addition, the Joining Party hereby agrees that all of the Transferred Shares shall be subject to all of the covenants, terms and conditions applicable to Shares under the Stockholders' Agreement. The Joining Party acknowledges that it has been furnished with and has carefully read a copy of the Stockholders' Agreement prior to its execution of this Agreement.

2. Counterparts. This Agreement may be signed in counterparts, any of which may be delivered via facsimile, PDF, or other forms of electronic delivery, each of which shall be deemed an original, and all of which are deemed to be one and the same agreement binding upon the Company and the Joining Party.

[1] Note that only an Affiliate of a Signing Stockholder may be deemed a Signing Stockholder; any such Transferee wishing to become a Signing Stockholder must provide to the Company a certificate of an authorized person on behalf of such Transferee setting forth the Signing Stockholder to which such Transferee is affiliated and specifying the nature of the affiliation, along with additional materials evidencing such affiliation as may be reasonably requested by the Company or its counsel.

3. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction. Each party hereby submits to the exclusive jurisdiction of the United States District Court for the District of Delaware or the Chancery Court of the State of Delaware, and any judicial proceeding brought against any of the parties on any dispute arising out of this Agreement or any matter related hereto shall be brought in such courts. Each party hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. The Joining Party hereby consents to process being served in any such proceeding by the mailing of a copy thereof by registered or certified mail, postage prepaid, to the address set forth under its signature below, or in any other manner permitted by law. EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ACTION OR PROCEEDING.

5. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

6. Entire Agreement. This Agreement and the Stockholders' Agreement (together with the documents attached as exhibits thereto and any documents or agreements specifically contemplated thereby) constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the undersigned, thereunto duly authorized, have hereunto set their respective hands as of the date and year first written above.

JOINING PARTY:

[_____]

By: _____
Name:
Title:

Address for Notices:

_____
Address – Line 1

_____
Address – Line 2

_____
Address – Line 3

_____
Attention

_____
Facsimile

_____
Telephone

ACCEPTED:

THE NEWARK GROUP, INC.

By:_____
Name:
Title:

EXHIBIT B

FORM OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

EXHIBIT C

FORM OF AMENDED AND RESTATED BYLAWS

EXHIBIT G

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

by and among

THE NEWARK GROUP, INC.,
as Borrower

and

CERTAIN DOMESTIC SUBSIDIARIES OF THE NEWARK GROUP, INC.
FROM TIME TO TIME PARTIES HERETO,
as Guarantors

THE LENDERS FROM TIME TO TIME PARTY HERETO

ORIX FINANCE CORP.,
as Administrative Agent and Collateral Agent

Dated as of _____ __, 2010

TABLE OF CONTENTS

Page

SECTION 1 DEFINITIONS 1
Section 1.1 Definitions. 1
Section 1.2 AMENDED AND RESTATED. 25
Section 1.3 [WAIVER OF SPECIFIED EVENTS OF DEFAULT. 25
SECTION 2 CREDIT FACILITIES 26
Section 2.1 Term Loan Facility. 26
Section 2.2 Reserved. 27
Section 2.3 Reserved. 27
Section 2.4 Reserved. 27
Section 2.5 Prepayments; Commitment Reductions. 27
Section 2.6 Acknowledgement of Obligations and Security Interests. 29
SECTION 3 INTEREST AND FEES 29
Section 3.1 Interest. 29
Section 3.2 Fees. 31
Section 3.3 Changes in Laws and Increased Costs of Loans. 31
SECTION 4 CONDITIONS PRECEDENT 33
Section 4.1 Conditions Precedent to the Effectiveness of this Agreement. 33
SECTION 5 GRANT AND PERFECTION OF SECURITY INTEREST 38
Section 5.1 Grant of Security Interest. 38
Section 5.2 Perfection of Security Interests. 39
Section 5.3 Control Collateral Held by a Control Agent. 44
Section 5.4 Intercreditor Provisions. 44
SECTION 6 COLLECTION AND ADMINISTRATION 44
Section 6.1 Borrower's Loan Accounts. 44
Section 6.2 [Statements. 44
Section 6.3 Reserved. 45
Section 6.4 Payments. 45
Section 6.5 Taxes. 46
Section 6.6 Reserved. 49
Section 6.7 Use of Proceeds. 49
Section 6.8 Reserved. 49
Section 6.9 Pro Rata Treatment. 49
Section 6.10 Sharing of Payments, Etc. 49
Section 6.11 Obligations Several; Independent Nature of Lenders' Rights. 50
SECTION 7 COLLATERAL REPORTING AND COVENANTS 50
Section 7.1 Equipment and Real Property Covenants. 50
Section 7.2 Power of Attorney. 51
Section 7.3 Right to Cure. 52
Section 7.4 Access to Premises. 52
SECTION 8 REPRESENTATIONS AND WARRANTIES 52
Section 8.1 Corporate Existence, Power and Authority. 52
Section 8.2 Name; State of Organization; Chief Executive Office; Collateral Locations. 53
Section 8.3 Financial Statements; No Material Adverse Change. 53
Section 8.4 Priority of Liens; Title to Properties. 54
Section 8.5 Tax Returns. 54
Section 8.6 Litigation. 54
Section 8.7 Compliance with Other Agreements and Applicable Laws 54

Section 8.8 Environmental Compliance. 55
Section 8.9 Employee Benefits. 55
Section 8.10 Bank Accounts. 56
Section 8.11 Intellectual Property. 56
Section 8.12 Subsidiaries; Affiliates; Capitalization; Solvency. 57
Section 8.13 Labor Disputes. 57
Section 8.14 Restrictions on Subsidiaries 58
Section 8.15 Material Contracts 58
Section 8.16 Payable Practices. 58
Section 8.17 Accuracy and Completeness of Information. 58
Section 8.18 Survival of Warranties; Cumulative 58
Section 8.19 Investment Company Act. 59
Section 8.20 Indebtedness. 59
Section 8.21 Investments. 59
Section 8.22 No Burdensome Restrictions. 59
Section 8.23 Brokers' Fees. 59
Section 8.24 Security Documents. 59
Section 8.25 Classification of Senior Indebtedness. 59
Section 8.26 Anti-Terrorism Laws 60
Section 8.27 Compliance with OFAC Rules and Regulations 60
Section 8.28 Compliance with FCPA. 60
Section 8.29 Assets Owned by Certain Subsidiaries 60
Section 8.30 Use of Proceeds. 60
Section 8.31 Ridge. 61
Section 8.32 Confirmation Order. 61
SECTION 9 AFFIRMATIVE AND NEGATIVE COVENANTS 61
Section 9.1 Maintenance of Existence 61
Section 9.2 New Collateral Locations. 62
Section 9.3 Compliance with Laws, Regulations, Etc. 62
Section 9.4 Payment of Taxes and Claims. 63
Section 9.5 Insurance. 63
Section 9.6 Financial Statements and Other Information. 64
Section 9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc. 67
Section 9.8 Encumbrances. 68
Section 9.9 Indebtedness. 70
Section 9.10 Loans, Investments, Etc. 73
Section 9.11 Restricted Payments. 74
Section 9.12 Transactions with Affiliates 76
Section 9.13 Compliance with ERISA. 77
Section 9.14 End of Fiscal Years. 77
Section 9.15 Change in Business. 77
Section 9.16 Limitation of Restrictions Affecting Subsidiaries 77
Section 9.17 Financial Covenants. 78
Section 9.18 Classification of Senior Indebtedness. 79
Section 9.19 License Agreements. 79
Section 9.20 Foreign Assets Control Regulations, Etc. 80
Section 9.21 Costs and Expenses. 81
Section 9.22 Additional Credit Parties. 81
Section 9.23 Pledged Assets. 82
Section 9.24 Amendment of Subordinated Debt; ABL Financing Agreements. 82
Section 9.25 Limitations on Activities of NP Cogen and JD Corp. 83
Section 9.26 Sale Leasebacks. 83

Section 9.27 No Further Negative Pledges. 83
Section 9.28 Limitation on Excluded Subsidiaries. 83
Section 9.29 After Acquired Real Property. 83
Section 9.30 Operating Leases 84
Section 9.31 Further Assurances 84
Section 9.32 Post Closing Covenants 84
Section 9.33 Information 84
Section 9.34 Ratings; Cooperation 85
Section 9.35 Foreign Subsidiary Covenant. 85
SECTION 10 EVENTS OF DEFAULT AND REMEDIES 86
Section 10.1 Events of Default. 86
Section 10.2 Remedies. 88
SECTION 11 JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW 91
Section 11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver 91
Section 11.2 Waiver of Notices. 93
Section 11.3 Amendments and Waivers 93
Section 11.4 Waiver of Counterclaims 95
Section 11.5 Indemnification; Limitation of Liability. 95
SECTION 12 THE AGENT 96
Section 12.1 Appointment, Powers and Immunities. 96
Section 12.2 Reliance by Agent. 96
Section 12.3 Events of Default. 96
Section 12.4 ORIX in its Individual Capacity. 97
Section 12.5 Indemnification. 97
Section 12.6 Non-Reliance on Agent and Other Lenders 97
Section 12.7 Failure to Act. 98
Section 12.8 Reserved. 98
Section 12.9 Concerning the Collateral and the Related Financing Agreements. 98
Section 12.10 Field Audit, Examination Reports and other Information; Disclaimer by Lenders. 98
Section 12.11 Collateral Matters. 99
Section 12.12 Agency for Perfection. 99
Section 12.13 Successor Administrative Agent. 100
Section 12.14 Other Agent Designations. 101
Section 12.15 Intercreditor Agreement. 101
Section 12.16 Parallel Debts and Collateral Agent. 101
SECTION 13 TERM OF AGREEMENT; MISCELLANEOUS 101
Section 13.1 Term. 101
Section 13.2 Interpretative Provisions 102
Section 13.3 Notices 104
Section 13.4 Partial Invalidity. 105
Section 13.5 Confidentiality. 105
Section 13.6 Successors. 106
Section 13.7 Assignments; Participations. 106
Section 13.8 Entire Agreement. 108
Section 13.9 USA Patriot Act. 108
Section 13.10 Counterparts, Etc. 109
Section 13.11 Parallel Debts 109
SECTION 14 GUARANTY OF OBLIGATIONS 110
Section 14.1 The Guaranty. 110
Section 14.2 Bankruptcy. 110
Section 14.3 Nature of Liability 111

Section 14.4 Independent Obligation. 111
Section 14.5 Authorization. 111
Section 14.6 Reliance. 111
Section 14.7 Waiver. 111
Section 14.8 Limitation on Enforcement. 112
Section 14.9 Confirmation of Payment. 112
SECTION 15 RELEASE OF CLAIMS 113
Section 15.1 Release. 113

INDEX
TO
EXHIBITS AND SCHEDULES

Exhibit A	Form of Assignment and Acceptance
Exhibit B	Information Certificate
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Guarantor Joinder Agreement
Exhibit E	Authorized Officers
Exhibit F	Confirmation Order
Schedule A	Obligations as _____ __, 2010
Schedule 1	Mortgaged Property
Schedule 2	Reserved
Schedule 3	Foreign Subsidiaries
Schedule 4	Closing Date Mortgages
Schedule 5	Reserved
Schedule 9.12(b)(iii)	Scheduled Affiliate Transactions

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Amended and Restated Loan and Security Agreement dated as of _____ __, 2010 is entered into by and among **THE NEWARK GROUP, INC.**, a New Jersey corporation (the "Borrower"), **NP COGEN, INC.**, a California corporation ("NP Cogen") and those other Domestic Subsidiaries of the Borrower from time to time party hereto as guarantors (together with NP Cogen, each individually a "Guarantor" and collectively, "Guarantors" as hereinafter further defined in Section 1.1 below) **[all Domestic Subsidiaries other than JD Corp. will be Guarantors]**, the parties hereto from time to time as lenders, whether by execution of this Agreement or an Assignment and Acceptance (each individually, a "Lender" and collectively, "Lenders" as hereinafter further defined) and **ORIX FINANCE CORP.**, a Delaware corporation, in its capacity as administrative agent, collateral agent and as a control agent for Lenders (in each such capacity, "Administrative Agent", "Collateral Agent" and a "Control Agent" as hereinafter further defined; collectively, in all of such capacities, the "Agent").

W I T N E S S E T H:

WHEREAS, on _____ __, 2010 (the "Petition Date"), the Borrower and NP Cogen, each, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court") and commenced a case jointly administered under Case No. _____ ("Case(s)");

WHEREAS, Administrative Agent and Existing Lenders (as hereinafter defined) have provided a senior secured term loan credit facility to Chapter 11 Borrower in the Cases pursuant to the Existing Loan Agreement (as hereinafter defined), the other Existing Loan Documents (as hereinafter defined) and the Final Financing Order (as hereinafter defined);

WHEREAS, the Plan of Reorganization (as hereinafter defined) has been confirmed in the Cases pursuant to the Confirmation Order (as hereinafter defined) and, concurrently with satisfaction and/or waiver of all of the conditions precedent set forth in Section 4.1 in accordance with the provisions of this Agreement on the Closing Date, the Plan Effective Date (as hereinafter defined) has occurred; and

WHEREAS, Borrower and Guarantors are willing to assume all of the existing Obligations (as defined in the Existing Loan Agreement) of Chapter 11 Borrower and the Guarantors under the Existing Loan Agreement (as hereinafter defined) and have all of such Obligations constitute outstanding Obligations under this Agreement and the parties hereto desire to amend and restate the Existing Loan Agreement pursuant to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1
DEFINITIONS

Section 1.1 Definitions.

For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

"ABL Administrative Agent" shall mean Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, in its capacity as administrative agent and/or collateral agent under the ABL Credit Agreement and the other ABL Financing Agreements.

"ABL Credit Agreement" shall mean that certain Second Amended and Restated Loan and Security Agreement dated as of the date hereof by and among the Borrower, Newark B.V., the guarantors from time to time party thereto, the ABL Lenders and the ABL Administrative Agent, as amended, restated, modified and/or supplemented from time to time in accordance with the provisions thereof pursuant to which (i) the ABL Lenders agree to provide revolving credit facilities available to the Borrower and Newark B.V. and (ii) the DIP ABL Credit Agreement is amended, restated, replaced and superseded by the ABL Credit Agreement.

"ABL Financing Agreements" shall have the meaning specified for the term "Financing Agreements" in the ABL Credit Agreement.

"ABL Lenders" shall mean those certain lenders and other financial institutions from time to time party to the ABL Credit Agreement.

"ABL Obligations" shall have the meaning specified for the term "Obligations" in the ABL Credit Agreement.

"ABL Priority Collateral" shall have the meaning specified for the term "Working Capital Priority Collateral" in the Intercreditor Agreement.

"Account Control Agreement" shall mean an agreement in writing, in form and substance reasonably satisfactory to Administrative Agent, by and among the applicable Control Agent, the applicable Credit Party with an account at any depository institution and such depository institution at which such account is at any time maintained which provides that such depository institution will comply with instructions originated by such Control Agent directing disposition of the funds in the deposit account without further consent by such Credit Party and has such other terms and conditions as Administrative Agent or Collateral Agent may reasonably require (for the avoidance of doubt, the Account Control Agreement may be entered into for the benefit of the Administrative Agent and the ABL Administrative Agent).

"Accounts" shall mean, as to each Newark Group Party, all of the following now owned or hereafter arising or acquired (i) present and future rights of such Newark Group Party to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a secondary obligation incurred or to be incurred, or (d) arising out of the use of a credit or charge card or information contained on or for use with the card and (ii) other "accounts" (as defined in the UCC) of such Newark Group Party.

"Adjusted Eurodollar Rate" shall mean, with respect to each Interest Period for any Eurodollar Rate Loan comprising part of the same borrowing (including conversions, extensions and renewals), the greater of (x) 3.00% per annum and (y) offered rate per annum for deposits of Dollars for the applicable Interest Period that appears on Reuters Screen LIBO Page as of 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period. If no such offered rate exists, such rate will be the rate of interest per annum, as determined by Agent at which deposits of Dollars in immediately available funds are offered at 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period by major financial institutions reasonably satisfactory to Agent in the London interbank market for such Interest Period for the applicable principal amount on such date of determination.

"Administrative Agent" shall mean ORIX Finance Corp., in its capacity as administrative agent on behalf of Lenders pursuant to the terms hereof and any replacement or successor administrative agent hereunder.

"Administrative Details Form" shall mean, with respect to any Lender, a document containing such Lender's contact information for purposes of notices provided under this Agreement and account details for purposes of payments made to such Lender under this Agreement.

"Affiliate" shall mean, with respect to a specified Person, any other Person which directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person, and without limiting the generality of the foregoing, includes (a) any Person which beneficially owns or holds ten (10%) percent or more of any class of Voting Stock of such Person or other equity interests in such Person and (b) any Person of which such Person beneficially owns or holds ten (10%) percent or more of any class of Voting Stock or in which such Person beneficially owns or holds ten (10%) percent or more of the equity interests. For the purposes of this definition, the term "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise.

"Agent" has the meaning ascribed to such term in the Recitals hereto.

"Agreement" shall mean this Amended and Restated Loan and Security Agreement, as amended, modified, restated or supplemented from time to time in accordance with the terms hereof.

"Amended Environmental Permit" shall mean the amended and/or new "Comprehensive Plan Approval(s)" required to be obtained under the Settlement Agreement. **[Need to see settlement agreement]**

"Asset Disposition" shall mean the disposition of any or all of the assets (including, without limitation, the Capital Stock of a Subsidiary or any ownership interest in a joint venture) of the Borrower or any Domestic Subsidiary, whether by sale, lease, transfer or otherwise. The term "Asset Disposition" shall not include (i) the sale, lease or transfer of assets permitted by subsection 9.7(a)(i) and (a)(iii), and to the extent expressly provided that the proceeds, thereof are not required to be used to prepay the Loans, subsection 9.7(a)(ii), (ii) the sale, lease or transfer of any ABL Priority Collateral to the extent the Net Cash Proceeds therefrom are (A) applied to reduce the ABL Obligations or (B) used by the ABL Administrative Agent to preserve or protect the ABL Administrative Agent's Lien on the ABL Priority Collateral, or (iii) any Equity Issuance.

"Assignment and Acceptance" shall mean an Assignment and Acceptance substantially in the form of Exhibit A attached hereto (with blanks appropriately completed) delivered to Administrative Agent in connection with an assignment of a Lender's interest hereunder in accordance with the provisions of Section 13.7 hereof.

"Authorized Officers" shall mean the officers listed on the attached Exhibit E or such replacement Exhibit that any Authorized Officer may in the future provide to the Administrative Agent in writing.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, being Title 11 of the United States Code (11 U.S.C. Sections 101-1330), as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all official rules and regulations thereunder.

"Bankruptcy Court" shall have the meaning ascribed to such term in the Recitals hereto.

"Borrower" shall have the meaning set forth in the Preamble of this Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of New York and a day on which Administrative Agent is open for the transaction of business; except, that, if a determination of a Business Day shall relate to any Eurodollar Rate Loans, the term Business Day shall also exclude any day on which banks are closed for dealings in dollar deposits in the London interbank market or other applicable Eurodollar Rate market.

"B.V. Intercompany Notes" shall mean (i) that certain second amended and restated promissory note dated October 13, 2009 in the original principal amount of €6,563,295.99 evidencing the loan from Borrower to Newark B.V., as in effect on the date hereof, and (ii) that certain promissory note dated as of March 9, 2007 in the original principal amount of €14,034,497.36 evidencing a loan from Borrower to Newark B.V., as in effect on the date hereof. **[Please send us a copy of the Notes.]**

"Capital Expenditures" shall mean expenditures of the Borrower or any Subsidiary for the acquisition (including the acquisition by capitalized lease) or improvement of capital assets, as determined in accordance with GAAP.

"Capital Lease" shall mean, as applied to any Person, any lease of (or any agreement conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee which in accordance with GAAP, is required to be reflected as a liability on the balance sheet of such Person.

"Capital Stock" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock or partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such capital stock).

"Cases" has the meaning ascribed to such term in the Recitals hereto.

"Cash Collateral" shall mean the Net Cash Proceeds of any mandatory prepayment pursuant to Section 2.5(b)(vi) that are deposited into a cash collateral account at a depository institution reasonably satisfactory to the Collateral Agent as cash collateral for the Obligations on terms reasonable acceptable to the Collateral Agent; provided that any interest or investment income with respect to such cash collateral account shall be for the benefit of the Borrower and the Collateral Agent shall upon the Borrower's direction invest the cash collateral in Cash Equivalents. In the absence of such direction from Borrower, the cash collateral in such cash collateral account will remain uninvested.

"Cash Equivalents" shall mean, at any time, (a) any evidence of Indebtedness with a maturity date of ninety (90) days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof; provided, that, the full faith and credit of the United States of America is pledged in support thereof; (b) certificates of deposit or bankers' acceptances with a maturity of 364 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $250,000,000; (c) commercial paper (including variable rate demand notes) with a maturity of ninety (90) days or less issued by a corporation (except an Affiliate of any Newark Group Party) organized under the laws of any State of the United States of America or the District of Columbia and rated at least A-1 by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. or at least P-1 by Moody's Investors Service, Inc.; (d) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (a) above entered into with any financial institution having combined capital and surplus and undivided profits of not less than $250,000,000; (e) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or issued by any governmental agency thereof and backed by the full faith and credit of the United States of America, in each case maturing

within ninety (90) days or less from the date of acquisition; provided, that, the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985; and (f) investments in money market funds and mutual funds which invest substantially all of their assets in securities of the types described in clauses (a) through (e) of this definition.

"Cash Management Event" shall mean: (a) the occurrence and continuation of an Event of Default (as defined in the ABL Credit Agreement as in effect on the date hereof) or (b) Excess Availability on any day is equal to or less than $20,000,000; provided, that, once no Event of Default (as defined in the ABL Credit Agreement as in effect on the date hereof) exists for ninety (90) consecutive days and Excess Availability is exceeds $20,000,000 for such ninety (90) consecutive days, such Cash Management Event shall terminate; provided, further, that no more than two (2) Cash Management Events may be terminated by curing the applicable Event of Default (as defined in the ABL Credit Agreement as in effect on the date hereof) or maintaining sufficient Excess Availability in any twelve-month period.

"Change of Control" shall mean the occurrence of any of the following events: (a) the failure of the Borrower to own, directly or indirectly, 100% of the combined voting power of all Voting Stock and the economic interests of the Newark B.V., (b) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of the Borrower then in office (it being understood that any change to the number of directors appointed by Permitted Holder pursuant to Sections 2.1(b) and (c) of the Stockholders Agreement, as in effect on the date hereof, arising as a result of a reduction of the outstanding shares of the Borrower owned by Permitted Holder shall not constitute a Change of Control), (c) (i) the Permitted Holder having beneficial ownership, directly or indirectly, of less than 25% of the Voting Stock of the Borrower or (ii) the Designated Holders, collectively, having beneficial ownership, directly or indirectly, of less than 51% of the Voting Stock of the Borrower, (d) the occurrence of a "Change of Control" under and as defined in the ABL Financing Agreements or (e) the occurrence of a "Change of Control under and as defined in the von Zuben New Subordinated Notes. As used herein, "beneficial ownership" and "group" shall have the meanings provided in Rule 13d-3 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934.

"Chapter 11 Borrower" shall mean The Newark Group, Inc., as debtor and debtor-in-possession, a New Jersey corporation.

"Closing Date" shall mean the date by which all of the conditions precedent set forth in Section 4.1 hereof have been satisfied and/or waived in accordance with the provisions hereof.

"Closing Date Mortgages" shall mean the Mortgages and all amendments to Mortgages required to be executed and delivered to Collateral Agent on the Closing Date, as referenced on Schedule 4 attached hereto.

"Code" shall mean the Internal Revenue Code of 1986, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

"Collateral" shall mean a collective reference to all real and personal property pledged to Administrative Agent and/or the Collateral Agent pursuant to the terms of this Agreement, the other Financing Agreements or otherwise, as is more specifically described in Section 5.1 hereof and in such Financing Agreements and, including, without limitation, the Term Loan Priority Collateral and the ABL Priority Collateral.

"Collateral Access Agreement" shall mean an agreement in writing, in form and substance reasonably satisfactory to Administrative Agent, from any lessor of premises to the Borrower

or any Guarantor, or any other person to whom any Collateral is consigned or who has custody, control or possession of any such Collateral or is otherwise the owner or operator of any premises on which any of such Collateral is located, in favor of Collateral Agent with respect to the Collateral at such premises or otherwise in the custody, control or possession of such lessor, consignee or other person.

"Collateral Agent" shall mean ORIX Finance Corp., in its capacity as collateral agent on behalf of Lenders pursuant to the terms hereof and any replacement or successor collateral agent hereunder.

"Compliance Certificate" shall have the meaning provided in Section 9.6(a)(i).

"Confirmation Order" means the order captioned "**[Order Confirming the Joint Plan of Reorganization of The Newark Group, Inc. and Affiliated Debtors]**" as entered by the Bankruptcy Court on _____ __, 2010 in the Cases in the form of Exhibit F hereto, with such changes thereto as may be approved by Agent in good faith.

"Consolidated Cash Taxes" shall mean, for any applicable period of computation, the sum of all taxes paid in cash by the Borrower and its Subsidiaries during such period, determined on a consolidated basis in accordance with applicable law and GAAP.

"Consolidated Current Assets" shall mean, as at any date of determination, the total assets of Borrower and its Subsidiaries (other than cash and Cash Equivalents) which may properly be classified as current assets on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP.

"Consolidated Current Liabilities" shall mean, as at any date of determination, the total liabilities of Borrower and its Subsidiaries which may properly be classified as current liabilities (other than the current portion of any Loans) on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP.

"Consolidated EBITDA" shall mean, for any period, the sum (without duplication) of (a) Consolidated Net Income for such period, plus (b) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (i) interest expense, (ii) total federal, state, local and foreign income taxes, (iii) depreciation and amortization expense, (iv) non-cash charges (excluding non-cash charges that are expected to become cash charges in a future period or that are reserves for future cash charges but including non-cash charges related to foreign currency translation and remeasurement), (v) non-cash charges related to stock-related compensation, (vi) non-capitalized fees and expenses incurred in connection with the closing of the Plan of Reorganization and the related reorganization of the Borrower and its Subsidiaries; provided, that, such fees and expenses incurred after the Closing Date shall not exceed the aggregate amount of $1,000,000 over the term of this Agreement, (vii) other cash restructuring charges in an aggregate amount not to exceed $2,000,000 in any fiscal quarter of Borrower and not to exceed $10,000,000 over the term of this Agreement; provided, that, no amount under this clause (vii) shall be so added back in any period unless average Excess Availability for the thirty (30) day period immediately preceding the date of such proposed add back under this clause (vii) shall not be less than $15,000,000, and (viii) pension plan expenses, all as determined in accordance with GAAP, minus (c) actuarially determined minimum pension funding obligations minus (d) to the extent included in determining such Consolidated Net Income, all non-cash income and any gains related to foreign currency translation and remeasurement. For the avoidance of doubt, Consolidated EBITDA shall not include any cancellation of indebtedness income arising in connection with the cancellation and discharge of any of the Newark Group Parties' Indebtedness and other liabilities in connection with the Cases or otherwise.

"Consolidated Fixed Charges" shall mean, for any applicable period of computation, without duplication, the sum of (i) all Consolidated Interest Expense for such period plus (ii) Consolidated Scheduled Funded Indebtedness Payments made in cash during such period plus (iii) cash dividends or other cash distributions or cash payments paid by the Borrower pursuant to Section 9.11 during such period plus (iv) all payments of principal in respect of the Obligations made in cash pursuant to Section 2.5(a) hereof.

"Consolidated Funded Indebtedness" shall mean, as of any date of determination, all Funded Indebtedness of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" shall mean, for any period, all cash interest expense of the Borrower and its Subsidiaries (including, without limitation, the interest component under Capital Leases and the net interest payable in connection with hedging agreements), as determined in accordance with GAAP.

"Consolidated Net Income" shall mean, for any period, net income (excluding extraordinary items and excluding income received from joint venture investments to the extent not received in cash) after taxes for such period of the Borrower and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

"Consolidated Scheduled Funded Indebtedness Payments" shall mean, for any applicable period of computation, for the Borrower and its Subsidiaries, the sum of all scheduled payments of principal on Consolidated Funded Indebtedness for such period (including the principal component of payments due on Capital Leases or under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product and all payments of principal in respect of the Obligations made pursuant to Section 2.5(b) hereof, in each case (but excluding any mandatory prepayments of the Obligations under Sections 2.5(b)(iii), 2.5(b)(iv), 2.5(b)(v) and 2.5(b)(vi) hereof during such period), determined on a consolidated basis in accordance with GAAP.

"Continuing Directors" shall mean during any period of 24 consecutive months commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Borrower (together with any new director (i) whose election by the Borrower's board of directors or whose nomination for election by the Borrower's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) or (ii) who was designated or appointed by the Permitted Holder pursuant to a designation or appointment right of the Permitted Holder contained in the certificate of incorporation and/or bylaws of the Borrower).

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" shall have the meaning described in Sections 104 and 106 of Article 9 of the UCC and, solely with respect to the Newark Paperboards Capital Stock, if the context so requires, Section 1(1.1) of the PPSA.

"Control Agent" shall have the meaning provided in the Intercreditor Agreement.

"Control Collateral" shall have the meaning provided in the Intercreditor Agreement.

"Credit Facility" shall mean the Term Loans provided to or for the benefit of the Borrower pursuant to and/or evidenced by Section 2.1 hereof.

"Credit Parties" shall mean, collectively, the Borrower and the Guarantors and "Credit Party" shall mean any one of them.

"Debt Issuance" shall mean the issuance of any Indebtedness by any Newark Group Party or any of its Subsidiaries (excluding any Equity Issuance or any Indebtedness of any Newark Group Party and its Subsidiaries permitted to be incurred pursuant to Section 9.9 other than any Indebtedness of any Newark Group Party and its Subsidiaries permitted to be incurred pursuant to Section 9.9(j) hereof).

"Debtor Relief Laws" means the Bankruptcy Code, the Dutch Bankruptcy Act (Faillissementswet), the Canadian insolvency laws and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, faillissement, (voorlopige) surseance van betaling or similar debtor relief Laws of the United States, The Netherlands, and Canada or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Designated Holders" means _____. **[ORIX will need to be satisfied with the Persons that constitute Designated Holders]**

"Default" shall mean an act, condition or event which with notice or passage of time or both would constitute an Event of Default.

"Default Rate" shall have the meaning set forth in the definition of "Interest Rate".

"DIP ABL Credit Agreement" shall mean that certain Amended and Restated Loan and Security Agreement dated as of the Petition Date by and between the Chapter 11 Borrower, Newark B.V., the guarantors from time to time party thereto, the ABL Lenders and the ABL Administrative Agent.

"Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

"Domestic Subsidiaries" shall mean, with respect to any Person, any Subsidiary of such Person which is incorporated or organized under the laws of any state of the United States or the District of Columbia.

"Dutch Deed of Pledge" shall mean that certain Deed of Pledge providing for a right of pledge over 65% of the Voting Stock (and all other Capital Stock) of Newark B.V. dated as of the Initial Closing Date by and among Borrower, Newark B.V. and Collateral Agent **[(as defined in the Existing Loan Agreement)]**, as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms.

"Eligible Transferee" shall mean (a) any Lender; (b) the parent company of any Lender and/or any Affiliate of such Lender which is at least fifty (50%) percent owned by such Lender or its parent company or any Related Fund of such Lender; and (c) any other commercial bank, financial institution or "accredited investor" (as defined in Regulation D under the Securities Act of 1933) approved by Administrative Agent (provided that Administrative Agent's approval shall not be unreasonably withheld); provided, that, (i) neither the Borrower nor any Guarantor or any Affiliate or Subsidiary of the Borrower or any Guarantor shall qualify as an Eligible Transferee (other than any Affiliate of the Borrower and/or any Guarantor that is a Lender or an Affiliate or a Related Fund of a Lender as of the Closing Date but solely to the extent that such Affiliate is not the Borrower or a Guarantor or a Subsidiary of Borrower or a Guarantor), (ii) no Person (other than a Lender) to whom any Indebtedness which is in any way subordinated in right of payment to any other Indebtedness of any Newark Group Party shall qualify as an Eligible Transferee, except as Administrative Agent and Required Lenders may otherwise specifically agree and (iii) no Person in substantially the same line of business as the Borrower shall qualify as an Eligible Transferee. In any event, each of Cascade Investment L.L.C.,

Bill & Melinda Gates Foundation Trust and Somerset Special Opportunities Master Fund, L.P. and each of their respective Affiliates shall be Eligible Transferees with respect to any assignment made by ORIX or any of its Affiliates.

"EMU" shall mean Economic and Monetary Union as contemplated in the Treaty on European Union.

"EMU Legislation" shall mean legislative measures of the European Council (including without limitation European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

"Environmental Laws" shall mean all foreign, federal, state and local laws (including common law), legislation, rules, codes, licenses, permits (including any conditions imposed therein), authorizations, judicial or administrative decisions, injunctions or agreements between Borrower or any Guarantor and any Governmental Authority, (a) relating to pollution and the protection, preservation or restoration of the environment (including air (outdoor and indoor), water vapor, surface water, ground water, drinking water, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource), or to human health or safety, (b) relating to the exposure to, or the use, storage, recycling, treatment, generation, manufacture, processing, distribution, transportation, handling, labeling, production, release or disposal, or threatened release, of Hazardous Materials, or (c) relating to all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials. The term "Environmental Laws" includes (i) the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, including the federal Superfund Amendments and Reauthorization Act, the federal Water Pollution Control Act of 1972, the federal Clean Water Act, the federal Clean Air Act, the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984), the federal Toxic Substances Control Act, the federal Insecticide, Fungicide and Rodenticide Act, and the Federal Safe Drinking Water Act of 1974, (ii) applicable foreign, state or local counterparts to such laws and (iii) any common law or equitable doctrine that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Materials.

"Equipment" shall mean, as to each Newark Group Party, all of such Newark Group Party's now owned and hereafter acquired (i) equipment, wherever located, including without limitation, all machinery, data processing and computer equipment (whether owned or licensed and including embedded software), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed to any of the foregoing or used in connection therewith, and substitutions and replacements thereof, wherever located and (ii) other "equipment" (as defined in the UCC) and all attachments, accessions and property now or hereafter affixed to any of the foregoing or used in connection therewith, and substitutions and replacements thereof, wherever located.

"Equity Issuance" shall mean any issuance by any Newark Group Party or any Newark Group Party's Subsidiary to any Person which is not a Newark Group Party of (a) shares of its Capital Stock (including, without limitation, any issuance of shares of its Capital Stock pursuant to the exercise of options or warrants or pursuant to the conversion of any debt securities to equity) or (b) warrants or options that are exercisable for shares of its Capital Stock. The term "Equity Issuance" shall not include (i) any Asset Disposition, (ii) any Debt Issuance or (iii) any equity issuance as consideration for a Permitted Acquisition.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

"ERISA Affiliate" shall mean any person, trades or businesses (whether or not incorporated) required to be aggregated with any Newark Group Party or any of their respective Subsidiaries under Sections 414(b), 414(c), 414(m) or 414(o) of the Code.

"ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Pension Plan, other than events as to which the requirement of notice has been waived in regulations issued by the Pension Benefit Guaranty Corporation; (b) the adoption of any amendment to a Pension Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) a complete or partial withdrawal by any Newark Group Party or any ERISA Affiliate from a Multiemployer Plan or a cessation of operations which is treated as such a withdrawal or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Pension Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (f) the imposition of any liability under Title IV of ERISA, other than the Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon any Newark Group Party or any ERISA Affiliate in excess of $1,000,000; (g) any other event or condition with respect to a Plan including any Pension Plan subject to Title IV of ERISA maintained, or contributed to, by any ERISA Affiliate that could reasonably be expected to result in liability of any Newark Group Party in excess of $1,000,000 and (h) an event or transaction which might reasonably be expected to give rise to liability under Sections 4069 or 4212(c) of ERISA.

"ESOP Plan" shall mean The Newark Group, Inc. Employees' Stock Ownership Plan dated as of April 22, 2002, as such ESOP Plan may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof.

"ESOP Settlement Agreement" shall mean the Agreement by and between Grandview Capital Strategies, Inc. (in its capacity as Independent Fiduciary of The Newark Group, Inc. Employee Stock Ownership Plan) and The Newark Group, Inc., dated [May ___, 2010], as the same now exists or may be amended, modified, extended, restated, replaced or supplemented from time to time.

"Euro", "EUR" and "€" mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

"Eurodollar Rate Loans" shall mean any Loans or portion thereof on which interest is payable based on the Adjusted Eurodollar Rate in accordance with the terms hereof.

"Event of Default" shall mean the occurrence or existence of any event or condition described in Section 10.1 hereof.

"Excess Availability" shall have the meaning set forth in the ABL Credit Agreement, as in effect on the date hereof.

"Excess Cash Flow" shall mean, with respect to any fiscal year of the Borrower, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to (a) Consolidated EBITDA for such period minus (b) Unfinanced Capital Expenditures paid in cash during such period minus (c) Consolidated Scheduled Funded Indebtedness Payments made in cash during such period minus (d) Consolidated Interest Expense (excluding any Consolidated Interest Expense associated with intercompany indebtedness) payments made in cash during such period minus (e) amounts paid in cash in respect of federal, state, local and foreign income taxes of the Borrower and its Subsidiaries with respect to such period minus (f) optional prepayments of the Term Loan and of the revolving loans under the

ABL Credit Agreement (to the extent accompanied by a corresponding reduction of the revolving commitments thereunder) made during such period (in cash) minus (g) to the extent added back to Consolidated Net Income in determining Consolidated EBITDA, cash restructuring charges not to exceed $2,000,000 in any fiscal quarter of Borrower and not to exceed $10,000,000 over the term of this Agreement minus the difference, if negative, of the amount of Net Working Capital at the beginning of such Excess Cash Flow Period over the amount of Net Working Capital at the end of such Excess Cash Flow Period, plus, without duplication, the difference, if positive, of the amount of Net Working Capital at the beginning of such Excess Cash Flow Period over the amount of Net Working Capital at the end of such Excess Cash Flow Period.

"Excess Cash Flow Period" shall mean each fiscal year of Borrower beginning with the fiscal year ending on April 30, 2011.

"Exchange Act" shall mean the Securities Exchange Act of 1934, together with all rules, regulations and interpretations thereunder or related thereto.

"Excluded Deposit Accounts" shall have the meaning given to such term in Section 5.2(d).

"Excluded Subsidiaries" shall mean NP Cogen, Inc. and JD Corp.

"Existing Lenders" means the various financial institutions and other Persons from time to the Existing Loan Agreement as lenders immediately prior to the date hereof

"Existing Loan Agreement" means the Loan and Security Agreement, dated as of_____ __, 2010, by and among Chapter 11 Borrower, Agents, and Existing Lenders (as heretofore amended or otherwise modified).

"Existing Loan Documents" means, collectively, the Existing Loan Agreement together with all documents, certificates, instruments, notes, guarantees and agreements executed and delivered by Chapter 11 Borrower and Chapter 11 Guarantor in connection therewith, whether or not specifically mentioned herein or therein, in each case as amended, supplemented, amended and restated, replaced or otherwise modified from time to time.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Administrative Agent on such day on such transactions as determined by Agent in a commercially reasonable manner.

"Fee Letter" shall mean shall mean the letter agreement, dated as of _____, 2010, by and among the Borrower, Administrative Agent and ORIX setting forth certain fees payable by Borrower for the account of Administrative Agent and certain other Persons, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

"Final Financing Order" means the Final Order Pursuant to Sections 105, 361, 362, 363, 364(c) and 364(d) of the Bankruptcy Code and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (I) Authorizing Debtors to Obtain Secured Post-Petition Financing on a Superpriority Priming Lien Basis and Modifying the Automatic Stay, (II) Authorizing Debtors to Use Pre-Petition Secured Lenders' Cash Collateral and Granting Adequate Protection, (III) Authorizing the Repayment in Full of

all Claims of Debtors' Pre-Petition Secured Lenders, as entered by the Bankruptcy Court on _____ __, 2010 in the Case, and (IV) granting related relief.

"Final Judgment" shall mean the final judgment issued or to be issued by the Superior Court of Suffolk County, Massachusetts or other applicable court with respect to the Settlement Agreement and/or the agreements set forth therein.

"Final Order" means an order or judgment of the Bankruptcy Court duly entered on the docket of the Bankruptcy Court that (i) has not been modified or amended without the consent of Administrative Agent and the Required Lenders, or vacated, reversed, revoked, rescinded, stayed or appealed from, except as Administrative Agent and the Required Lenders may otherwise specifically agree, (ii) with respect to which the time to appeal, petition for certiorari, application or motion for reversal, rehearing, reargument, stay, or modification has expired, (iii) no petition, application or motion for reversal, rehearing, reargument, stay or modification thereof or for a writ of certiorari with respect thereto has been filed or granted or the order or judgment of the Bankruptcy Court has been affirmed by the highest court to which the order or judgment was appealed and (iv) is no longer subject to any or further appeal or petition, application or motion for reversal, rehearing, reargument, stay or modification thereof or for any writ of certiorari with respect thereto or further judicial review in any form.

"Financing Agreements" shall mean, collectively, this Agreement, the Intercreditor Agreement, the Fee Letter, the Information Certificate, the Security Documents and Term Notes, all other notes, guarantees, Account Control Agreements, investment property control agreements, subordination and intercreditor agreements and all other agreements, documents and instruments (i) now or at any time hereafter executed and/or delivered by any Credit Party in connection with this Agreement or (ii) executed and/or delivered prior to the Closing Date in connection with the Existing Loan Agreement provided that such documents, instruments and/or agreement(s) referenced in clause (ii) of this definition are still in effect after giving effect to this Agreement and the transactions contemplated hereunder. For the avoidance of doubt, Financing Agreements shall not include the ABL Financing Agreements (other than the Intercreditor Agreement).

"Fixed Charge Coverage Ratio" shall mean, as of the last day of each fiscal quarter of the Borrower, the ratio of (a) (i) Consolidated EBITDA (computed for the four consecutive fiscal quarterly periods then ending) minus (ii) Unfinanced Capital Expenditures for such period, minus (iii) Consolidated Cash Taxes for such period to (b) Consolidated Fixed Charges (computed for the four consecutive fiscal quarterly periods then ending).

"Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" shall mean, with respect to any Person, any Subsidiary of such Person which is not a Domestic Subsidiary. The Foreign Subsidiaries of the Newark Group Parties as of the date hereof are listed on Schedule 3 attached hereto.

"Funded Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices, but including without limitation, all earn-outs and similar deferred payment obligations); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP

recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) except with respect to the ESOP Plan, all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law, (i) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP, (j) in respect of letters of credit issued on behalf of such Person (and/or in connection with such Persons have reimbursement obligations) and (k) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements, hedging agreements, collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values.

"Funding Bank" shall have the meaning given to such term in Section 3.3 hereof.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied, except that, for purposes of calculating the financial covenants set forth in Section 9.17, subject to Section 13.2(g), GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements delivered to Administrative Agent prior to the date hereof.

"Governmental Authority" shall mean any nation or government, any state, province, or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantors" shall mean NP Cogen and any other Domestic Subsidiaries of the Borrower that become Guarantors hereunder pursuant to Section 9.22 hereof (and the Foreign Subsidiaries of Borrower that become Guarantors hereunder pursuant to Section 9.22 hereof).

"Guaranty" shall mean the guaranty of the Guarantors set forth in Section 14.

"Guaranty Obligations" shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether

or not contingent, (a) to purchase any such Indebtedness or any property constituting security therefor, (b) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (c) to lease or purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (d) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"Hazardous Materials" shall mean any hazardous, toxic or dangerous substances, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, mold, fungi, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

"Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices, but including without limitation, all earn-outs and similar deferred payment obligations); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements and collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values; (i) all obligations owed by such Person under License Agreements with respect to non-refundable, advance or minimum guarantee royalty payments; (j) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law and (k) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP.

"Independent Financial Advisor" shall mean a firm (a) that does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in any Newark Group Party and (b) that, in the judgment of the Board of Directors of the Borrower, is otherwise independent and qualified to perform the task for which it is to be engaged.

"Information Certificate" shall mean, collectively, the Information Certificates of the Newark Group Parties constituting Exhibit B hereto containing material information with respect to the Newark Group Parties, their respective businesses and assets provided by or on behalf of the Newark Group Parties to Administrative Agent in connection with the preparation of this Agreement and the other Financing Agreements and the financing arrangements provided for herein. **[ORIX will need to review this, along with all other Schedules to this Agreement.]**

"Initial Closing Date" shall mean the "Closing Date" as defined in the Existing Loan Agreement.

"Installments" shall have the meaning ascribed to such term in Section 2.1(b) hereof.

"Intellectual Property" shall mean, as to each the Newark Group Party, such Newark Group Party's now owned and hereafter arising or acquired: patents, patent rights, patent applications, copyrights, works which are the subject matter of copyrights, copyright applications, copyright registrations, trademarks, servicemarks, trade names, trade styles, trademark and service mark applications, and licenses and rights to use any of the foregoing and all applications, registrations and recordings relating to any of the foregoing as may be filed in the United States Copyright Office, the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country or jurisdiction, together with all rights and privileges arising under applicable law with respect to any Newark Group Party's use of any of the foregoing; all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing; all rights to sue for past, present and future infringement of any of the foregoing; inventions, trade secrets, formulae, processes, compounds, drawings, designs, blueprints, surveys, reports, manuals, and operating standards; goodwill (including any goodwill associated with any trademark or servicemark, or the license of any trademark or servicemark); customer and other lists in whatever form maintained; trade secret rights, copyright rights, rights in works of authorship, domain names and domain name registration; software and contract rights relating to computer software programs, in whatever form created or maintained.

"Intellectual Property Security Agreement" shall mean that certain Intellectual Property Security Agreement dated as of even date hereof by and between the Credit Parties and the Collateral Agent.

"Intercreditor Agreement" shall mean that certain Intercreditor Agreement dated as of _____, 2010 by and among Administrative Agent (in its capacity as such and in its capacity as Collateral Agent), the ABL Administrative Agent (in its capacity as such and in its capacity as collateral agent under the ABL Financing Agreements), and the Control Agent, as amended, restated, supplemented and/or modified from time to time in accordance with the provisions thereof.

"Interest Period" shall mean for any Eurodollar Rate Loan, a period of approximately one (1), two (2), or three (3) months duration as the Borrower may elect, the exact duration to be determined in accordance with the customary practice in the applicable Eurodollar Rate market; provided, that, the Borrower may not elect an Interest Period which will end after the Termination Date.

"Interest Rate" shall mean

(a) For any day, for (i) Term Loans that are Prime Rate Loans, the rate per annum equal to the sum of (A) the Prime Rate plus (B) 8.50%, and (ii) Term Loans that are Eurodollar Rate Loans, the rate per annum equal to (A) the Adjusted Eurodollar Rate plus (B) 9.50%.

(b) Notwithstanding anything to the contrary contained in clause (a) of this definition, the Interest Rate shall mean the rate two percent (2%) per annum in excess of the applicable amount set forth in clause (a) of this definition (the "Default Rate"), at the election of Administrative Agent or Required Lenders, without notice, (i) either (A) for the period on and after the date of termination hereof until such time as all Obligations are indefeasibly paid and satisfied in full in immediately available funds, or (B) for the period from and after the date of the occurrence of any Event of Default, and for so long as such Event of Default is continuing as determined by Administrative Agent.

(c) Any change in the Interest Rate resulting from a publicly announced change in the Prime Rate shall be effective commencing on the date of the public announcement thereof.

"Inventory" shall mean, as to each Newark Group Party, all of such Newark Group Party's now owned and hereafter existing or acquired (i) goods, wherever located, which (a) are leased by such Newark Group Party as lessor; (b) are held by such Newark Group Party for sale or lease or to be furnished under a contract of service; (c) are furnished by such Newark Group Party under a contract of service; or (d) consist of raw materials, work in process, finished goods or materials used or consumed in its business and (ii) other "inventory" (as defined in the UCC) wherever located.

"Investment Property Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Administrative Agent, by and among the applicable Control Agent, any Credit Party (as the case may be) and any securities intermediary, commodity intermediary or other person who has custody, control or possession of any investment property of such Credit Party acknowledging that such securities intermediary, commodity intermediary or other person has custody, control or possession of such investment property on behalf of such Control Agent, that it will comply with entitlement orders originated by such Control Agent with respect to such investment property, or other instructions of such Control Agent, in each case, without further consent by the Credit Parties, and has such other terms and conditions as Administrative Agent and/or Collateral Agent may require.

"Jackson Drive Real Property" has the meaning ascribed to such term in Section 8.29 hereof.

"JD Corp." shall mean Jackson Drive Corp.

"Lenders" shall have the meaning ascribed to such term in the Preamble of this Agreement.

"License Agreements" shall have the meaning set forth in Section 8.11 hereof.

"Loans" or "Term Loans" shall mean the loans made by or on behalf of any Lender (or its predecessor in interest) or by Administrative Agent for the account of any Lender pursuant to the Existing Loan Agreement and evidenced hereby.

"Material Adverse Effect" shall mean a material adverse effect on (a) the financial condition, business, performance or operations of the Newark Group Parties; (b) the legality, validity or enforceability of this Agreement or any of the other Financing Agreements; (c) the legality, validity, enforceability, perfection or priority of the security interests and liens of Collateral Agent upon the Collateral; (d) the Collateral or its value; (e) the ability of the Borrower to repay its Obligations or of any Credit Party to perform its obligations under this Agreement or any of the other Financing Agreements as and when to be performed; (f) the ability of Administrative Agent or any Lender to enforce the

Obligations or realize upon the Collateral or otherwise with respect to the rights and remedies of Administrative Agent and Lenders under this Agreement or any of the other Financing Agreements.

"Material Contract" shall mean any contract or other agreement (other than the Financing Agreements), whether written or oral, to which any Newark Group Party is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto would have a Material Adverse Effect.

"Mortgaged Property" shall mean any owned Real Property of a Credit Party subject to a Mortgage as of the date hereof, a list of which is set forth on Schedule 1 and any other Real Property of a Credit Party subject to a Mortgage pursuant to Sections 5.2(j) and/or 9.29 hereof.

"Mortgages" shall mean any mortgage, deed of trust or deed to secure debt executed by a Credit Party in favor of the Agent, for the benefit of the Secured Parties (including without limitation the Closing Date Mortgages) and any amendments thereto, as each of the foregoing may be amended, modified, extended, restated, replaced, or supplemented from time to time.

"Multiemployer Plan" shall mean a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by any Newark Group Party or any ERISA Affiliate or with respect to which any Newark Group Party or any ERISA Affiliate may incur any liability.

"Net Cash Proceeds" shall mean the aggregate cash proceeds received by any Newark Group Party or any Subsidiary in respect of any Asset Disposition, Equity Issuance, Debt Issuance, or Recovery Event, net of (a) direct costs (including, without limitation, legal, accounting and investment banking fees and sales commissions, and with respect to any Asset Disposition, remediation, maintenance and other costs associated with the preparation of the properties for sale incurred since the public announcement of such Asset Disposition) associated therewith, (b) amounts held in escrow to be applied as part of the purchase price of any Asset Disposition, (c) taxes paid or payable as a result of such Asset Disposition, Equity Issuance, Debt Issuance, or Recovery Event, (d) with respect to any Asset Disposition or Recovery Event, payment of the outstanding principal amount of, premium (if any) and interest on any Indebtedness secured by a Lien (so long as such Lien is senior to the Lien on such assets securing the Obligations) on the assets subject to such Asset Disposition or Recovery Event and (e) with respect to any Recovery Event, amounts payable directly or indirectly to Governmental Authorities or which are payable pursuant to the regulations of or the order or directive of any Governmental Authorities or pursuant to any Environmental Law for such Recovery Event to the extent required by such Governmental Authorities or Contractual Obligations; it being understood that "Net Cash Proceeds" shall include, without limitation, any cash proceeds from the sale or other disposition of any non-cash consideration (but only as and when such cash is actually received) received by any Newark Group Party or any Subsidiary in any Asset Disposition, Equity Issuance, Debt Issuance or Recovery Event and any cash released from escrow as part of the purchase price in connection with any Asset Disposition.

"Net Working Capital" shall mean, at any time, Consolidated Current Assets at such time minus Consolidated Current Liabilities at such time.

"Newark B.V." shall mean Newark Group International B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands and a wholly-owned subsidiary of the Borrower.

"Newark Group Parties" shall mean, collectively, the Borrower, the Guarantors and the Newark B.V. and "Newark Group Party" shall mean any one of them.

"Newark Paperboards Capital Stock" shall mean the Capital Stock issued by Newark Paperboards Products, Ltd.

""NP Cogen" shall mean NP Cogen, Inc., a California corporation.

"Obligations" shall mean any and all Loans and all other obligations, liabilities and indebtedness of every kind, nature and description owing by any Credit Party to Administrative Agent, Collateral Agent, each Control Agent (solely in its capacity as control agent for the benefit of the Agent and Lenders) or any Lender and/or any of their Affiliates, including principal, interest (including capitalized interest if any), charges, fees, costs and expenses (including without limitation, all fees, costs, expenses and other items referenced under Section 9.21 hereof), however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement, any of the other Financing Agreements and the Existing Loan Agreement, whether now existing or hereafter arising, whether arising before, during or after the term of this Agreement or before, during or after the commencement of the Case(s) or any other case(s) with respect to such Credit Party under the Debtor Relief Laws or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of the Case(s) or any other such case, whether or not such amounts are allowed or allowable in whole or in part in the Case(s) or such case(s)), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, or secured or unsecured (other than the Borrower's Parallel Debts).

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Operating Leases" shall mean, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time of any property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

"ORIX" shall mean ORIX Finance Corp. in its individual capacity, and its successors and permitted assigns.

"Other Taxes" shall have the meaning given to such term in Section 6.5 hereof.

"Parallel Debt" shall mean, in relation to an Underlying Debt (and subject to Section 13.11(e)), an obligation to pay to Collateral Agent an amount equal to (and in the same currency as) the amount of that Underlying Debt.

"Participant" shall mean any financial institution that acquires and holds a participation in the interest of any Lender in any of the Loans or any of the other Obligations in conformity with the provisions of Section 13.7 of this Agreement governing participations.

"Participating Member States" means the states of the European Union that have adopted the Euro as their lawful currency as of the Closing Date (being, Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia and Spain).

"Patriot Act" shall mean the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

"Pension Plan" shall mean a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which any Newark Group Party sponsors, maintains, or to which any Newark Group Party or ERISA Affiliate makes, is making, is obligated to make contributions, has made contributions at any time during the immediately preceding six (6) plan years or may have any liability, including any

liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during any preceding six year period, or could reasonably be expected to be deemed to be a contributing sponsor under Section 4069 of ERISA other than a Multiemployer Plan.

"Permitted Acquisition" shall mean an acquisition or any series of related acquisitions by a Newark Group Party of (a) the assets or a majority of the outstanding Voting Stock or economic interests of any Person, (b) any division, line of business or other business unit of any Person or (c) Capital Stock of a joint venture constituting a majority of the Capital Stock of such Person to the extent such Newark Group Party already owns Capital Stock of such joint venture (such Person or such division, line of business or other business unit of such Person or such joint venture shall be referred to herein as the "Target"), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by Newark Group Parties and their Subsidiaries pursuant to the terms hereof, so long as (i) no Default or Event of Default shall then exist or would exist after giving effect thereto, (ii) Collateral Agent, on behalf of the Lenders, shall have received (or shall receive in connection with the closing of such acquisition) a perfected security interest in all property (including, without limitation, on 100% of the Capital Stock (or such lesser percentage described in clause (b) of the last paragraph of Section 5.2 with respect to a controlled foreign corporation as defined in Section 957(a) of the Code) acquired with respect to the Target subject to Permitted Liens and in accordance with the Security Documents and the Target, if a Person, shall have executed a Guarantor Joinder Agreement in accordance with the terms of Section 9.22 (unless the Target is a controlled foreign corporation as defined in Section 957(a) of the Code and receiving a such a security interest on the assets of such Target and a guaranty from such Target would create material tax consequences to the Newark Group Parties), (iii) the Target shall have earnings before interest, taxes, depreciation and amortization for the four fiscal quarters prior to the acquisition date in an amount greater than $0 (with pro forma adjustments reasonably acceptable to the Administrative Agent), (iv) such acquisition shall not be a "hostile" acquisition and shall have been approved by the Board of Directors and/or shareholders of the applicable Newark Group Party and the Target, (v) immediately after giving effect to such acquisition, there shall be at least $20,000,000 of Excess Availability (including Eligible Inventory (as defined in the ABL Credit Agreement) and Eligible Accounts (as defined in the ABL Credit Agreement) of the Target), (vi) Administrative Agent shall have received detailed projections for Borrower and its Subsidiaries through the date that is three (3) years from the Closing Date giving pro forma effect to such acquisition, based on assumptions reasonably satisfactory to the Administrative Agent and demonstrating compliance on a Pro Forma Basis with the financial covenants set forth in Section 9.17 both prior, and after giving effect, to such acquisition, prepared in good faith and in a manner and using such methodology as is consistent with the most recent financial statements delivered to Administrative Agent pursuant to Section 9.6 hereof and in form and substance reasonably satisfactory to the Administrative Agent, and (vii) the total consideration for (A) all such acquisitions made during any twelve month period shall not exceed $10,000,000 in the aggregate and (B) all such acquisitions made during the term of this Agreement shall not exceed $20,000,000 in the aggregate.

"Permitted Holder" shall mean, collectively, any one or more funds and/or accounts managed and/or advised by DDJ Capital Management, LLC.

"Permitted Investments" shall have the meaning set forth in Section 9.10.

"Permitted Liens" shall have the meaning set forth in Section 9.8.

"Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

"Petition Date" has the meaning ascribed to such term in the Recitals hereto.

"Plan" shall mean an employee benefit plan (as defined in Section 3(3) of ERISA) which any Newark Group Party sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiemployer Plan has made contributions at any time during the immediately preceding six (6) plan years or with respect to which any Newark Group Party may incur liability.

"Plan Effective Date" shall mean the date after which the Confirmation Order shall have become a Final Order and that all of the conditions precedent to the effectiveness of the Plan of Reorganization shall have been satisfied as determined by Agent in its reasonable discretion, or with the consent of Agent, waived in accordance with the terms thereof.

"Plan of Reorganization" shall mean that certain Plan of Reorganization, an execution copy of which is attached to the Plan Support Agreement, to be filed with and confirmed by the Bankruptcy Court without material modification in connection with the Cases to be commenced by _____.

"Plan Support Agreement" shall mean that certain Plan Support Agreement dated as of _____ __, 2010 among (a) the Credit Parties, (b) the holders of the senior Subordinated Notes holding not less than 66• % in principal amount of such notes and other amounts owing thereunder and not less than half the number of holders of claims thereunder and (c) ORIX pursuant to which the parties thereto agree, subject to the terms and conditions thereof, to the terms of the Plan of Reorganization.

"Pledge Agreement" shall mean the Pledge Agreement dated as of the **[Initial Closing Date]**, executed by the Credit Parties party thereto in favor of Administrative Agent, Collateral Agent and the applicable Control Agent, for the benefit of the Administrative Agent and Lenders, as amended and restated as of the Closing Date and as hereafter amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms.

"PPSA" shall mean the Personal Property Security Act as in effect in British Columbia, Canada, and any successor statute as in effect from time to time (except that terms used herein solely with respect to the Newark Paperboards Capital Stock which are defined in the Personal Property Security Act as in effect in British Columbia, Canada on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Administrative Agent may otherwise determine).

"Prime Rate" shall mean, for any day, a rate of interest per annum equal to the greatest of (a) the rate of interest which is identified as the "Prime Rate" and normally published in the Money Rates section of The Wall Street Journal (or, if such rate ceases to be so published, as quoted from such other generally available and recognizable source as the Administrative Agent may select) and (b) one percentage point plus the three-month Adjusted Eurodollar Rate in effect as of the most recent to occur of (i) the date of the borrowing of the Loans on the Closing Date, (ii) the date that the applicable portion of the Loan is converted from a Eurodollar Rate Loan to a Prime Rate Loan, (iii) the first day of the most recent month, or (iv) the date of the most recent change in the Prime Rate described in clause (a) above. Any change in the Prime Rate due to a change in the "Prime Rate" described in clause (a) above shall be effective on the effective date of such change in the "Prime Rate."

"Prime Rate Loans" shall mean any Loans or portion thereof on which interest is payable based on the Prime Rate in accordance with the terms thereof.

"Pro Forma Basis" shall mean, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the twelve-month period ending as of the most recent month end preceding the date of such transaction.

"Pro Rata Share" shall mean as to any Lender, the fraction (expressed as a percentage) the numerator of which is the unpaid amount of such Lender's Loans and the denominator of which is the aggregate amount of all unpaid Loans.

"Real Property" shall mean all now owned and hereafter acquired real property of each Newark Group Party, including, without limitation, leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.

"Receivables" shall mean all of the following now owned or hereafter arising or acquired property of each Newark Group Party: (a) all Accounts; (b) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any Account; (c) all payment intangibles of such Newark Group Party; (d) letters of credit, indemnities, guarantees, security or other deposits and proceeds thereof issued payable to any Newark Group Party or otherwise in favor of or delivered to any Newark Group Party in connection with any Account; or (e) all other accounts, contract rights, chattel paper, instruments, notes, general intangibles and other forms of obligations owing to any Newark Group Party, whether from the sale and lease of goods or other property, licensing of any property (including Intellectual Property or other general intangibles), rendition of services or from loans or advances by any Newark Group Party or to or for the benefit of any third person (including loans or advances to any Affiliates or Subsidiaries of any Newark Group Party) or otherwise associated with any Accounts, Inventory or general intangibles of any Newark Group Party (including, without limitation, choses in action, causes of action, tax refunds, tax refund claims, any funds which may become payable to any Newark Group Party in connection with the termination of any Plan or other employee benefit plan and any other amounts payable to any Newark Group Party from any Plan or other employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, casualty or any similar types of insurance and any proceeds thereof and proceeds of insurance covering the lives of employees on which any Newark Group Party is a beneficiary).

"Records" shall mean, as to each Newark Group Party, all of such Newark Group Party's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of any Newark Group Party with respect to the foregoing maintained with or by any other person).

"Recovery Event" shall mean the receipt by the Newark Group Parties or any of their Domestic Subsidiaries of any cash insurance proceeds or condemnation or expropriation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

"Register" shall have the meaning set forth in Section 13.7(a) hereof.

"Related Fund" shall mean any person (whether a corporation, partnership, trust or otherwise) that is engaged in the business of making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is

managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor (which is at least fifty (50%) percent owned by such investment advisor or its parent company).

"Required Lenders" shall mean, at any time, Lenders to whom more than fifty (50%) percent of the then outstanding Obligations are owing; provided that unless there is only one Lender, Required Lenders must include at least two Lenders (Lenders that are Affiliates of each other shall be considered to be a single Lender for the purposes of this proviso).

"Restricted Payment" shall mean (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (d) any payment with respect to any earnout obligation, (e) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to any Subordinated Debt, (f) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Indebtedness the proceeds of which are used to refinance or repay the ABL Obligations in a manner that is prohibited under Section 9.9(b)(ii) herein, (g) the payment by Borrower or any of its Subsidiaries of any management or consulting fee to any Person or of any salary, bonus or other form of compensation to any Person who is directly or indirectly a significant partner, shareholder, owner or executive officer of any such Person, except to the extent such salary, bonus or other form of compensation is (x) included in the corporate overhead of the Borrower or such Subsidiary (including existing management incentive plans and other management and director compensation, retention, benefit, bonus and severance plans approved by the Bankruptcy Court, all of which, for the avoidance of doubt, are deemed not to be Restricted Payments hereunder), and (y) made in the ordinary course of business or (h) any cash payments by Borrower or any Guarantor to their respective pension plans in excess of the actuarially determined minimum funding obligations with respect to such plans.

"Sanctioned Country" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time.

"Sanctioned Person" shall mean (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

"Scheduled Asset Sales" shall mean the sale, lease, conveyance, disposition or other transfer of the following Real Property of the Newark Group Parties: (i) the paperboard mills in Newark, New Jersey, Natick, Massachusetts, Lawrence, Massachusetts, Middletown, Ohio, North Hoosick, New York, Haverhill, Massachusetts, and Stockton, California, (ii) the water rights with respect to certain real property located in Los Angeles, California, and (iii) the property located at 99-107 Lockwood Street, Newark, New Jersey.

"Secured Parties" shall mean Collateral Agent, Administrative Agent, and the Lenders.

"Security Documents" shall mean the Pledge Agreement, the Dutch Deed of Pledge, Investment Account Control Agreement, Account Control Agreements, the Intellectual Property Security Agreement, the Mortgages and all other agreements, documents and instruments relating to, arising out of, or in any way connection with any of the foregoing documents or granting to Collateral Agent, liens or security interests to secure, inter alia, the Obligations whether executed and/or filed prior to the Closing Date or now or hereafter executed and/or filed, each as may be amended, restated, modified and/or supplemented from time to time in accordance with the terms hereof, executed and delivered in connection with the granting, attachment and perfection of Collateral Agent's security interests and liens arising hereunder, under the Existing Loan Agreement and thereunder, including, without limitation, UCC financing statements.

"Senior Subordinated Notes" shall mean those certain 9¾% senior unsecured subordinated notes due 2014 issued by the Borrower on March 12, 2004, as amended, modified, restated or supplemented immediately prior to giving effect to this Agreement.

"Settlement Agreement" shall mean the Settlement Agreement and Final Judgment dated September 18, 2007, by and between the Commonwealth of Massachusetts and the Borrower related to allegations of violations of Environmental Laws asserted by the Commonwealth of Massachusetts against the Borrower.

"Solvent" shall mean, at any time with respect to any Person, that at such time such Person (a) is able to pay its debts as they mature and has (and has a reasonable basis to believe it will continue to have) sufficient capital (and not unreasonably small capital) to carry on its business consistent with its practices as of the date hereof, and (b) the assets and properties of such Person at a fair valuation (and including as assets for this purpose at a fair valuation all rights of subrogation, contribution or indemnification arising pursuant to any guarantees given by such Person) are greater than the Indebtedness of such Person, and including subordinated and contingent liabilities computed at the amount which, such person has a reasonable basis to believe, represents an amount which can reasonably be expected to become an actual or matured liability (and including as to contingent liabilities arising pursuant to any guarantee the face amount of such liability as reduced to reflect the probability of it becoming a matured liability).

"Specified Events of Default" shall mean the Events of Default (as defined in the Existing Loan Agreement) that arose under the Existing Loan Agreement prior to the Closing Date (and continue as of the Closing Date prior to giving effect to Section 1.3 hereof), other than any such Events of Default resulting from fraud on the part of any Newark Group Party.

"Specified Sales" shall mean (a) the sale, transfer, lease or other disposition of inventory and materials in the ordinary course of business and (b) the sale, transfer or other disposition of Permitted Investments described in clause (a) of Section 9.10.

"Stockholders Agreement" shall mean the Stockholders' Agreement, dated [_____], 2010, by and among the Borrower and each of the Borrower's stockholders party thereto, as the same now exists or may be amended, modified, extended, restated, replaced or supplemented from time to time.

"Subordinated Debt" shall mean (a) subordinated Indebtedness of the Borrower evidenced by a subordinated seller note that contains subordination and other terms reasonably acceptable to the Administrative Agent and (b) any other any Indebtedness incurred by any Newark Group Party or any of their Subsidiaries, in each case which by its terms or a separate subordinate agreement is specifically subordinated in right of payment to the prior payment of the Obligations and contains subordination and other terms reasonably acceptable to the Administrative Agent, including without limitation the von Zuben New Subordinated Notes.

"Subsidiary" or "subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, limited liability partnership or other limited or general partnership, trust, association or other business entity of which an aggregate of at least a majority of the outstanding Capital Stock or other interests entitled to vote in the election of the board of directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency), managers, trustees or other controlling persons, or an equivalent controlling interest therein, of such Person is, at the time, directly or indirectly, owned by such Person and/or one or more subsidiaries of such Person.

"Target" shall have the meaning given to such term in the definition of "Permitted Acquisition" set forth in this Section 1.1.

"Term Loans" or "Loans" shall mean the loans made by or on behalf of any Lender or by Administrative Agent for the account of any Lender pursuant to the Existing Loan Agreement or on the Closing Date, and evidenced hereby.

"Term Loan Priority Collateral" shall mean all "Term Loan Priority Collateral" as defined in the Intercreditor Agreement, including, upon the payment in full of the ABL Obligations and the termination of the commitments under the ABL Credit Agreement, all ABL Priority Collateral.

"Term Note" or "Term Notes" shall mean the promissory notes of Borrower provided pursuant to Section 2.1(c) in favor of any of the Lenders evidencing the Term Loans provided by any such Lender pursuant to the Existing Loan Agreement and/or this Agreement (and evidenced hereby), individually or collectively, as appropriate, as such promissory notes may be amended, modified, extended, restated, replaced or supplemented from time to time.

"Termination Date" shall mean the earlier to occur of (i) March 31, 2014, (ii) the date on which all Obligations are paid and satisfied in full in immediately available funds and the Financing Agreements are terminated and (iii) the acceleration of any or all of the Obligations hereunder.

"Total Leverage Ratio" shall mean, as of the last day of any fiscal quarter of the Borrower, for the Borrower and its Subsidiaries on a consolidated basis, the ratio of (a) (i) Consolidated Funded Indebtedness on such date to (b) Consolidated EBITDA.

"Treaty on European Union" shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 1, 1992 and came into force on November 1, 1993), as amended from time to time.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York, and any successor statute, as in effect from time to time (except that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Administrative Agent may otherwise determine).

"Underlying Debt" shall mean, in relation to the Borrower and at any given time, each obligation (whether present or future, actual or contingent) owing by the Borrower to a Lender under the Financing Agreements (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Financing Agreement, in each case whether or not anticipated as of the date of this Agreement), excluding the Borrower's Parallel Debts.

"Unfinanced Capital Expenditures" shall mean for any period Capital Expenditures made during such period and not financed from the proceeds of Funded Indebtedness (other than from

revolving loans made under the ABL Credit Agreement). The term "Capital Expenditures" shall not include capital expenditures in respect of the reinvestment of proceeds derived from Recovery Events received by the Borrower and its Subsidiaries to the extent that such reinvestment is permitted under the Financing Agreements.

"von Zuben New Subordinated Notes" shall mean the two unsecured subordinated notes, each dated as of the Plan Effective Date, issued by the Borrower to Frederick G. von Zuben in the respective original principal amounts of $800,000 and $550,000.

"Voting Stock" shall mean with respect to any Person, (a) one (1) or more classes of Capital Stock of such Person having general voting powers to elect at least a majority of the board of directors, managers or trustees of such Person, irrespective of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency, and (b) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (a) of this definition.

Section 1.2 AMENDED AND RESTATED.

The Credit Parties, Agent and Lenders agree that, upon the Closing Date, this Agreement shall amend, restate, replace and supersede the Existing Loan Agreement in its entirety. The Credit Parties, Agent and Lenders acknowledge and agree that, from and after the Closing Date, (i) all Financing Agreements (as defined in the Existing Loan Agreement) shall continue without any diminution thereof (unless amended, restated and/or replaced in conjunction herewith, then as so amended, restated and/or replaced), shall remain in full force and effect and shall be deemed to constitute Financing Agreements (as amended, if applicable) hereunder, (ii) all Term Loans which were outstanding under the Existing Loan Agreement immediately prior to the effectiveness of this Agreement shall be deemed to constitute Term Loans under this Agreement and shall remain outstanding as Term Loans (as defined herein) hereunder and shall be subject to the terms and conditions hereof, (iii) each reference in the Financing Agreements (as defined in the Existing Loan Agreement) to "Obligation" or "Obligations" under the Existing Loan Agreement that survives the restatement thereof shall be deemed to be an "Obligation" hereunder and (iv) each reference in the Financing Agreements (as defined in the Existing Loan Agreement) to "Credit Agreement" or "Agreement" shall be a reference to this Agreement, as it may be amended, restated, supplemented and/or modified from time to time (unless the context clearly requires otherwise). It is the intention of each of the parties hereto that the Existing Loan Agreement be amended and restated so as to preserve the perfection and priority of all security interests securing all Obligations of the Credit Parties under, and as defined in, the Existing Loan Agreement and all other Financing Agreements (as defined in the Existing Loan Agreement) entered into in connection therewith, that all Obligations of the Credit Parties under the Existing Loan Agreement and the other Financing Agreements (as defined in the Existing Loan Agreement) entered into in connection therewith be secured by the Liens created by this Agreement and the other Financing Agreements and that this Agreement not constitute a novation of the obligations and liabilities existing under the Financing Agreements (as defined in the Existing Loan Agreement). Notwithstanding any other provisions set forth herein, the amendment and restatement of the Existing Loan Agreement shall not constitute a waiver of or otherwise limit or effect in any respect the existence of any Defaults or Events of Default (as such terms are defined in the Existing Loan Agreement) under the Existing Loan Agreement other than the Specified Events of Default (in accordance with Section 1.3 hereof).

Section 1.3 [WAIVER OF SPECIFIED EVENTS OF DEFAULT.

Effective on the Closing Date, Agent and the Lenders hereby waive the Specified Events of Default provided that such waiver shall not constitute a waiver of any Defaults or Events of Default arising under this Agreement or any other Financing Agreement even if such Default(s) or Event(s) of Default arise from the same act, omission or event that caused the occurrence of the

Specified Events of Default which are being waived hereby. These waivers are and shall be effective solely for the specific instance and purpose described herein and shall not constitute a waiver of any other Default or Event of Default (whether now existing or hereafter occurring) or term, provision or condition of this Agreement or any other Financing Agreement or constitute a course of conduct or dealing among other parties.]

SECTION 2
CREDIT FACILITIES

Section 2.1 Term Loan Facility.

(a) Term Loan. Immediately prior to the effectiveness of this Agreement on the Closing Date, the outstanding principal balance of the Term Loans (as defined in the Existing Loan Agreement) owing by the Borrower to the Lenders was **[$110,000,000]** (the "Outstanding Original Term Loan Balance"). Upon the effectiveness of this Agreement on the Closing Date, the Outstanding Original Term Loan Balance shall be continued and shall convert automatically, for all purposes of this Agreement to outstanding Term Loans hereunder owing by the Borrower to the Lenders in the respective amounts set forth on Schedule A hereto. After the Closing Date, the Lenders shall have no obligation to make Term Loans or any other loans to Credit Parties. Amounts repaid or prepaid on any Term Loan shall not be reborrowed.

(b) Repayment of Term Loan. The principal amount of the Term Loan shall be repaid in consecutive quarterly installments ("Installments") in the aggregate amounts and, on the corresponding "Amortization Dates", set forth in the table below, commencing on July 31, 2010:

Amortization Dates	Installments
July 31, 2010[1], October 31, 2010, January 31, 2011 and April 30, 2011	$1,250,000
July 31, 2011, October 31, 2011, January 31, 2012 and April 30, 2012	$2,000,000
July 31, 2012, October 31, 2012, January 31, 2013, April 30, 2013, July 31, 2013 and October 31, 2013	$2,500,000
March 31, 2014	The aggregate principal amount of the Loans and all other Obligations outstanding on such date

Notwithstanding the foregoing, (x) such Installments shall be reduced on a pro rata basis in connection with any voluntary or mandatory prepayments of the Term Loan made in accordance with Section 2.5 hereof and (y) the Term Loan, together with all accrued but unpaid interest and all other amounts owed hereunder with respect thereto (and all other outstanding Obligations), shall, in any event, be paid in full in cash no later than the Termination Date.

(c) Term Notes. The Borrower's obligation to pay each Lender's portion of the Term Loan shall be evidenced, upon such Lender's request, by a Term Note made payable to such Lender.

[1] Provided that in the event that the closing date for the Exit Term Loan does not occur until after July 31, 2010, the scheduled payment date of any installments described below that are scheduled to be due prior to the closing of the Exit Term Loan shall be delayed until 30 days after the closing date of the Exit Term Loan

Section 2.2 **Reserved.**

Section 2.3 **Reserved.**

Section 2.4 **Reserved.**

Section 2.5 **Prepayments; Commitment Reductions.**

(a) Optional Prepayments. The Borrower shall have the right to prepay the Term Loans in whole or in part from time to time as the Borrower may elect; provided, however, that (i) each partial prepayment of Term Loans shall be in a minimum principal amount of $1,000,000 and integral multiples of $100,000 in excess thereof and (ii) each voluntary prepayment of the Term Loan shall be applied to the remaining amortization payments thereof on a pro rata basis. The Borrower shall give at least three (3) Business Days' (but not more than five (5) Business Days') irrevocable notice in the case of Eurodollar Rate Loans and at least one (1) Business Day's (but not more than five (5) Business Days') irrevocable notice in the case of Prime Rate Loans, to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable). Subject to the foregoing terms, amounts prepaid under this Section 2.5(a) shall be applied first to Prime Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. Interest on the principal amount prepaid shall be due and payable on any date that a prepayment is made hereunder through the date of prepayment. Simultaneous with the voluntary prepayment of any principal portion of the Term Loan, the Borrower shall pay to Administrative Agent (for the ratable benefit of the Lenders) a prepayment fee as follows:

Relevant period (Full calendar months elapsed since the Closing Date)	**Prepayment Fee (as a percentage of principal amount prepaid)**
prior to 12	3.0%
on or after 12 and prior to 24	2.0%
on or after 24 and prior to 36	1.0%
thereafter	0.0%

(b) Mandatory Prepayments.

(i) Reserved.

(ii) Excess Cash Flow. Without duplication with respect to any mandatory prepayments made under Section 2.5(b)(iii)(B) hereof, within one hundred (100) days after the end of each fiscal year (commencing with the fiscal year ending April 30, 2011), the Borrower shall prepay the Loans in an amount equal to (x) 75% of the Excess Cash Flow earned during such prior fiscal year to the extent that the Borrower's Total Leverage Ratio is greater than or equal to 3.00 to 1.00 for the twelve months ending on the last day of the prior fiscal year and (y) 50% of the Excess Cash Flow earned during such prior fiscal year to the extent that the Borrower's Total Leverage Ratio is less than 3.00 to 1.00 for the twelve months ending on the last day of the prior fiscal year. Any payments of Excess Cash Flow shall be applied as set forth in clause (vii) below. Notwithstanding the foregoing, such prepayment shall not be made, to the extent and until, after giving effect thereto, (A) no "Default" or "Event of Default" (each as defined in the ABL Credit Agreement) has occurred and is continuing, (B) Excess Availability equals or exceeds $10,000,000 and (C) Fixed Charge Coverage Ratio (as defined in the ABL Credit Agreement) equals or exceeds 1.0 to 1.0.

(iii) (A) Asset Dispositions. Promptly following any Asset Disposition (or related series of Asset Dispositions), the Borrower shall make a prepayment in an aggregate amount equal to 100% of the Net Cash Proceeds derived from such Asset Disposition (or related series of Asset Dispositions) (such prepayment to be applied as set forth in clause (vii) below)

provided that the first $1,000,000 of Net Cash Proceeds received during any calendar year from such Asset Dispositions shall not be required to be prepaid in accordance with this Section 2.5 provided that the Asset Disposition(s) from which such Net Cash Proceeds are derived comply with clauses (A), (B) and (C) immediately following Section 9.7(a)(vii) hereof and such Net Cash Proceeds are invested in or used by the Credit Parties for purposes that are not otherwise prohibited hereunder; and

(B) BV Intercompany Notes. Without duplication with respect to any mandatory prepayments made under Section 2.5(b)(ii) hereof, promptly, upon receipt by any Credit Party of any principal payment(s) (whether a scheduled payment or voluntary/mandatory prepayment) on account of any of the BV Intercompany Notes, the Credit Parties shall prepay the Loans and other Obligations in an amount equal to the amount of such payment(s) (such prepayments to be applied as set forth in clause (vii) below).

(iv) Debt Issuances. The proceeds of any Debt Issuance shall be applied as follows: promptly, upon receipt by any Newark Group Party or any of its Subsidiaries of (i) proceeds from any Debt Issuance (other than a Debt Issuance permitted under Section 9.9(j) hereof), the Borrower shall prepay the Loans in an aggregate amount equal to 100% of the Net Cash Proceeds of such Debt Issuance (such prepayment to be applied as set forth in clause (vii) below) and (ii) proceeds from any Debt Issuance permitted under Section 9.9(j) hereof, the Borrower shall prepay the Loans in an aggregate amount equal to 50% of the Net Cash Proceeds of such Debt Issuance (such prepayments to be applied as set forth in clause (vii) below).

(v) Issuances of Equity. Promptly, upon receipt by any Credit Party or any of their Domestic Subsidiaries of proceeds from any Equity Issuance, the Borrower shall prepay the Loans in an aggregate amount equal to 50% of the Net Cash Proceeds of such Equity Issuance.

(vi) Recovery Event. To the extent Net Cash Proceeds received in connection with any Recovery Event (with respect to Term Loan Priority Collateral) are not used to acquire fixed or capital assets (constituting Term Loan Priority Collateral) in replacement of the assets subject to such Recovery Event within 270 days of the receipt of such Net Cash Proceeds, immediately following the 270th day occurring after the receipt of such Net Cash Proceeds, subject to the terms of the Intercreditor Agreement, the Borrower shall prepay the Loans in an aggregate amount equal to 100% of such Net Cash Proceeds (such prepayment to be applied as set forth in clause (vii) below); provided that, (A) any Net Cash Proceeds shall be delivered to the Administrative Agent to be held in escrow (and as Cash Collateral) until the earlier of (I) reinvestment and/or prepayment of the Loans and other Obligations, in each case, in accordance with the terms of this Section 2.5(b)(vi) and (II) the occurrence of an Event of Default at which time the Net Cash Proceeds (and related Cash Collateral) shall be used to prepay the Loans as set forth herein (such prepayment to be applied as set forth in clause (vii) below) and (B) after the occurrence and during the continuance of an Event of Default, any Net Cash Proceeds (and related Cash Collateral) received in connection with any Recovery Event (with respect to Term Loan Priority Collateral) shall be promptly used to prepay the Loans (such prepayment to be applied as set forth in clause (vii) below) and the Borrower and its Subsidiaries shall not have the right to reinvest such Net Cash Proceeds.

(vii) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this Section 2.5(b) shall be applied as follows: with respect to all amounts prepaid pursuant to Sections 2.5(b)(ii) through (vi), to the Term Loans to be applied on a pro rata basis to reduce all remaining Installments until paid in full.

Within the parameters of the applications set forth above, prepayments shall be applied first to Prime Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.5(b) shall be subject to Section 3.3(d) and be accompanied by interest on the principal amount prepaid through the date of prepayment.

Section 2.6 Acknowledgement of Obligations and Security Interests.

The Borrower and each Guarantor, each, acknowledges and agrees that it is unconditionally liable to the Agent and Lenders, as applicable, for the full and timely payment and performance of the Term Loans outstanding as of the date hereof and described on Schedule A attached hereto and that Borrower and Guarantor, each, has no defenses, counterclaims or set-offs with respect to the full and timely payment of any or all of such Obligations. Borrower and Guarantors hereby acknowledge, confirm and agree that Collateral Agent, for itself and the benefit of Administrative Agent and Lenders, has and shall continue to have a security interest in and lien upon the Collateral heretofore granted to Collateral Agent pursuant to the Existing Loan Agreement and the other Financing Agreements (as defined in the Existing Loan Agreement) to secure the Obligations, as well as any Collateral granted under this Agreement and/or under any of the other Financing Agreements or otherwise granted to or held by Collateral Agent or any Lender. The liens and security interests of each Control Agent and Collateral Agent, each for itself and the benefit of the Administrative Agent and Lenders, in the Collateral shall be deemed to be continuously granted and perfected from the earliest date of the granting and perfection of such liens and security interests, whether under the Existing Loan Agreement and the other Financing Agreements (as defined in the Existing Loan Agreement), this Agreement or any other Financing Agreements.

SECTION 3
INTEREST AND FEES

Section 3.1 Interest.

(a) Borrower shall pay to Administrative Agent, for the benefit of Lenders, interest on the outstanding principal amount of the Loans at the Interest Rate. All interest accruing during the continuance of an Event of Default or on and after the termination of this Agreement shall be payable on demand.

(b) As of the Closing Date, all Loans shall constitute Prime Rate Loans. On or after the Closing Date, the Borrower may from time to time request that Prime Rate Loans be converted to Eurodollar Rate Loans or that any existing Eurodollar Rate Loans continue for an additional Interest Period. Such request from the Borrower shall (i) be made not later than 12:00 Noon (New York City, New York time) on the third Business Day prior to the date of the requested conversion, (ii) specify the date of the requested conversion (which shall be a Business Day), (iii) specify the aggregate principal amount to be converted (subject to the limits set forth below) and (iv) specify the Interest Period to be applicable to such Eurodollar Rate Loans. Subject to the terms and conditions contained herein, three (3) Business Days after receipt by Administrative Agent of such a request from Borrower, such Prime Rate Loans shall be converted to Eurodollar Rate Loans or such Eurodollar Rate Loans shall continue, as the case may be, provided, that, (i) if a Default or Event of Default shall exist or have occurred and be continuing Agent and Required Lenders may elect to not allow such a Eurodollar Rate Loan, (ii) the Borrower shall have complied with such customary procedures as are established by Administrative Agent and specified by Administrative Agent to Borrower from time to time for requests by Borrower with respect to conversions to or continuation of Eurodollar Rate Loans, (iii) no more than four (4) Interest Periods may be in effect at any one time, (iv) the aggregate amount of the Eurodollar Rate Loans must be in an amount not less than $3,000,000 or an integral multiple of $1,000,000 in excess thereof, (v) unless permitted by the Administrative Agent, the maximum amount of the Eurodollar Rate Loans in the aggregate at any time requested by Borrower shall not exceed the amount of the Loans which it is

anticipated will be outstanding during the applicable Interest Period, in each case as determined by Administrative Agent in good faith (but with no obligation of Administrative Agent or Lenders to make such Loans), and (vi) Administrative Agent and each Lender shall have determined that the Interest Period or Adjusted Eurodollar Rate is available to Administrative Agent and such Lender and can be readily determined as of the date of the request for conversion to or continuation of a Eurodollar Rate Loan by Borrower. Any request by Borrower to convert Prime Rate Loans to Eurodollar Rate Loans or to continue any existing Eurodollar Rate Loans shall be irrevocable. Notwithstanding anything to the contrary contained herein, Administrative Agent and Lenders shall not be required to purchase United States Dollar deposits in the London interbank market or other applicable Eurodollar Rate market to fund any Eurodollar Rate Loans, but the provisions hereof shall be deemed to apply as if Administrative Agent and Lenders had purchased such deposits to fund the Eurodollar Rate Loans.

(c) Any Eurodollar Rate Loans shall automatically convert to Prime Rate Loans upon the last day of the applicable Interest Period, unless the Borrower requests that such Eurodollar Rate Loans continue for an additional Interest Period in accordance with Section 3.1(b). Any Eurodollar Rate Loans shall be subsequently converted to Prime Rate Loans in the event that this Agreement shall terminate. Borrower shall pay to Administrative Agent, for the benefit of Lenders, upon demand by Administrative Agent (or Administrative Agent may, at its option, charge any loan account of Borrower) any amounts required to compensate any Lender or Participant for any loss (including loss of anticipated profits), cost or expense incurred by such person, as a result of the conversion of Eurodollar Rate Loans to Prime Rate Loans pursuant to any conversion as a result of a termination described in the previous sentence.

(d) Interest shall be payable by Borrower to Administrative Agent, for the account of the Lenders as applicable, monthly in arrears not later than the first day of each calendar month and shall be calculated on the basis of a three hundred sixty (360) day year (or 365/366, in the case of Loans for which the Prime Rate is used) and actual days elapsed. The interest rate on non-contingent Obligations (other than Eurodollar Rate Loans) shall increase or decrease by an amount equal to each increase or decrease in the Prime Rate effective on the date of any change in such Prime Rate.

(e) No agreements, conditions, provisions or stipulations contained in this Agreement or any other instrument, document or agreement between Borrower and any Agent or any Lender or default of Borrower, or the exercise by any Agent or any Lender of the right to accelerate the payment or the maturity of principal and interest, or to exercise any option whatsoever contained in this Agreement or any other Financing Agreement, or the arising of any contingency whatsoever, shall entitle any Lender to contract for, charge, or receive, in any event, consideration for the use, forbearance or detention of money ("interest") at a rate exceeding the maximum rate of interest permitted by applicable state or federal law in effect from time to time (hereinafter "Maximum Legal Rate"). In no event shall Borrower be obligated to pay interest at any rate exceeding such Maximum Legal Rate and all agreements, conditions or stipulations, if any, which may in any event or contingency whatsoever operate to bind, obligate or compel Borrower to pay a rate of interest exceeding the Maximum Legal Rate, shall be without binding force or effect, at law or in equity, to the extent only of the excess of interest determined at a rate over such Maximum Legal Rate. In the event any interest is contracted for, charged or received at any rate in excess of the Maximum Legal Rate ("Excess"), Borrower acknowledges and stipulates that any such contract, charge, or receipt shall be the result of an accident and bona fide error, and that any Excess received by any Lender shall be applied, first, to reduce the principal then unpaid hereunder; second, to reduce the other Obligations; and third, returned to Borrower, it being the intention of the parties hereto not to enter at any time into a usurious or otherwise illegal relationship. Borrower recognizes that, with fluctuations in the Adjusted Eurodollar Rate, the Prime Rate and the Maximum Legal Rate, such a result could inadvertently occur. By the execution of this Agreement, Borrower covenants that (i) the credit or return of any Excess shall constitute the acceptance by Borrower of such Excess, and (ii) Borrower shall not seek or pursue any other remedy, legal or equitable, against any Agent or any Lender, based in whole or in part upon the contracting for, charging or receiving of any interest in

excess of the maximum authorized or the receiving of any interest in excess of the maximum authorized by applicable law. To the extent applicable, for the purpose of determining whether or not any Excess has been contracted for, charged or received by any Agent or any Lender, all interest at any time contracted for, charged or received by any Agent and any Lender in connection with this Agreement shall be amortized, prorated, allocated and spread in equal parts during the full stated term of this Agreement and otherwise as provided in Tex. Fin Code section 306.004 (or the successor(s) thereof). If, as a result of any circumstances whatsoever, fulfillment of any provision hereof or of any related agreement, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by applicable usury law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity.

Section 3.2 Fees.

Borrower shall pay to Administrative Agent the fees and amounts set forth in the Fee Letter in the amounts and at the times specified therein.

Section 3.3 Changes in Laws and Increased Costs of Loans.

(a) If after the date hereof, either (i) any change in, or in the interpretation of, any law or regulation is introduced, including, without limitation, with respect to reserve requirements, applicable to any Lender or any banking or financial institution from whom any Lender borrows funds or obtains credit (a "Funding Bank"), or (ii) a Funding Bank or any Lender complies with any future guideline or request from any central bank or other Governmental Authority or (iii) a Funding Bank or any Lender determines that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof has or would have the effect described below, or a Funding Bank or any Lender complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, and in the case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on any Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration the Funding Bank's or Lender's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, and the result of any of the foregoing events described in clauses (i), (ii) or (iii) is or results in an increase in the cost to any Lender of funding or maintaining the Loans, then the Borrower and Guarantors shall from time to time upon demand by Administrative Agent pay to Administrative Agent additional amounts sufficient to indemnify such Lender against such increased cost on an after-tax basis (after taking into account applicable deductions and credits in respect of the amount indemnified). A certificate as to the amount of such increased cost shall be submitted to Borrower by Administrative Agent or the applicable Lender and shall be conclusive, absent manifest error.

(b) If prior to the first day of any Interest Period, (i) Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon the Credit Parties) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Adjusted Eurodollar Rate for such Interest Period, (ii) Administrative Agent has received notice from the Required Lenders that the Adjusted Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to Lenders of making or maintaining Eurodollar Rate Loans during such Interest Period, or (iii) Dollar deposits in the principal amounts of the Eurodollar Rate Loans to which such Interest Period is to be applicable are not generally available in the London interbank market, Administrative Agent shall give telecopy or telephonic notice thereof to Borrower as soon as practicable thereafter, and will also give prompt written notice to Borrower when such conditions no longer exist. If such notice is given (A) any Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Rate Loans shall be

converted to or continued as Prime Rate Loans and (B) each outstanding Eurodollar Rate Loan shall be converted, on the last day of the then-current Interest Period thereof, to Prime Rate Loans. Until such notice has been withdrawn by Administrative Agent, no further Eurodollar Rate Loans shall be continued as such, nor shall the Borrower have the right to convert Prime Rate Loans to Eurodollar Rate Loans.

(c) Notwithstanding any other provision herein, if the adoption of or any change in any law, treaty, rule or regulation or final, non-appealable determination of an arbitrator or a court or other Governmental Authority or in the interpretation or application thereof occurring after the date hereof shall make it unlawful for Administrative Agent or any Lender to make or maintain Eurodollar Rate Loans as contemplated by this Agreement, (i) Administrative Agent or such Lender shall promptly give written notice of such circumstances to Borrower (which notice shall be withdrawn whenever such circumstances no longer exist), (ii) the commitment of such Lender hereunder to continue Eurodollar Rate Loans as such and convert Prime Rate Loans to Eurodollar Rate Loans shall forthwith be canceled and, until such time as it shall no longer be unlawful for such Lender to maintain Eurodollar Rate Loans, such Lender shall then have a commitment only to maintain Prime Rate Loans and (iii) such Lender's Loans then outstanding as Eurodollar Rate Loans, if any, shall be converted automatically to Prime Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Rate Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Credit Parties shall pay to such Lender such amounts, if any, as may be required pursuant to Section 3.3(d) below.

(d) The Credit Parties shall indemnify Administrative Agent and each Lender and to hold Administrative Agent and each Lender harmless from any loss or expense which Administrative Agent or such Lender may sustain or incur as a consequence of (i) default by the Borrower in conversion into or extension of Eurodollar Rate Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (ii) default by the Borrower in making any prepayment of a Eurodollar Rate Loan after the Borrower has given a notice thereof in accordance with the provisions of this Agreement, and (iii) the making of a prepayment of Eurodollar Rate Loans on a day which is not the last day of an Interest Period with respect thereto. With respect to Eurodollar Rate Loans, such indemnification may include an amount equal to the excess, if any, of (A) the amount of interest which would have accrued on the amount so prepaid, or not so converted or extended, for the period from the date of such prepayment or of such failure to convert or extend to the last day of the applicable Interest Period (or, in the case of a failure to convert or extend, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Rate Loans provided for herein over (B) the amount of interest (as determined by such Administrative Agent or such Lender) which would have accrued to Administrative Agent or such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. This covenant shall survive the termination of this Agreement and the payment of the Obligations.

(e) Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 3.3 shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section 3.3 for any increased costs incurred more than six months prior to the date that such Lender notifies the Borrower of the change in law giving rise to such increased costs and of such Lender's intention to claim compensation therefor (except that, if the change in law giving rise to such increased costs is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 4
CONDITIONS PRECEDENT

Section 4.1 **Conditions Precedent to the Effectiveness of this Agreement.**

The effectiveness of this Agreement is subject to the prior or concurrent satisfaction of, or waiver of, each of the following conditions precedent:

(a) No motion, action or proceeding which is reasonably material as determined in Administrative Agent's reasonable discretion shall be pending against the Borrower or any Guarantor (or their predecessors) by any creditor or other party-in-interest in the Bankruptcy Court or in any other court of competent jurisdiction.

(b) Administrative Agent shall have received a certified copy, if available (or, if not available, a substitute therefor acceptable to Administrative Agent), of the Confirmation Order as duly entered by the Bankruptcy Court and entered on the docket of the Clerk of the Bankruptcy Court in the Case, following due notice to such creditors and other parties-in-interest as required by the Bankruptcy Court, which order shall be in form and substance acceptable to Lender, providing, among other things, that (i) the Existing Loan Documents and the Final Financing Order shall continue in full force and effect through the Plan Effective Date, (ii) as of and after the Plan Effective Date, all loans, advances, financial accommodations, borrowing and obligations outstanding under the Existing Loan Documents shall continue in effect on and after the Plan Effective Date and be deemed loans, advances, financial accommodations and borrowing of or to be assumed by Borrower hereunder, (iii) the security interests and liens in favor of any Agent, for the benefit of the Secured Parties, granted by the Final Financing Order and the Existing Loan Documents shall continue in effect on and after the Plan Effective Date in favor of each such Agent, for the benefit of the Secured Parties, and shall not be discharged, released or terminated, and (iv) Borrower and Guarantors are authorized to enter into this Agreement and the other Financing Agreements and perform all of their obligations hereunder and thereunder. A Bankruptcy Court order confirming the Plan of Reorganization has become a Final Order (not subject to any appeal, stay or injunction) and the Plan Effective Date has occurred with all conditions to said Plan Effective Date having been timely satisfied.

(c) Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that prior to the date hereof or concurrently herewith, (i) the Plan Effective Date shall have occurred, the Confirmation Order shall be valid, subsisting and continuing and a Final Order and all conditions precedent to the effectiveness of the Plan of Reorganization shall have been fulfilled, or validly waived, including, without limitation, the execution, delivery and performance of all of the conditions thereof other than conditions that have been validly waived (but not including conditions consisting of the effectiveness of this Agreement), and (ii) no motion, action or proceeding shall be pending or filed by any creditor or other party-in-interest to the Case which could adversely affect the Plan of Reorganization, the consummation of the Plan of Reorganization, the business or operations of the Borrower or any Guarantor or the transactions contemplated by the Financing Agreements, in each case, as determined by Administrative Agent in its reasonable discretion.

(d) All requisite corporate action and proceedings in connection with this Agreement and the other Financing Agreements shall be reasonably satisfactory in form and substance to Administrative Agent, and Administrative Agent shall have received all information and copies of all documents, including records of requisite corporate action and proceedings which Administrative Agent may have requested in connection therewith, such documents where requested by Administrative Agent or its counsel to be certified by appropriate corporate officers or Governmental Authority (and including a copy of the certificate of incorporation (or foreign equivalent) of the Borrower and each Guarantor certified by the Secretary of State (or equivalent Governmental Authority) which shall set forth the same complete corporate name of the Borrower or Guarantor as is set forth herein and such document as shall

set forth the organizational identification number of the Borrower or Guarantor, if one is issued in its jurisdiction of incorporation).

(e) No material adverse change in the business, operations, profits, assets, financial condition or prospects of the Borrower, individually, or the Borrower and its Subsidiaries, taken as a whole, shall have occurred since January 31, 2010, and, except for the filing of the Cases, no pending or threatened litigation, proceeding, bankruptcy or insolvency, injunction, order or claims with respect to any Newark Group Party shall exist that could reasonably be expected to have a Material Adverse Effect.

(f) Administrative Agent shall have received an original executed version of each of the BV Intercompany Notes which shall each provide for regularly scheduled monthly interest payments.

(g) Subject to the terms of Section 9.32, Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, all consents, waivers, acknowledgments and other agreements from third persons which Administrative Agent may reasonably deem necessary or desirable in order to permit, protect and perfect Collateral Agent's security interests in and liens upon the Collateral (solely with respect to perfection, subject to the provisions of Article 5 hereof which limit the requirement that the Borrower and Guarantors perfect the Agent's liens on all of the Collateral) or to effectuate the provisions or purposes of this Agreement and the other Financing Agreements, including, without limitation, Collateral Access Agreements.

(h) Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, an Account Control Agreement from each depository institution where the Borrower or any Guarantor has deposit account(s) (covering all of the Borrower's and Guarantors' deposit accounts (as of the Closing Date) other than the Excluded Deposit Accounts), in each case, duly authorized, executed and delivered by such depository institution and the Borrower or such Guarantor, as the case may be.

(i) Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that Collateral Agent has a valid perfected first priority security interest in the Term Loan Priority Collateral (subject to the provisions of Article 5 hereof which limit the requirement that the Borrower and the Guarantors perfect the Agent's liens on all of the Collateral) and a valid perfected second priority security interest in all of the ABL Priority Collateral (subject to the provisions of Article 5 hereof which limit the requirement that the Borrower and the Guarantors perfect the Agent's liens on all of the Collateral), subject only to Permitted Liens.

(j) Administrative Agent shall have received and reviewed lien and judgment search results for the jurisdiction of organization of the Borrower and each Guarantor, the jurisdiction of the chief executive office of the Borrower and each Guarantor and all jurisdictions in which assets of the Borrower and each Guarantor are located, which search results shall be in form and substance satisfactory to Administrative Agent.

(k) Administrative Agent shall have received searches of ownership of intellectual property in the appropriate governmental offices of such patent/trademark/copyright filings as requested by Administrative Agent.

(l) Administrative Agent shall have received evidence that originals of the shares of the stock certificates, if any, representing all of the issued and outstanding shares of the Capital Stock of each Newark Group Party (and any other Person) that is owned by the Borrower and each Guarantor, in each case together with stock powers duly executed in blank with respect thereto have been delivered to the applicable Control Agent, to the extent such shares constitute Collateral required under this Agreement.

(m) Administrative Agent shall have received evidence that all instruments and chattel paper in possession of the Borrower or any Guarantor, together with such allonges or assignments as may be necessary or appropriate to perfect Collateral Agent's security interest in the Collateral that are required to be delivered under Section 5.2(b), have been delivered to the applicable Control Agent.

(n) Administrative Agent shall have received evidence of insurance coverage and lender's loss payee endorsements required hereunder and under the other Financing Agreements, in form and substance reasonably satisfactory to Administrative Agent, and certificates of insurance policies and/or endorsements naming Administrative Agent as loss payee for casualty insurance, including casualty, liability and business interruption insurance.

(o) Administrative Agent shall have received, in form and substance reasonably satisfactory to Administrative Agent, such opinion letters of counsel to the Borrower and the Guarantors (other than NP Cogen) with respect to the Financing Agreements, the Confirmation Order and such other matters as Administrative Agent may request and are customarily required for similar financings.

(p) Administrative Agent shall have received all financial information, projections, budgets, business plans, cash flows and such other information as Administrative Agent shall reasonably request, including (i) an income statement and balance sheet as of the end of the most recent fiscal month for each of the Borrower's operating divisions (including RFD, Mills, BCI, NPP and Europe) which shall not reflect the impact of the elimination of intercompany transactions, and a comparison of such information to information for the same period in the immediately preceding year, each in form and substance reasonably satisfactory to Administrative Agent, (ii) projected monthly consolidated balance sheets, income statements, statements of cash flows and availability of the Newark Group Parties for the period through the end of the 2010 and 2011 fiscal years, (iii) projected quarterly consolidated balance sheets, income statements, statements of cash flows and availability of the Newark Group Parties for the period through the end of the 2010, 2011 and 2012 fiscal years, (iv) projected annual consolidated balance sheets, income statements, statements of cash flows and availability of Newark Group Parties through the end of the 2014 fiscal year, in each case as to the projections described in clauses (ii), (iii) and (vi), with the results and assumptions set forth in all of such projections in form and substance satisfactory to Administrative Agent, and an opening pro forma balance sheet for Borrower and Guarantors in form and substance satisfactory to Administrative Agent, (v) any updates or modifications to the projected financial statements of the Newark Group Parties previously received by Administrative Agent, in each case in form and substance satisfactory to Administrative Agent, (vi) copies of satisfactory interim unaudited financial statements for each month ended since the last audited financial statements for which financial statements are available and (vii) current agings of receivables, current perpetual inventory records and/or roll-forwards of accounts and inventory through the date of this Agreement, together with supporting documentation, each in form and substance satisfactory to Administrative Agent.

(q) Administrative Agent shall be reasonably satisfied with any management changes with respect to the Newark Group Parties, all legal, tax and accounting matters relating to the Newark Group Parties and any changes to the financial condition, business, performance and operations of the Newark Group Parties, in each case, occurring and/or arising after the Plan of Reorganization Voting Deadline **[definition to come]** (and/or any management changes with respect to the Newark Group Parties, all legal, tax and accounting matters relating to the Newark Group Parties and any changes to the financial condition, business, performance and operations of the Newark Group Parties which occurred and/or arose prior to the Plan of Reorganization Voting Deadline to the extent that Agent and Lenders obtained knowledge of such management changes, such matters and/or such changes to the financial condition, business, performance and operations of the Newark Group Parties after the Plan of Reorganization Voting Deadline).

(r) No material misstatements in or omissions from the materials previously furnished to Administrative Agent and/or Lenders by or on behalf of the Newark Group Parties shall have

been made. Administrative Agent shall be satisfied that any financial statements and reports delivered to it fairly present the business and financial condition of (i) the Borrower and (ii) the Borrower and its Subsidiaries taken as a whole.

(s) No defaults or events of default (including without limitation, no Default or Events of Default) on the Closing Date under the Financing Agreements or the ABL Financing Agreements or on any other material debt or any Material Contract of any Newark Group Party shall exist after giving effect to the transactions contemplated hereunder.

(t) (i) All conditions precedent to the closing and initial extensions of credit under the ABL Credit Agreement shall have been, or concurrently with the Closing Date shall be, satisfied, waived or subject to a post-closing undertaking, having the effect of amending, restating and replacing the DIP ABL Credit Agreement, (ii) the ABL Credit Agreement shall provide the Borrower with no less than $50,000,000 of revolving loan commitments and letter of credit commitments, (iii) Administrative Agent shall be satisfied that the initial extensions of credit under the ABL Credit Agreement shall have occurred (or are otherwise available to Borrower) and (iv) after giving effect to the transactions contemplated hereby to occur on the Closing Date, Excess Availability is at least $12,500,000.

(u) At least five (5) Business Days prior to the Closing Date, Administrative Agent shall have received a certificate satisfactory thereto for benefit of itself and the Lenders, provided by the Borrower that sets forth information required by the Patriot Act including, without limitation, the identity of the Borrower and the Guarantors, the name and address of the Borrower and the Guarantors and other information that will allow Administrative Agent or any Lender, as applicable, to identify the Borrower and the Guarantors in accordance with the Patriot Act.

(v) This Agreement and the other Financing Agreements and all agreements, instruments and documents hereunder and thereunder required to be executed and delivered by the Newark Group Parties by the Closing Date, including without limitation, this Agreement, the Pledge Agreement, the Dutch Deed of Pledge, the Closing Date Mortgages (along with all related title insurance, surveys and other deliveries), and the Intellectual Property Security Agreement, shall have been duly executed and delivered to Administrative Agent, in form and substance satisfactory to Administrative Agent.

(w) Consolidated EBITDA of the Borrower and its Subsidiaries for the most recently ended period of twelve consecutive months for which Administrative Agent has received financial statements of the Borrower and its Subsidiaries shall be not less than the $44,000,000, it being understood that Consolidated EBITDA as calculated under this clause shall include restructuring charges in an amount not to exceed $34,000,000.

(x) Payment to Agent and Lenders, in cash, of all interest, fees, costs and expenses accrued, assessed, incurred and/or owed by the Borrower or any Guarantor to the Lenders and Agent under the Existing Loan Agreement, the Financing Agreements (as defined in the Existing Loan Agreement), this Agreement and the Financing Agreements through the Closing Date, including, without limitation, payment of the fees set forth in the Fee Letter required to be paid on or before the Closing Date.

(y) Receipt by Administrative Agent of a statement of sources and uses of funds covering all loans made to and/or notes issued by Borrower and all payments reasonably expected to be made by Borrower and its Subsidiaries in connection with the transactions contemplated by the Financing Agreements to be consummated on or about the Closing Date, including an itemized estimate of all fees, expenses and other closing costs.

(z) Receipt by Administrative Agent of a fully executed copy of the Intercreditor Agreement, each in form and substance satisfactory to Agent and Lenders.

(aa) Administrative Agent shall have received evidence in form and substance reasonably satisfactory to Administrative Agent, of the conversion of the Indebtedness evidenced by the Senior Subordinated Notes to Capital Stock of the Borrower pursuant to the Plan of Reorganization, upon terms and conditions previously approved by, or otherwise reasonably acceptable to Administrative Agent.

(bb) Administrative Agent's completion of its business, legal and environmental due diligence, with results satisfactory to Administrative Agent.

(cc) Administrative Agent shall be reasonably satisfied with the corporate and capital structure and management of Borrower and Guarantors and with all legal, tax, accounting and other matters relating to Borrower and Guarantors.

(dd) All representations and warranties contained herein and in the other Financing Agreements shall be true and correct as of the Closing Date.

(ee) Administrative Agent shall have received a copy of the Borrowing Base Certificate (as defined in the ABL Credit Agreement) setting forth the U.S. Borrowing Base (as defined in the ABL Credit Agreement) and any other borrowing base referenced in the ABL Credit Agreement, in each case, as of the date set forth therein (which shall not be more than three days prior to the date hereof), duly authorized, executed and delivered by the Borrower.

(ff) Administrative Agent shall have received evidence in form and substance reasonably satisfactory to Administrative Agent, of the payment or satisfaction in the ordinary course of administrative and priority claims and expenses pursuant to the Plan of Reorganization, upon terms and conditions previously approved by, or otherwise reasonably acceptable to Administrative Agent.

(gg) Administrative Agent shall have received evidence in form and substance reasonably satisfactory to Administrative Agent, of the cancellation of all equity interests issued by the Borrower upon the effectiveness of the Plan of Reorganization.

(hh) The Final Order shall have approved, in all material respects, the terms of this Agreement and the ABL Credit Agreement and the execution copies of each such document.

(ii) No injunction, writ, restraining order, or other order, judgment or decree of any nature (whether temporary, preliminary or permanent) restricting or prohibiting, directly or indirectly, the execution of this Agreement or the consummation of the transactions contemplated hereunder shall have been issued and remain in force by any Governmental Authority (including, without limitation, the Bankruptcy Court) against any Newark Group Party, Agent or any Lender, and this Agreement shall not violate any requirement of applicable laws.

(jj) No law, regulation, order, judgment or decree of any Governmental Authority shall exist, and no action, suit, investigation, litigation or proceeding shall be pending or threatened in any court or before any arbitrator or Governmental Authority, which (i) purports to enjoin, prohibit, restrain or otherwise affect (A) the making of the Loans, or (B) the consummation of the transactions contemplated pursuant to the terms hereof or the other Financing Agreements or (ii) has or has a reasonable likelihood of having a Material Adverse Effect.

SECTION 5
GRANT AND PERFECTION OF SECURITY INTEREST

Section 5.1 Grant of Security Interest.

To secure payment and performance of all Obligations, each Credit Party hereby grants to Collateral Agent, for the benefit of Collateral Agent, the Lenders and Administrative Agent, and confirms and ratifies its prior grant to Collateral Agent, for the benefit of the Collateral Agent, the Lenders and Administrative Agent, pursuant to the Existing Loan Agreement (and the Financing Agreements (as defined in the Existing Loan Agreement)) and the Final Financing Order, a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Collateral Agent, for the benefit of itself, the Lenders and Administrative Agent, as security, all of its right, title and interest in, to and under all personal property, real property and other interests of such Credit Party, whether now owned or hereafter acquired or existing (and including whether owned or arising prior to the Plan Effective Date or thereafter), and wherever located (collectively, the "Collateral"), including without limitation:

(a) all Accounts;

(b) all general intangibles, including, without limitation, all Intellectual Property;

(c) all goods, including, without limitation, Inventory and Equipment;

(d) all Mortgaged Property and other fixtures;

(e) all chattel paper, including, without limitation, all tangible and electronic chattel paper;

(f) all instruments, including, without limitation, all promissory notes;

(g) all documents;

(h) all deposit accounts, including, without limitation, any deposit account holding Cash Collateral;

(i) all letters of credit, banker's acceptances and similar instruments and including all letter-of-credit rights;

(j) all supporting obligations and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Receivables and other Collateral, including (i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral, (ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party, (iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Receivables or other Collateral, including returned, repossessed and reclaimed goods, and (iv) deposits by and property of account debtors or other persons securing the obligations of account debtors;

(k) all (i) investment property (including securities, whether certificated or uncertificated, securities accounts, security entitlements, commodity contracts or commodity accounts); provided, that the Capital Stock of the Domestic Subsidiaries of the Borrower (and 65% of the Voting Stock (and all other Capital Stock) of Newark Paperboards Products, Ltd.) is being pledged pursuant to the Pledge Agreement and 65% of the Voting Stock (and all other Capital Stock) of Newark B.V. is being pledged pursuant to the Dutch Deed of Pledge and in the event of any conflict between the terms of this Agreement and the terms of the Pledge Agreement and/or the Dutch Deed of Pledge with respect to such

pledge, the terms of the Pledge Agreement or the Dutch Deed of Pledge, as applicable, shall control and (ii) monies, credit balances, deposits and other property of any Credit Party now or hereafter held or received by or in transit to Administrative Agent, Collateral Agent any Lender or its Affiliates or at any other depository or other institution from or for the account of any Credit Party, whether for safekeeping, pledge, custody, transmission, collection or otherwise;

(l) all commercial tort claims, including, without limitation, those identified in the Information Certificate;

(i) to the extent not otherwise described above, all Receivables and all present and future claims, rights, interests, assets and properties recovered by or on behalf of Borrower or any Guarantor, or any successor or assignor of such Borrower or Guarantor, including, without limitation, any trustee of Borrower or any Guarantor (whether in any of the Cases or any subsequent case to which any of the Cases is converted), including, without limitation (A) all such property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to the Bankruptcy Code, applicable law, or otherwise, including without limitation Sections 542, 544, 545, 547, 548, 549, 550, 552 and 553 of the Bankruptcy Code and (B) all claims by or on behalf of Borrower or any Guarantor against any officer, director or other person or party for acts of negligence, misconduct or malfeasance, including, without limitation, breach of fiduciary duty, breach of the duty of loyalty, waste, mismanagement or misconduct of any kind, nature or description, including, a breach of the terms and conditions of any of the Financing Agreements;

(m) all Records; and

(n) all products and proceeds of the foregoing, in any form, including insurance proceeds and all claims against third parties for loss or damage to or destruction of or other involuntary conversion of any kind or nature of any or all of the other Collateral.

To secure payment and performance of all Obligations, each Credit Party hereby grants to each Control Agent, for itself and the benefit of Lenders, Collateral Agent and Administrative Agent, a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to each Control Agent, for itself and the benefit of Lenders, Collateral Agent and Administrative Agent, as security, all Control Collateral of each Credit Party, whether now owned or hereafter acquired or existing, and wherever located.

Notwithstanding anything in this Section 5.1 to the contrary, in no event shall the Collateral include or the security interest granted under this Section 5.1 attach to (a) any lease, license, contract, property rights or agreement to which any Credit Party is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of such Credit Party therein or (ii) a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Code) or principles of equity); or (b) any of the outstanding capital stock of a controlled foreign corporation as defined in Section 957(a) of the Code in excess of 65% (or such other amount as would result in adverse tax consequences for any Credit Party) of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote.

Section 5.2 Perfection of Security Interests.

(a) Each Credit Party irrevocably and unconditionally authorizes Administrative Agent and Collateral Agent (or their respective agents) to file at any time and from time to time such

financing statements with respect to the Collateral naming Collateral Agent or its designee as the secured party and such Credit Party as debtor, as Administrative Agent or Collateral Agent may require, and including any other information with respect to such Credit Party or otherwise required by part 5 of Article 9 of the Uniform Commercial Code of such jurisdiction as Administrative Agent or Collateral Agent may determine (and, solely with respect to the Newark Paperboards Capital Stock, as required under the PPSA), together with any amendment and continuations with respect thereto, which authorization shall apply to all financing statements filed on, prior to or after the date hereof. Each Credit Party hereby ratifies and approves all financing statements naming Collateral Agent or its designee as secured party and such Credit Party, as the case may be, as debtor with respect to the Collateral (and any amendments with respect to such financing statements) filed by or on behalf of Collateral Agent prior to the date hereof and ratifies and confirms the authorization of Collateral Agent and Administrative Agent to file such financing statements (and amendments, if any). Each Credit Party hereby authorizes Collateral Agent and Administrative Agent to adopt on behalf of such Credit Party any symbol required for authenticating any electronic filing. In the event that the description of the collateral in any financing statement naming Collateral Agent, Administrative Agent or its designee as the secured party and any Credit Party as debtor includes assets and properties of such Credit Party that do not at any time constitute Collateral, whether hereunder, under any of the other Financing Agreements or otherwise, the filing of such financing statement shall nonetheless be deemed authorized by such Credit Party to the extent of the Collateral included in such description and it shall not render the financing statement ineffective as to any of the Collateral or otherwise affect the financing statement as it applies to any of the Collateral. In no event shall any Credit Party at any time file, or permit or cause to be filed, any correction statement or termination statement with respect to any financing statement (or amendment or continuation with respect thereto) naming Collateral Agent, Administrative Agent or its designee as secured party and such Credit Party or any other Credit Party as debtor.

(b) No Credit Party has any chattel paper (whether tangible or electronic) or instruments as of the date hereof, except as set forth in the Information Certificate. In the event that any Credit Party shall be entitled to or shall receive any chattel paper or instrument with an individual value of more than $300,000 or an aggregate value of more than $5,000,000 after the date hereof, the Credit Parties shall promptly notify Administrative Agent thereof in writing. Promptly upon the receipt thereof by or on behalf of any Credit Party (including by any agent or representative), such Credit Party shall deliver, or cause to be delivered to Collateral Agent, all tangible chattel paper and instruments with an individual value of more than $300,000 or an aggregate value of more than $5,000,000 that such Credit Party has or may at any time acquire, accompanied by such instruments of transfer or assignment duly executed in blank as Collateral Agent or Administrative Agent may from time to time specify, in each case except as Administrative Agent may otherwise agree. At Administrative Agent's option, each Credit Party shall, or Administrative Agent may at any time on behalf of any Credit Party, cause the original of any such instrument or chattel paper to be conspicuously marked in a form and manner acceptable to Administrative Agent with the following legend referring to chattel paper or instruments as applicable: "This [chattel paper][instrument] is subject to the security interest of ORIX Finance Corp. and any sale, transfer, assignment or encumbrance of this [chattel paper][instrument] violates the rights of such secured party."

(c) In the event that any Credit Party shall at any time hold or acquire an interest in any electronic chattel paper or any "transferable record" (as such term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction) with an individual value of more than $300,000 or an aggregate value of more than $5,000,000, such Credit Party shall promptly notify Administrative Agent thereof in writing. Promptly upon Administrative Agent's request, such Credit Party shall take, or cause to be taken, such actions as Administrative Agent may request to give Collateral Agent or the applicable Control Agent control of such electronic chattel paper under Section 9-105 of the UCC and control of such transferable record under Section 201 of the Federal Electronic Signatures in

Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction.

(d) Each Credit Party does not have any deposit accounts as of the date hereof, except as set forth in the Information Certificate. The Credit Parties shall not, directly or indirectly, after the date hereof open, establish or maintain any deposit account unless each of the following conditions is satisfied: (i) Administrative Agent shall have received not less than five (5) Business Days prior written notice of the intention of any Credit Party to open or establish such account which notice shall specify in reasonable detail and specificity acceptable to Administrative Agent the name of the account, the owner of the account, the name and address of the bank at which such account is to be opened or established, the individual at such bank with whom such Credit Party is dealing and the purpose of the account, (ii) the bank where such account is opened or maintained shall be acceptable to Administrative Agent, and (iii) on or before the opening of such deposit account, such Credit Party shall as Administrative Agent may specify either (A) deliver to Administrative Agent an Account Control Agreement with respect to such deposit account duly authorized, executed and delivered by such Credit Party, the bank at which such deposit account is opened and maintained and either the applicable Control Agent or the ABL Administrative Agent and Collateral Agent or (B) arrange for Administrative Agent, the applicable Control Agent or Collateral Agent to become the customer of the bank with respect to the deposit account on terms and conditions acceptable to Administrative Agent. The terms and representations of subsection (d)(iii) above shall not apply to (i) deposit accounts specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Credit Party's employees, (ii) other zero balance accounts, and (iii) other deposit accounts so long as at any time the balance in any such account does not exceed $250,000 and the aggregate balance in all such accounts does not exceed $1,000,000 at any time (the deposit accounts described in clauses (i), (ii) and (iii) being referred to collectively as the "Excluded Deposit Accounts").

(e) No Credit Party owns or holds, directly or indirectly, beneficially or as record owner or both, any investment property, as of the date hereof, or have any investment account, securities account, commodity account or other similar account with any bank or other financial institution or other securities intermediary or commodity intermediary as of the date hereof, in each case except as set forth in the Information Certificate.

(i) In the event that any Credit Party shall be entitled to or shall at any time after the date hereof hold or acquire any certificated securities, such Credit Party shall promptly endorse, assign and deliver the same to Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Administrative Agent or Collateral Agent may from time to time specify. If any securities, now or hereafter acquired by any Credit Party are uncertificated and are issued to such Credit Party or its nominee directly by the issuer thereof, such Credit Party shall immediately notify Administrative Agent thereof and shall as Administrative Agent may specify, either (A) cause the issuer to agree to comply with instructions from either the applicable Control Agent or the ABL Administrative Agent and Collateral Agent as to such securities, without further consent of any Credit Party or such nominee, or (B) arrange for Administrative Agent, the applicable Control Agent or Collateral Agent to become the registered owner of the securities.

(ii) The Credit Parties shall not, directly or indirectly, after the date hereof open, establish or maintain any investment account, securities account, commodity account or any other similar account (other than a deposit account) with any securities intermediary or commodity intermediary unless each of the following conditions is satisfied: (A) Administrative Agent shall have received not less than five (5) Business Days prior written notice of the intention of such Credit Party to open or establish such account which notice shall specify in reasonable detail and specificity acceptable to Administrative Agent the name of the account, the owner of the account, the name and address of the securities intermediary or commodity intermediary at

which such account is to be opened or established, the individual at such intermediary with whom such Credit Party is dealing and the purpose of the account, (B) the securities intermediary or commodity intermediary (as the case may be) where such account is opened or maintained shall be acceptable to Administrative Agent, and (C) on or before the opening of such investment account, securities account or other similar account with a securities intermediary or commodity intermediary, such Credit Party shall as Administrative Agent may specify either (i) execute and deliver, and cause to be executed and delivered to Administrative Agent, an Investment Property Control Agreement with respect thereto duly authorized, executed and delivered by such Credit Party, such securities intermediary or commodity intermediary, and either the applicable Control Agent or the ABL Administrative Agent, and Collateral Agent or (ii) arrange for Administrative Agent, Collateral Agent, or the applicable Control Agent to become the entitlement holder with respect to such investment property on terms and conditions acceptable to Administrative Agent.

(f) The Credit Parties are not the beneficiary or otherwise entitled to any right to payment under any letter of credit, banker's acceptance or similar instrument as of the date hereof with an individual value of more than $250,000 or an aggregate value of more than $1,000,000, except as set forth in the Information Certificate. In the event that any Credit Party shall be entitled to or shall receive any right to payment under any letter of credit, banker's acceptance or any similar instrument with an individual value of more than $250,000 or an aggregate value of more than $1,000,000, whether as beneficiary thereof or otherwise after the date hereof, such Credit Party shall promptly notify Administrative Agent thereof in writing. Such Credit Party shall immediately, as Administrative Agent may specify, either (i) deliver, or cause to be delivered to Administrative Agent, with respect to any such letter of credit, banker's acceptance or similar instrument, the written agreement of the issuer and any other nominated person obligated to make any payment in respect thereof (including any confirming or negotiating bank), in form and substance satisfactory to Administrative Agent, consenting to the assignment of the proceeds of the letter of credit to Collateral Agent by such Credit Party and agreeing to make all payments thereon directly to Collateral Agent or as Administrative Agent may otherwise direct or (ii) cause Administrative Agent or Collateral Agent to become, at Borrower's expense, the transferee beneficiary of the letter of credit, banker's acceptance or similar instrument (as the case may be).

(g) The Credit Parties do not have any commercial tort claims as of the date hereof, except as set forth in the Information Certificate. In the event that any Credit Party shall at any time after the date hereof have any commercial tort claims with an amount in controversy in excess of $500,000, such Credit Party shall promptly notify Administrative Agent thereof in writing, which notice shall (i) set forth in reasonable detail the basis for and nature of such commercial tort claim and (ii) include the express grant by such Credit Party to Administrative Agent and Collateral Agent, for the benefit of themselves and the Lenders, of a security interest in such commercial tort claim (and the proceeds thereof). In the event that such notice does not include such grant of a security interest, the sending thereof by such Credit Party to Administrative Agent and/or Collateral Agent shall be deemed to constitute such grant to Administrative Agent and Collateral Agent. Upon the sending of such notice, any commercial tort claim described therein shall constitute part of the Collateral and shall be deemed included therein. Without limiting the authorization of Administrative Agent or Collateral Agent provided in Section 5.2(a) hereof or otherwise arising by the execution by such Credit Party of this Agreement or any of the other Financing Agreements, Administrative Agent and Collateral Agent are hereby irrevocably authorized from time to time and at any time to file such financing statements naming Collateral Agent or its designee as secured party and such Credit Party as debtor, or any amendments to any financing statements, covering any such commercial tort claim as Collateral. In addition, each Credit Party shall promptly upon Administrative Agent's request, execute and deliver, or cause to be executed and delivered, to Administrative Agent such other agreements, documents and instruments as Administrative Agent may require in connection with such commercial tort claim.

(h) The Credit Parties do not have any goods, documents of title or other Collateral in the custody, control or possession of a third party as of the date hereof, except as set forth in the

Information Certificate and except for goods located in the United States in transit to a location of a Credit Party permitted herein in the ordinary course of business of such Credit Party in the possession of the carrier transporting such goods. In the event that any goods, documents of title or other Collateral with a value in the aggregate in excess of $250,000 are at any time after the date hereof in the custody, control or possession of any other person not referred to in the Information Certificate or such carriers, the Credit Parties shall promptly notify Administrative Agent thereof in writing. Promptly upon Administrative Agent's request, the Credit Parties shall deliver to Administrative Agent a Collateral Access Agreement duly authorized, executed and delivered by such person and Credit Party that is the owner of such Collateral.

(i) The Credit Parties shall take any other actions reasonably requested by Administrative Agent or Collateral Agent from time to time to cause the attachment, perfection (solely with respect to perfection, subject to the provisions of Article 5 hereof which limit the requirement that the Credit Parties' perfect the Agent's liens on all of the Collateral) and, with respect to the Term Loan Priority Collateral, first priority (subject to Permitted Liens) and, with respect to the ABL Priority Collateral, second priority (behind only the liens in favor of the ABL Administrative Agent permitted by Section 9.8(k) and other Permitted Liens) of, and the ability of Collateral Agent to enforce, the security interest of Collateral Agent in any and all of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC or other applicable law, to the extent, if any, that any Credit Party's signature thereon is required therefor, (ii) causing the Collateral Agent to receive (A) fully executed copies of Account Control Agreements (in accordance with Section 5.2(d) hereof), Investment Account Control Agreements, intellectual property security agreements, pledge agreements and other types of security agreements and (B) to the extent permitted under the Intercreditor Agreement, original stock certificates, tangible chattel paper and instruments, (iii) causing Collateral Agent's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Collateral Agent to enforce, the security interest of Collateral Agent in such Collateral (it being agreed that as of the Closing Date, the Administrative Agent does not intend to require the title to any vehicles or aircraft owned by any Credit Party to be marked with Collateral Agent's name), (iv) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Collateral Agent to enforce, the security interest of Collateral Agent in such Collateral, and (v) obtaining the consents and approvals of any Governmental Authority or third party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and taking all actions required by any earlier versions of the UCC or by other law, as applicable in any relevant jurisdiction.

(j) The Credit Parties do not own any right, title or interest in any real property other than as specified in Schedule 8.2 of the Information Certificate. Notwithstanding any other provisions set forth herein, of the Real Property owned by the Credit Parties as of the Closing Date, as of the Closing Date the Credit Parties shall only be required to execute and deliver to the Collateral Agent the Closing Date Mortgages identified on Schedule 4; provided, however, that the Collateral Agent reserves the right to require the Credit Parties to execute and deliver to the Collateral Agent a mortgage, deed of trust, or deed to secure debt and to otherwise satisfy the requirements set forth in Section 9.29 (as if such Real Property was acquired after the Closing Date), in each case, with respect to any Real Property (owned as of the Closing Date) not already subject to a Closing Date Mortgage solely to the extent that (i) such Real Property has a fair market value equal to or greater than $500,000 at the time of such request or (ii) an Event of Default shall have occurred and be continuing.

(k) Notwithstanding any other provisions set forth herein or in any other Financing Agreement, the liens and security interests granted under Financing Agreements governed by foreign law shall be subject to the exceptions and limitations set forth in such Financing Agreements and, to the extent appropriate in the applicable jurisdiction, as agreed between the Collateral Agent and the Borrower.

(l) Promptly upon Borrower receiving Agent's written request therefor, and in any case, within twenty (20) days after receiving such written request from Agent, Credit Parties shall have (i) filed all applicable financing statements in all applicable jurisdictions to perfect their security interest in any goods that such Credit Parties have consigned to consignees, (ii) notified, in writing, all secured parties of such consignees of Credit Parties' security interest therein and (iii) upon payment in full of the ABL Obligations, assigned such financing statements to Agent, provided, however, that (A) the Agent shall not send such written request to the Borrower until Credit Parties have goods on consignment in excess of $4,000,000 at such time and (B) such written request shall only apply to consigned goods in excess of $1,500,000.

Section 5.3 Control Collateral Held by a Control Agent.

Notwithstanding any provision to the contrary herein, any Collateral that constitutes Control Collateral that is held by a Collateral Agent or Administrative Agent hereunder shall be deemed to be held by such Control Agent in accordance with the Intercreditor Agreement.

Section 5.4 Intercreditor Provisions.

Notwithstanding anything herein to the contrary, the lien and security interest granted to Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by Collateral Agent or Administrative Agent hereunder are subject to the provisions of the Intercreditor Agreement, as the same may be amended, supplemented, modified or replaced from time to time. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

SECTION 6
COLLECTION AND ADMINISTRATION

Section 6.1 Borrower's Loan Accounts.

Administrative Agent shall maintain one or more loan account(s) on its books in which shall be recorded (a) all Loans and other Obligations and the Collateral, (b) all payments made by or on behalf of the Borrower or any Guarantor and (c) all other appropriate debits and credits as provided in this Agreement, including fees, charges, costs, expenses and interest. All entries in the loan account(s) shall be made in accordance with Administrative Agent's customary practices as in effect from time to time.

Section 6.2 Statements.

Administrative Agent shall render to Borrower each month a statement setting forth the balance in Borrower's loan account(s) maintained by Administrative Agent for Borrower pursuant to the provisions of this Agreement, including principal, interest, fees, costs and expenses. Each such statement shall be subject to subsequent adjustment by Administrative Agent but shall, absent manifest errors or omissions, be considered correct and deemed accepted by the Borrower and Guarantors and conclusively binding upon the Borrower and the Guarantors as an account stated except to the extent that Administrative Agent receives a written notice from Borrower of any specific exceptions of Borrower thereto within thirty (30) days after the date such statement has been received by the Borrower. Until such time as Administrative Agent shall have rendered to Borrower a written statement as provided above, the balance in Borrower's loan account(s) shall be presumptive evidence of the amounts due and owing to Administrative Agent and Lenders by the Borrower and Guarantors.

Section 6.3 **Reserved.**

Section 6.4 **Payments.**

(a) All payments (including prepayments) to be made by Borrower on account of principal, interest, fees and other amounts required hereunder shall be made without set-off, recoupment, counterclaim or deduction of any kind, shall except as otherwise expressly provided herein, be made to Administrative Agent (for the ratable account of the Lenders in accordance with subsection 6.4(b)) at the address for payment specified in the signature page hereof in relation to Administrative Agent (or such other address as Administrative Agent may from time to time specify in accordance with Section 13.3), and shall be made in Dollars and in immediately available funds, no later than 10:30 a.m. (Dallas, Texas time) on the date due. Any payment which is received by Administrative Agent later than 10:30 a.m. (Dallas, Texas time) shall be deemed to have been received on the immediately succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Except for payments collected or received prior to the occurrence of an Event of Default in respect of a specific Obligation, all amounts collected or received by Administrative Agent shall be applied as follows: first, to pay any fees, indemnities or expense reimbursements then due to Administrative Agent and Collateral Agent from Borrower or any Guarantor pursuant to the terms of the Financing Agreements, second, to pay any fees, indemnities or expense reimbursements then due to Lenders from the Borrower or any Guarantor pursuant to the terms of the Financing Agreements; third, to pay interest due in respect of any Loans; fourth, to pay principal due in respect of the Loans; and fifth, to pay or prepay any other Obligations whether or not then due, in such order and manner as Administrative Agent determines. Notwithstanding anything to the contrary contained in this Agreement, (i) unless so directed by Borrower, required by law or unless so directed by Administrative Agent or Required Lenders during the continuance of a Default or an Event of Default, Administrative Agent shall not apply any payments which it receives to any Eurodollar Rate Loans, except (A) on the expiration date of the Interest Period applicable to any such Eurodollar Rate Loans or (B) in the event that there are no outstanding Prime Rate Loans and (ii) to the extent Borrower uses any proceeds of the Loans to acquire rights in or the use of any Collateral or to repay any Indebtedness used to acquire rights in or the use of any Collateral, principal payments in respect of the Loans shall be deemed applied first to principal arising from Loans that were not used for such purposes and second to the principal from Loans the proceeds of which were used to acquire rights in or the use of any Collateral in the chronological order in which Borrower acquired such rights in or the use of such Collateral.

(c) Without limiting the Borrower's obligation to timely pay all principal, interest, fees, costs, expenses and other charges provided for in this Agreement and the other Financing Agreements, and without limiting or waiving any payment Defaults or any corresponding Events of Default, at Administrative Agent's option, all principal, interest, fees, costs, expenses and other charges provided for in this Agreement or the other Financing Agreements may be charged directly to the loan account(s) of Borrower maintained by Administrative Agent. If after receipt of any payment of, or proceeds of Collateral applied to the payment of, any of the Obligations, Administrative Agent or any Lender is required to surrender or return such payment or proceeds to any Person for any reason, then the Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by Administrative Agent or such Lender. The Borrower and the Guarantors shall be liable to pay to Administrative Agent, and do hereby indemnify and hold Administrative Agent and Lenders harmless for the amount of any payments or proceeds surrendered or returned. This Section 6.4(b) shall remain effective notwithstanding any contrary action which may be taken by Administrative Agent or any Lender in reliance upon such payment or proceeds. This Section 6.4 shall survive the payment of the Obligations and the termination of this Agreement.

(d) Provided that such Lender has made all payments required to be made by it under this Agreement, Administrative Agent will pay to such Lender, by wire transfer to such Lender's account (as specified by such Lender on such Lender's respective signature page to this Agreement or the applicable Assignment and Assumption) such Lender's Pro Rata Share of principal and interest, in each instance, received by Administrative Agent, promptly after Administrative Agent's receipt thereof.

(e) Unless Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to the Lenders hereunder that Borrower will not make such payment in full as and when required hereunder, Administrative Agent may assume that Borrower has made such payment in full to Administrative Agent on such date in immediately available funds and Administrative Agent may (but shall not be so required), in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If Administrative Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Administrative Agent from Borrower and such related payment is not received by Administrative Agent, Administrative Agent shall be entitled to recover such amount from such Lender, and such Lender shall repay to Administrative Agent on demand such amount, together with interest thereon for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to Administrative Agent, at the Federal Funds Rate, without setoff, recoupment, counterclaim or deduction of any kind. If Administrative Agent determines at any time that any amount received by Administrative Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any solvency, fraudulent conveyance or similar law or otherwise, then, notwithstanding any other term or condition of this Agreement, Administrative Agent will not be required to distribute any portion of such payment to any Lender. In addition, each Lender will repay to Administrative Agent on demand any portion of such amount that Administrative Agent has distributed to such Lender, together with interest thereon at such rate, if any, as Administrative Agent is required to pay to Borrower or such other Person, without setoff, recoupment, counterclaim or deduction of any kind. This Section 6.4 shall survive the payment of the Obligations and the termination of this Agreement.

(f) Notwithstanding any provision in this Agreement or any other Financing Agreement to the contrary, if a court of competent jurisdictions determines that as a result of inequitable conduct on the part of a Lender the Obligations owing to such Lender are voided or subordinated to Indebtedness or other amounts that rank junior to the Obligations, then no payments shall be made to such Lender with respect to such Obligations until all other outstanding Obligations owing to the other Lenders have been paid in full (and all payments made with respect to such Obligations shall be applied to such other outstanding Obligations until paid in full). This Section 6.4 shall survive the payment of the Obligations and the termination of this Agreement.

Section 6.5 Taxes.

(a) Except as provided in Section 6.5(g), any and all payments to any Lender or Administrative Agent by or on account of any of the Obligations shall be made free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any Governmental Authority or by any political subdivision or taxing authority thereof or therein with respect to such payments, excluding (i) in the case of each Lender and Administrative Agent (A) taxes imposed on or measured by its net income, and franchise taxes imposed on it, by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender or Administrative Agent (as the case may be) is organized and (B) any United States federal withholding taxes payable with respect to payments under the Financing Agreements under laws (including any statute, treaty or regulation) in effect on the date hereof (or, in the case of an Eligible Transferee, the date of the Assignment and Acceptance) applicable to such Lender or Administrative Agent, as the case may be, but not excluding any United States withholding taxes payable as a result of any change in such laws occurring after the date hereof (or the date of such

Assignment and Acceptance) and (ii) in the case of each Lender, taxes imposed on or measured by its net income, and franchise taxes imposed on it as a result of a present or former connection between such Lender and the jurisdiction of the Governmental Authority imposing such tax or any taxing authority thereof or therein (other than any such connection arising solely from such Lender having executed, delivered, or performed its obligations or received payment under, or enforced its rights and remedies under, the Financing Agreements or Existing Loan Documents) (all such non-excluded taxes, levies, imposts, fees, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) If any Taxes shall be required by law to be deducted from or in respect of any sum payable in respect of the Obligations to any Lender or Administrative Agent then (i) except as provided in Section 6.5(g), the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 6.5), such Lender or Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the relevant Credit Party shall make such deductions, (iii) the relevant Credit Party shall pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable law and (iv) the relevant Credit Party shall deliver to Administrative Agent evidence of such payment.

(c) In addition, each Credit Party agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies of the United States or any political subdivision thereof or any applicable foreign jurisdiction, and all liabilities with respect thereto, in each case arising from any payment made hereunder or under any of the other Financing Agreements or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any of the other Financing Agreements (collectively, "Other Taxes").

(d) Except as provided in Section 6.5(g), each Credit Party shall indemnify each Lender and Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 6.5) paid by such Lender or Administrative Agent (as the case may be) and any liability (including for penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date such Lender or Administrative Agent (as the case may be) makes written demand therefor. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender (with a copy to Administrative Agent) or by Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) As soon as practicable after any payment of Taxes or Other Taxes by any Credit Party, such Credit Party shall furnish to Administrative Agent, at its address referred to herein, the original or a certified copy of a receipt evidencing payment thereof.

(f) Without prejudice to the survival of any other agreements of any Credit Party hereunder or under any of the other Financing Agreements, the agreements and obligations of such Credit Party contained in this Section 6.5 shall survive the termination of this Agreement and the payment in full of the Obligations.

(g) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any of the other Financing Agreements shall deliver to each of Borrower and Administrative Agent, at the time or times prescribed by applicable law or reasonably requested by Borrower or Administrative Agent (in such number of copies as is reasonably requested by the recipient), whichever of the following is applicable (but only if such Foreign Lender is legally entitled to do so): (i) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor form) claiming exemption from, or a reduction to,

withholding tax under an income tax treaty; (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any successor form) claiming exemption from withholding because the income is effectively connected with the conduct of a United States trade or business; (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Sections 871(h) or 881(c) of the Code, (A) a certificate of the Lender to the effect that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the Code or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (B) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor form) claiming exemption from withholding under the portfolio interest exemption; or (iv) any other applicable form, certificate or document prescribed by applicable law as a basis for claiming exemption from or a reduction in United States withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made. In addition, each Foreign Lender agrees that it will deliver upon Borrower's request updated versions of the foregoing, as applicable, whenever the previous certification has become obsolete or inaccurate in any material respect, together with such other forms as may be required in order to confirm or establish the entitlement of such Foreign Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Loan and Security Agreement and any Obligation. Notwithstanding the foregoing provisions of this Section 6.5, but subject to the immediately following sentence, (x) Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold Taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Foreign Lender to the extent that such Foreign Lender has not provided to Borrower U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (y) Borrower shall not be obligated pursuant to this Section 6.5 to indemnify or otherwise pay such Foreign Lender in respect of Taxes imposed by the United States if such Foreign Lender has not provided to Borrower the U.S. Internal Revenue Service Forms required to be provided to Borrower pursuant to this Section 6.5 or to the extent that such Forms do not establish a complete exemption from withholding of such Taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 6.5, the Borrower agrees to pay additional amounts and to indemnify each Lender in the manner set forth in Sections 6.5(a) and 6.5(d) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Closing Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof.

(h) Any Lender that is not a Foreign Lender and is not an "exempt recipient" within the meaning of Treasury Regulation Section 1.6049-4(c) shall deliver to each of the Borrower and Administrative Agent a duly completed Internal Revenue Service Form W-9 on or before it becomes a party to this Agreement.

(i) Any Lender claiming any additional amounts payable pursuant to this Section 6.5 shall use its reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its applicable lending office and to take any other action if such change or other action would avoid the need for, or reduce the amount of, any such additional amounts that would be payable or may thereafter accrue pursuant to Section 6.5 and would not, in the sole determination of such Lender, be otherwise disadvantageous in any material respect to such Lender.

(j) So long as no Event of Default has occurred and is continuing, if Administrative Agent or any Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by a Credit Party or with respect to which a Credit Party has paid additional amounts pursuant to this Section 6.5, it shall pay over such refund to the applicable Credit Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Credit Party under this Section 6.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of Administrative Agent or such Lender, as the case may be, and without interest (other than

any interest paid by the relevant Governmental Authority with respect to such refund); provided that each Credit Party, upon the request of Administrative Agent or such Lender, agrees to repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant governmental authority) to Administrative Agent or such Lender in the event Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section 6.5 shall not be construed to require Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Credit Party or any other Person.

Section 6.6 **Reserved.**

Section 6.7 **Use of Proceeds.**

The proceeds of the Loans made under the Existing Loan Agreement prior to the Closing Date were used by the Borrower only: (a) to refinance certain Indebtedness of the Newark Group Parties existing immediately prior to the Initial Closing Date, (b) to pay any costs, fees and expenses associated with the Existing Loan Agreement and the other Financing Agreements (as defined in the Existing Loan Agreement), (c) for working capital and other general corporate purposes of the Newark Group Parties (not otherwise prohibited under the Existing Loan Agreement or this Agreement) and the proceeds of the Term Loans on and after the Closing Date shall be used by the Borrower only (a) for costs, fees and expenses associated with this Agreement, the other Financing Agreements, the Existing Loan Agreement and the other Financing Agreements (as defined in the Existing Loan Agreement) and (b) to refinance amounts owing on the Closing Date under the Existing Loan Agreement. None of the proceeds of the Term Loans will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Term Loans made on the Closing Date to be considered a "purpose credit" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended.

Section 6.8 **Reserved.**

Section 6.9 **Pro Rata Treatment.**

Except to the extent otherwise provided in this Agreement or as otherwise agreed by Lenders: (a) the conversion of Loans shall be shared among the Lenders based on their respective Pro Rata Shares as to the Loans and (b) each payment on account of any Obligations to or for the account of one or more of Lenders in respect of any Obligations due on a particular day shall be allocated among the Lenders entitled to such payments based on their respective Pro Rata Shares and shall be distributed accordingly.

Section 6.10 **Sharing of Payments, Etc.**

(a) Each Credit Party agrees that, in addition to (and without limitation of) any right of setoff, banker's lien or counterclaim Administrative Agent or any Lender may otherwise have, each Lender shall be entitled, at its option (but subject, as among Administrative Agent and Lenders, to the provisions of Section 12.3(b) hereof), to offset balances held by it for the account of such Credit Party at any of its offices, in dollars or in any other currency, against any principal of or interest on any Loans or other Obligations owed to such Lender or any other amount payable to such Lender hereunder, that is not paid when due (regardless of whether such balances are then due to such Credit Party), in which case it shall promptly notify Borrower and Administrative Agent thereof; provided, that, such Lender's failure to give such notice shall not affect the validity thereof.

(b) If any Lender (including Administrative Agent) shall obtain from any Credit Party payment of any principal of or interest on any Loan owing to it or payment of any other amount

under this Agreement or any of the other Financing Agreements through the exercise of any right of setoff, banker's lien or counterclaim or similar right or otherwise (other than from Administrative Agent as provided herein), and, as a result of such payment, such Lender shall have received more than its Pro Rata Share of the principal of the Loans or more than its share of such other amounts then due hereunder or thereunder by any Credit Party to such Lender than the percentage thereof received by any other Lender, it shall promptly pay to Administrative Agent, for the benefit of Lenders, the amount of such excess and simultaneously purchase from such other Lenders a participation in the Loans or such other amounts, respectively, owing to such other Lenders (or such interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) in accordance with their respective Pro Rata Shares or as otherwise agreed by Lenders. To such end all Lenders shall make appropriate adjustments among themselves (by the resale of participation sold or otherwise) if such payment is rescinded or must otherwise be restored.

(c) Each Credit Party agrees that any Lender purchasing a participation (or direct interest) as provided in this Section may exercise, in a manner consistent with this Section, all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans or other amounts (as the case may be) owing to such Lender in the amount of such participation.

(d) Nothing contained herein shall require any Lender to exercise any right of setoff, banker's lien, counterclaims or similar rights or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other Indebtedness or obligation of any Credit Party. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, assign such rights to Administrative Agent for the benefit of Lenders and, in any event, exercise its rights in respect of such secured claim in a manner consistent with the rights of Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

Section 6.11 Obligations Several; Independent Nature of Lenders' Rights.

The obligation of each Lender hereunder is several, and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. Nothing contained in this Agreement or any of the other Financing Agreements and no action taken by the Lenders pursuant hereto or thereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and subject to Section 12.3 hereof, each Lender shall be entitled to protect and enforce its rights arising out of this Agreement and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

SECTION 7
COLLATERAL REPORTING AND COVENANTS

Section 7.1 Equipment and Real Property Covenants.

With respect to the Equipment and Real Property: (a) the Credit Parties shall keep the Equipment in good order, repair, running and marketable condition (ordinary wear and tear excepted); (b) the Equipment is now and shall remain personal property and the Credit Parties shall not permit any material piece, or pieces, of the Equipment to be or become a part of or affixed to real property, other than Mortgaged Property; (c) each Credit Party assumes all responsibility and liability arising from the use of the Equipment; (d) the Credit Parties shall use the Equipment and Real Property with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with all

applicable laws; (e) the Equipment is and shall be used in the business of the Credit Parties and not for personal, family, household or farming use; (f) the Credit Parties shall not remove any Equipment from the locations set forth or permitted herein, except to the extent necessary to have any Equipment repaired or maintained in the ordinary course of its business or to move Equipment directly from one location set forth or permitted herein to another such location and except for the movement of motor vehicles used by or for the benefit of such Credit Party in the ordinary course of business; and (g) each Credit Party assumes all responsibility and liability arising from the use of the Equipment and Real Property.

Section 7.2 Power of Attorney.

Each Credit Party hereby irrevocably designates and appoints Administrative Agent (and all persons designated by Administrative Agent) as such Credit Party's true and lawful attorney-in-fact, and authorizes Administrative Agent, in such Credit Party's or Administrative Agent's name, to, at any time an Event of Default exists or has occurred and is continuing and subject to the terms of the Intercreditor Agreement: (i) demand payment on Receivables or other Collateral, (ii) enforce payment of Receivables by legal proceedings or otherwise, (iii) exercise all of such Credit Party's rights and remedies to collect any Receivable or other Collateral, (iv) sell or assign any Receivable upon such terms, for such amount and at such time or times as Administrative Agent deems advisable, (v) settle, adjust, compromise, extend or renew an Account, (vi) discharge and release any Receivable, (vii) prepare, file and sign such Credit Party's name on any proof of claim in bankruptcy or other similar document against an account debtor or other obligor in respect of any Receivables or other Collateral, (viii) notify the post office authorities to change the address for delivery of remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral to an address designated by Administrative Agent, and open and dispose of all mail addressed to such Credit Party and handle and store all mail relating to the Collateral and endorse such Credit Party's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Receivable or any goods pertaining thereto or any other Collateral, including any warehouse or other receipts, or bills of lading and other negotiable or non-negotiable documents, (ix) clear Inventory the purchase of which was financed with a Letter of Credit through U.S. Customs or foreign export control authorities in such Credit Party's name, Administrative Agent's name or the name of Administrative Agent's designee, and to sign and deliver to customs officials powers of attorney in such Credit Party's name for such purpose, and to complete in such Credit Party's or Administrative Agent's name, any order, sale or transaction, obtain the necessary documents in connection therewith and collect the proceeds thereof, (x) do all acts and things which are necessary, in Administrative Agent's reasonable determination, to fulfill such Credit Party's obligations under this Agreement and the other Financing Agreements, (xi) without limiting the provisions set forth in Sections 4.1(f) and 5.2(d) hereof, take control in any manner of any item of payment in respect of Receivables or constituting Collateral or otherwise received in or for deposit in a deposit account subject to an Account Control Agreement or otherwise received by Administrative Agent or any Lender, (xii) have access to any lockbox or postal box into which remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral are sent or received, (xiii) endorse such Credit Party's name upon any items of payment in respect of Receivables or constituting Collateral or otherwise received by Administrative Agent and any Lender and deposit the same in Administrative Agent's account for application to the Obligations and (xiv) sign such Credit Party's name on any verification of Receivables and notices thereof to account debtors or any secondary obligors or other obligors in respect thereof. Each Credit Party hereby releases Administrative Agent and Lenders and their respective officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Administrative Agent's or any Lender's own gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

Section 7.3 Right to Cure.

Administrative Agent may, at its option, upon reasonable notice to Borrower, (a) cure any default by any Credit Party under any material agreement with a third party that affects the Collateral, its value or the ability of Administrative Agent to collect, sell or otherwise dispose of the Collateral or exercise the rights and remedies of Administrative Agent or any Lender therein or the ability of any Credit Party to perform its obligations hereunder or under any of the other Financing Agreements, (b) pay or bond on appeal any judgment entered against any Credit Party, (c) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral, other than Permitted Liens and (d) pay any amount, incur any expense or perform any act which, in Administrative Agent's reasonable judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Collateral Agent, Administrative Agent and Lenders with respect thereto. Administrative Agent may add any amounts so expended to the Obligations and charge Borrower's account therefor, such amounts to be repayable by Borrower on demand. Administrative Agent and Lenders shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of any Credit Party. Any payment made or other action taken by Administrative Agent or any Lender under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

Section 7.4 Access to Premises.

From time to time as requested by Administrative Agent or ORIX, at the cost and expense of Borrower, (a) Administrative Agent, ORIX or their respective designees shall have complete access to all of each Credit Party's premises during normal business hours and after reasonable notice to Borrower, or at any time and without notice to Borrower if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of each Credit Party's books and records, including the Records, and (b) each Credit Party shall, and shall cause Newark B.V. to, promptly furnish to Administrative Agent and/or ORIX, as applicable, such copies of such books and records or extracts therefrom as Administrative Agent and/or ORIX may request, and Administrative Agent or ORIX or their respective designees may use during normal business hours such of any Credit Party's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Receivables and realization of other Collateral. Administrative Agent reserves the right to conduct, in its sole discretion or at the direction of the Required Lenders, (i) up to two (2) field exams and one inventory appraisal in any twelve (12) month period at the Borrower's expense; provided that additional field exams and inventory appraisals will be permitted at the Borrower's expense at any time after the occurrence and during the continuation of a Cash Management Event, and (ii) additional field exams and inventory appraisals which, to the extent that no Cash Management Event has occurred and is continuing, shall be at Administrative Agent's expense.

SECTION 8
REPRESENTATIONS AND WARRANTIES

Each Credit Party hereby represents and warrants to Administrative Agent and Lenders the following (which shall survive the execution and delivery of this Agreement), in each case, as of the Closing Date:

Section 8.1 Corporate Existence, Power and Authority.

Each Credit Party is duly organized and in good standing under the laws of its jurisdiction of organization and is duly qualified as a foreign corporation and in good standing in all states or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify

would not have a Material Adverse Effect. The execution, delivery and performance of this Agreement, the other Financing Agreements and the transactions contemplated hereunder and thereunder (a) are all within each Credit Party's powers, (b) have been duly authorized, (c) are not in contravention of law or the terms of any Credit Party's organizational documentation, (d) are not in contravention of any enforceable provision of any material indenture, agreement or undertaking to which any Credit Party is a party or by which any Credit Party or its property are bound and (e) will not result in the creation or imposition of, or require or give rise to any obligation to grant, any lien, security interest, charge or other encumbrance upon any property of any Credit Party (other than a Permitted Lien). This Agreement and the other Financing Agreements to which any Credit Party is a party constitute legal, valid and binding obligations of such Credit Party enforceable in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws, bankruptcy, insolvency, reorganization or similar law and by general equitable principles. Newark B.V. has taken all action required to comply with the Works Councils Act of the Netherlands (Wet op de ondernemingsraden), and if required under Netherlands law, obtained an unconditional advice (advies) from the competent works council(s).

Section 8.2 Name; State of Organization; Chief Executive Office; Collateral Locations.

(a) The exact legal name of each Credit Party is as set forth on the signature page of this Agreement and in the Information Certificate. No Credit Party has, during the five years prior to the date of this Agreement, been known by or used any other corporate name, been known in any material respect by any fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any material portion of its property or assets out of the ordinary course of business, except as set forth in the Information Certificate.

(b) Each Credit Party is an organization of the type and organized in the jurisdiction set forth in the Information Certificate. The Information Certificate accurately sets forth the organizational identification number of each Credit Party or accurately states that such Credit Party has none and accurately sets forth the federal employer identification number of each Credit Party.

(c) The chief executive office and mailing address of each Credit Party and each Credit Party's Records concerning Accounts are located only at the addresses identified as such in Schedule 8.2 to the Information Certificate and its only other places of business and the only other locations of Collateral, if any, are the addresses set forth in Schedule 8.2 to the Information Certificate, subject to the rights of any Credit Party to establish new locations in accordance with Section 9.2 below. The Information Certificate correctly identifies any of such locations which are not owned by a Credit Party and, to each Newark Group Party's knowledge, sets forth the owners and/or operators thereof.

Section 8.3 Financial Statements; No Material Adverse Change.

All quarterly and annual financial statements relating to any Newark Group Party or any Subsidiary thereof which have been or may hereafter be delivered by any Newark Group Party to Administrative Agent and Lenders have been prepared in accordance with GAAP (except as to any interim financial statements, to the extent such statements are subject to normal year-end adjustments and do not include any notes) and fairly present in all material respects the financial condition and the results of operation of such Newark Group Party and such Subsidiary as at the dates and for the periods set forth therein. There has been no act, condition or event which has had or is reasonably likely to have a Material Adverse Effect since January 31, 2010. The projections for the fiscal years ending 2010 through 2014 that have been delivered to Administrative Agent or any projections hereafter delivered to Administrative Agent have been prepared in light of the past operations of the businesses of the Newark Group Parties and their Subsidiaries and are based upon estimates and assumptions stated therein, all of which the Newark Group Parties have determined to be reasonable and fair in light of the then current conditions and current facts and reflect the good faith and reasonable estimates of the Newark Group

Parties of the future financial performance of Borrower and its Subsidiaries and of the other information projected therein for the periods set forth therein.

Section 8.4 Priority of Liens; Title to Properties.

The security interests and liens granted to Collateral Agent or the Administrative Agent under this Agreement and the other Financing Agreements constitute valid and perfected (solely with respect to perfection, subject to the provisions of Article 5 hereof which limit the requirement that the Credit Parties perfect the Agent's liens on all of the Collateral) (a) first priority liens and security interests in and upon the Term Loan Priority Collateral and (b) second priority liens and security interest in and upon the ABL Priority Collateral, in each case, subject only to the liens indicated on Schedule 8.4 to the Information Certificate and the other liens permitted under Section 9.8 hereof. Each Credit Party has good and marketable fee simple title to or valid leasehold interests in all of its Real Property and good, valid and merchantable title to all of its other properties and assets subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Collateral Agent and such others as are specifically listed on Schedule 8.4 to the Information Certificate or permitted under Section 9.8 hereof.

Section 8.5 Tax Returns.

Each Newark Group Party has filed, or caused to be filed, all tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of taxes shown thereon to be due (including interest and penalties) and (b) all other taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes (i) that are not yet delinquent or (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP. No Newark Group Party is aware as of the Closing Date of any proposed tax assessments against any of them which, individually or in the aggregate, could reasonably be expected to have Material Adverse Effect.

Section 8.6 Litigation.

(a) There is no investigation by any Governmental Authority pending, or to the best of any Newark Group Party's knowledge threatened, against or affecting any Newark Group Party, its or their assets or business; and

(b) There is no action, suit, proceeding or claim by any Person pending, or to the best of any Newark Group Party's knowledge threatened, against any Newark Group Party or its or their assets or goodwill, or against or affecting any transactions contemplated by this Agreement, in each case, which if adversely determined against such Newark Group Party has or could reasonably be expected to have a Material Adverse Effect. The only litigation pending by or against any Newark Group Party or any of their Subsidiaries is identified on Schedule 8.6 to the Information Certificate.

Section 8.7 Compliance with Other Agreements and Applicable Laws.

(a) The Newark Group Parties are not in default in any respect under, or in violation in any respect of the terms of, any Material Contract. The Newark Group Parties are in compliance with the requirements of all material applicable laws, rules, regulations and orders of any Governmental Authority relating to their respective businesses, including, without limitation, those set forth in or promulgated pursuant to the Occupational Safety and Health Act of 1970, as amended, the Fair Labor Standards Act of 1938, as amended, ERISA, the Code, as amended, and the rules and regulations thereunder, and all Environmental Laws, other than as set forth on Schedule 8.8 to the Information Certificate.

(b) The Newark Group Parties and their Subsidiaries have obtained all permits, licenses, approvals, consents, certificates, orders or authorizations of any Governmental Authority required for the lawful conduct of its business, the absence of which could reasonably be expected to cause a Material Adverse Effect (the "Permits"), provided, that Borrower is aware of certain environmental permitting issues disclosed on Schedule 8.8 to the Information Certificate, none of which Borrower believes could reasonably be expected to cause a Material Adverse Effect. All of the Permits are valid and subsisting and in full force and effect. There are no actions, claims or proceedings pending or to the best of any Newark Group Party's knowledge, threatened that seek the revocation, cancellation, suspension or modification of any of the Permits.

Section 8.8 Environmental Compliance.

(a) Except as set forth on Schedule 8.8 to the Information Certificate, the Newark Group Parties and any Subsidiary of any Newark Group Party have not generated, used, stored, treated, transported, manufactured, handled, produced, released or disposed of any Hazardous Materials, on or off its premises (whether or not owned by it) in any manner which violates in any material respect any applicable Environmental Law or Permit, and the operations of the Newark Group Parties and any Subsidiary of any Newark Group Party complies in all material respects with all Environmental Laws and all Permits.

(b) Except as set forth on Schedule 8.8 to the Information Certificate, there has been no investigation by any Governmental Authority to the best of any Newark Group Party's knowledge or any proceeding, complaint, order, directive, claim, citation or notice by any Governmental Authority or any other person nor is any pending or to the best of any Newark Group Party's knowledge threatened, with respect to any non compliance with or violation of the requirements of any Environmental Law by any Newark Group Party and any Subsidiary of any Newark Group Party or the release, spill or discharge, threatened or actual, of any Hazardous Material or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter, which, in each case, adversely affects or could reasonably be expected to adversely affect in any material respect any Newark Group Party or its or their business, operations or assets or any properties at which such Newark Group Party has transported, stored or disposed of any Hazardous Materials. All Hazardous Materials used and/or stored at locations owned and/or leased by Newark Group Parties are used and/or stored (i) in the ordinary course of their business and (ii) by Newark Group Parties in compliance with all applicable Environmental Laws.

(c) Except as set forth on Schedule 8.8 to the Information Certificate, the Newark Group Parties and their Subsidiaries have no material liability (contingent or otherwise) in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials.

(d) The Newark Group Parties and their Subsidiaries have all Permits required to be obtained or filed in connection with the operations of the Newark Group Parties under any Environmental Law and all of such licenses, certificates, approvals or similar authorizations and other Permits the absence of which could reasonably be expected to cause a Material Adverse Effect are valid and in full force and effect; provided, that Borrower is aware of certain environmental permitting issues disclosed on Schedule 8.8 to the Information Certificate, none of which Borrower believes could reasonably be expected to cause a Material Adverse Effect.

Section 8.9 Employee Benefits.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or State law. Each Plan which is intended to qualify under

Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service and to the best of any Newark Group Party's knowledge, nothing has occurred which could reasonably be expected to cause the loss of such qualification. Each Newark Group Party and its ERISA Affiliates have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending, or to the best of any Newark Group Party's knowledge, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan (excluding routine audits). To the best of any Newark Group Party's knowledge, there has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) based on the latest valuation of each Pension Plan and on the actuarial methods and assumptions employed for such valuation (determined in accordance with the assumptions used for funding such Pension Plan pursuant to Section 412 of the Code), the aggregate current value of accumulated benefit liabilities of such Pension Plan under Section 4001(a)(16) of ERISA does not exceed the aggregate current value of the assets of such Pension Plan by an amount which could reasonably be expected to have a Material Adverse Effect; (iii) each Newark Group Party, and their ERISA Affiliates, have not incurred and do not reasonably expect to incur, any liability to the PBGC under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) each Newark Group Party, and their ERISA Affiliates, have not incurred and do not reasonably expect to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) each Newark Group Party, and their ERISA Affiliates, have not engaged in a transaction that would be subject to 4212(c) of ERISA.

Section 8.10 Bank Accounts.

All of the deposit accounts, investment accounts or other accounts in the name of or used by any Credit Party maintained at any bank or other financial institution are set forth on Schedule 8.10 to the Information Certificate, subject to the right of each Credit Party to establish new accounts in accordance with Section 5.2.

Section 8.11 Intellectual Property.

Each Newark Group Party owns or licenses or otherwise has the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. As of the date hereof, the Newark Group Parties do not have any Intellectual Property registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Schedule 8.11 to the Information Certificate and has not granted any licenses with respect thereto other than as set forth in Schedule 8.11 to the Information Certificate. No event has occurred which permits or would permit after notice or passage of time or both, the revocation, suspension or termination of the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. To the best of any Newark Group Party's knowledge, no slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods bearing or using any material Intellectual Property presently contemplated to be sold by or employed by any Newark Group Party infringes any patent, trademark, servicemark, tradename, copyright, license or other Intellectual Property owned by any other Person presently and no claim or litigation is pending or threatened against or affecting any Newark Group Party contesting its right to sell or use any such Intellectual Property. Schedule 8.11 to the Information

Certificate sets forth all of the agreements or other arrangements of each Newark Group Party pursuant to which such Newark Group Party has a license or other right to use any trademarks, logos, designs, representations or other Intellectual Property owned by another person as in effect on the date hereof and the dates of the expiration of such agreements or other arrangements of such Newark Group Party as in effect on the date hereof (collectively, together with such agreements or other such arrangements as may be entered into by any Newark Group Party after the date hereof, collectively, the "License Agreements" and individually, a "License Agreement"). No trademark, servicemark, copyright or other Intellectual Property at any time used by any Newark Group Party which is owned by another person, or owned by such Newark Group Party is subject to any security interest, lien, collateral assignment, pledge or other encumbrance in favor of any person other than Collateral Agent, or is affixed to any Inventory, except (a) if such security interest, lien, collateral assignment, pledge or other encumbrance constitutes a Permitted Lien, (b) to the extent permitted under the term of the license agreements listed on Schedule 8.11 to the Information Certificate and (c) to the extent the sale of Inventory to which such Intellectual Property is affixed is permitted to be sold by such Newark Group Party under applicable law (including the United States Copyright Act of 1976).

Section 8.12 Subsidiaries; Affiliates; Capitalization; Solvency.

(a) Each Newark Group Party does not have any direct or indirect Subsidiaries or Affiliates (excluding Affiliates of any shareholders of the Borrower) and is not engaged in any joint venture or partnership except as set forth in Schedule 8.12 to the Information Certificate.

(b) Each Newark Group Party is the record and beneficial owner of all of the issued and outstanding shares of Capital Stock of each of the Subsidiaries listed on Schedule 8.12 to the Information Certificate as being owned by such Newark Group Party and there are no proxies, irrevocable or otherwise, with respect to such shares and no equity securities of any of the Subsidiaries are or may become required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any kind or nature and there are no contracts, commitments, understandings or arrangements by which any Subsidiary is or may become bound to issue additional shares of it Capital Stock or securities convertible into or exchangeable for such shares.

(c) The issued and outstanding shares of Capital Stock of each Newark Group Party are directly and beneficially owned and held by the persons indicated in the Information Certificate, and in each case all of such shares have been duly authorized and are fully paid and non-assessable, free and clear of all claims, liens, pledges and encumbrances of any kind, except as disclosed in writing to Administrative Agent prior to the date hereof.

(d) Each Newark Group Party is Solvent and will continue to be Solvent after the creation of the Obligations, the security interests of Collateral Agent and the other transactions contemplated hereunder.

Section 8.13 Labor Disputes.

(a) Set forth on Schedule 8.13 to the Information Certificate is a list (including dates of termination) of all collective bargaining or similar agreements between or applicable to each Newark Group Party and any union, labor organization or other bargaining agent in respect of the employees of any Newark Group Party on the date hereof.

(b) There is (i) no significant unfair labor practice complaint pending against any Newark Group Party or, to the best of any Newark Group Party's knowledge, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is pending on the date hereof against any Newark Group Party or, to best of any Newark Group Party's knowledge, threatened against it, and (ii) no

significant strike, labor dispute, slowdown or stoppage is pending against any Newark Group Party or, to the best of any Newark Group Party's knowledge, threatened against any Newark Group Party.

Section 8.14 Restrictions on Subsidiaries.

Except for restrictions contained in this Agreement or any other agreement with respect to Indebtedness of any Newark Group Party permitted hereunder as in effect on the date hereof, there are no contractual or consensual restrictions on any Newark Group Party or any of its Subsidiaries which prohibit or otherwise restrict (a) the transfer of cash or other assets (i) between any Newark Group Party and any of its or their Subsidiaries or (ii) between any Subsidiaries of any Newark Group Party or (b) the ability of any Newark Group Party or any of its or their Subsidiaries to incur Indebtedness or grant security interests to Collateral Agent or any Lender in the Collateral. There are no contractual or consensual restrictions on Newark B.V.'s ability to make any payments on account of any of the Indebtedness evidenced by the B.V. Intercompany Notes (other than as set forth in the B.V. Intercompany Notes, as in effect on the date hereof).

Section 8.15 Material Contracts.

Schedule 8.15 to the Information Certificate sets forth all Material Contracts to which any Newark Group Party is a party or is bound as of the date hereof. The Newark Group Parties have delivered true, correct and complete copies of such Material Contracts to Administrative Agent on or before the date hereof. The Newark Group Parties are not in breach or in default in any material respect of or under any Material Contract and have not received any notice of the intention of any other party thereto to terminate any Material Contract.

Section 8.16 Payable Practices.

Each Newark Group Party has not made any material change in the historical accounts payable practices from those in effect immediately prior to the date hereof.

Section 8.17 Accuracy and Completeness of Information.

All information furnished by or on behalf of any Newark Group Party in writing to Administrative Agent, any Lender or the Bankruptcy Court in connection with this Agreement or any of the other Financing Agreements, the Plan of Reorganization or any transaction contemplated hereby or thereby or the Cases, including all information on the Information Certificate is true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected to have a Material Adverse Effect, which has not been fully and accurately disclosed to Administrative Agent in writing prior to the date hereof.

Section 8.18 Survival of Warranties; Cumulative.

All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be conclusively presumed to have been relied on by Administrative Agent and Lenders regardless of any investigation made or information possessed by Administrative Agent or any Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which any Newark Group Party shall now or hereafter give, or cause to be given, to Administrative Agent or any Lender.

Section 8.19 Investment Company Act.

No Newark Group Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Newark Group Party is a subject to regulation under the Federal Power Act, the Interstate Commerce Act, or any federal or state statute or regulation limiting its ability to incur the Obligations.

Section 8.20 Indebtedness.

Except as otherwise permitted under Section 9.9, the Newark Group Parties and their Subsidiaries have no Indebtedness.

Section 8.21 Investments.

All investments of each of the Newark Group Parties and its Subsidiaries are Permitted Investments.

Section 8.22 No Burdensome Restrictions.

None of the Newark Group Parties or their Subsidiaries is a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 8.23 Brokers' Fees.

None of the Newark Group Parties or their Subsidiaries has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Financing Agreements, other than those that have been paid prior to the date hereof not to exceed the amount of the fees payable to Jefferies and Company, Inc. pursuant to and in accordance with that certain Fee Letter dated as of April 23, 2010 by and between the Borrower and Jefferies & Co. **[Need to see Jeffries Fee Letter]**

Section 8.24 Security Documents.

This Agreement and the Security Documents create valid security interests in, and liens on, the Collateral purported to be covered thereby. Except as set forth herein and in the Security Documents, such security interests and liens are currently (or will be, upon (a) the filing of appropriate financing statements with the Secretary of State of the state of incorporation or organization for each Newark Group Party and the filing of appropriate assignments or notices with the United States Patent and Trademark Office and the United States Copyright Office, in each case in favor of Collateral Agent, on behalf of itself, Administrative Agent and Lenders, (b) Collateral Agent (or the applicable Control Agent) obtaining Control or possession over those items of Collateral in which a security interest is perfected through Control or possession and (c) in the case of Financing Agreements and/or Collateral governed by foreign laws, subject to the making of all appropriate filings, recordings, endorsements, notarizations, stamping, registrations and/or notifications required under applicable Law) perfected security interests and liens, prior to all other liens other than certain of the Permitted Liens.

Section 8.25 Classification of Senior Indebtedness.

The Obligations constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any

Subordinated Debt and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

Section 8.26 Anti-Terrorism Laws.

No Newark Group Party or any of their Subsidiaries is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended. No Newark Group Party or any of their Subsidiaries is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. No Newark Group Party or any of their Subsidiaries (i) is a blocked person described in Section 1 of the Anti-Terrorism Order or (ii) to the best of its knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

Section 8.27 Compliance with OFAC Rules and Regulations.

None of the Newark Group Parties or their Subsidiaries or their respective officers, directors or other Affiliates (a) is a Sanctioned Person, (b) has more than 15% of its assets in Sanctioned Countries, or (c) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No part of the proceeds of any Loan hereunder has been or will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

Section 8.28 Compliance with FCPA.

Each of the Newark Group Parties and their Subsidiaries is in compliance with the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq., and any foreign counterpart thereto. None of the Newark Group Parties or their Subsidiaries has made a payment, offering, or promise to pay, or authorized the payment of, money or anything of value (a) in order to assist in obtaining or retaining business for or with, or directing business to, any foreign official, foreign political party, party official or candidate for foreign political office, (b) to a foreign official, foreign political party or party official or any candidate for foreign political office, and (c) with the intent to induce the recipient to misuse his or her official position to direct business wrongfully to such Newark Group Party or its Subsidiary or to any other Person, in violation of the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq.

Section 8.29 Assets Owned by Certain Subsidiaries.

The only material asset owned by NP Cogen on the date hereof is a natural gas reciprocating engine and generator with a fair market value less than $2,000,000. The only material asset owned by JD Corp. on the date hereof is the Real Property located at 20 Jackson Drive, Cranford, New Jersey 07016 ("Jackson Drive Real Property"), which Borrower believes to have a fair market value of less than $3,000,000 on the date hereof, which is encumbered by a first mortgage securing approximately **[$2,160,000 of loans (outstanding as of November 30, 2009)][Borrower: please provide an update for this amount]** from Liberty Commercial Mortgage Corporation to JD Corp. Borrower represents and warrants that such mortgage encumbering the Jackson Drive Real Property prohibits JD Corp. from further encumbering the Jackson Drive Real Property with an additional mortgage.

Section 8.30 Use of Proceeds.

Borrower represents and warrants that (i) it used the proceeds of the Loans made under the Existing Loan Agreement prior to the Closing Date only: (a) to refinance certain Indebtedness of the Newark Group Parties existing immediately prior to the Initial Closing Date, (b) to pay any costs, fees

and expenses associated with the Existing Loan Agreement and the other Financing Agreements (as defined in the Existing Loan Agreement), (c) for working capital and other general corporate purposes of the Newark Group Parties (not otherwise prohibited under the Existing Loan Agreement or this Agreement) and (ii) none of such Loan proceeds were used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any Indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended.

Section 8.31 Ridge.

Ridge Finance Corp. was merged into Borrower, with Borrower continuing as the surviving entity, as of October 22, 2009, and pursuant to such merger, Borrower became successor in interest to and owner of substantially all of Ridge Finance Corp.'s property and assets.

Section 8.32 Confirmation Order.

Borrower has delivered to Agent a complete and correct copy of the Plan of Reorganization and the Confirmation Order (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith). Borrower and Guarantors are not in default in the performance of or compliance with any provisions of the Plan of Reorganization. The Plan of Reorganization is in full force and effect as of the date hereof and has not been terminated, rescinded or withdrawn. The Confirmation Order is a Final Order and is in full force and effect, and has not been amended, modified or stayed and no appeal therefrom or request for hearing with respect thereto is pending. All conditions to confirmation and effectiveness of the Plan of Reorganization have been satisfied or validly waived pursuant to the Plan of Reorganization (other than conditions consisting of the effectiveness of this Agreement). Set forth on Schedule 8.31 hereto is a true and correct (a) list of the sources and uses with respect to all cash amounts payable by Borrower and Guarantors on the Plan Effective Date and (b) list of all payments (and the approximate due dates therefor) which may be required to be made by Borrower and Guarantors in respect of claims pursuant to the Plan of Reorganization after the Plan Effective Date. No court of competent jurisdiction has issued any injunction, restraining order or other order which remains in effect prohibits consummation of the transactions described in the Confirmation Order and no governmental or other action or proceeding has been commenced, seeking any injunction, restraining order or other order which seeks to void or otherwise modify the transactions described in the Confirmation Order.

SECTION 9
AFFIRMATIVE AND NEGATIVE COVENANTS

Section 9.1 Maintenance of Existence.

(a) Each Credit Party shall, and shall cause Newark B.V. to, at all times preserve, renew and keep in full force and effect its corporate existence and rights and franchises with respect thereto and maintain in full force and effect all licenses, trademarks, tradenames, approvals, authorizations, leases, contracts and Permits the absence of which could reasonably be expected to have a Material Adverse Effect, except as to any Guarantor as permitted in Section 9.7 hereto. Notwithstanding the foregoing, Borrower shall not be required to have obtained the Amended Environmental Permit for so long as it is complying with the requirements of the Settlement Agreement.

(b) No Credit Party shall change its name unless each of the following conditions is satisfied: (i) Administrative Agent shall have received not less than thirty (30) days prior written notice from Borrower of such proposed change in corporate name, which notice shall accurately set forth the new name; and (ii) Administrative Agent shall have received a copy of the amendment to the certificate

of incorporation or formation of such Credit Party providing for the name change certified by the Secretary of State of the jurisdiction of incorporation or organization of such Credit Party as soon as it is available.

(c) No Credit Party shall change its chief executive office or its mailing address or organizational identification number (or if it does not have one, shall not acquire one) unless Administrative Agent shall have received not less than thirty (30) days' prior written notice from Borrower of such proposed change, which notice shall set forth such information with respect thereto as Administrative Agent may require and Administrative Agent shall have received such agreements as Administrative Agent may reasonably require in connection therewith. No Credit Party shall change its type of organization, jurisdiction of organization or other legal structure.

(d) No Credit Party shall acquire or otherwise obtain any Intellectual Property registered, or subject to pending applications, in the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, that are not described in Schedule 8.11 to the Information Certificate unless Administrative Agent shall have received prior written notice from Borrower of such event, which notice shall set forth such information with respect thereto as Administrative Agent may require and Administrative Agent shall have received such agreements as Administrative Agent may reasonably require in connection therewith. **[Clause (d) to be removed, pending review of satisfactory IP Security Agreements.]**

Section 9.2 New Collateral Locations.

Credit Parties may only open new location(s) (or change its chief executive office) within the continental United States provided that the applicable Credit Party or Credit Parties (a) give Administrative Agent thirty (30) days prior written notice of the intended opening of any such new location at which Inventory will be located having a value of more than $100,000 and (b) execute and deliver, or cause to be executed and delivered, to Administrative Agent such agreements, documents, and instruments as Administrative Agent may deem reasonably necessary or desirable to protect its interests in the Collateral at such location(s).

Section 9.3 Compliance with Laws, Regulations, Etc.

(a) Each Credit Party shall, and shall cause each of its Subsidiaries to, at all times, comply in all material respects with all laws, rules, regulations, licenses, approvals, orders and other Permits applicable to it and duly observe all requirements of any foreign, Federal, State or local Governmental Authority the violation of which could reasonably be expected to have a Material Adverse Effect; provided, that Borrower may be in noncompliance with certain environmental permits as disclosed on Schedule 8.8 to the Information Certificate so long as it is in compliance with the terms of the Settlement Agreement.

(b) the Credit Parties shall give written notice to Administrative Agent immediately upon any Newark Group Party's receipt of any notice of, or any Newark Group Party's otherwise obtaining knowledge of, (i) the occurrence of any event involving the material release, spill or discharge, threatened or actual, of any Hazardous Material or (ii) any investigation, proceeding, complaint, order, directive, claims, citation or notice with respect to: (A) any non-compliance with or violation of any Environmental Law by any Newark Group Party or (B) the material release, spill or discharge, threatened or actual, of any Hazardous Material other than in the ordinary course of business and other than as permitted under any applicable Environmental Law. Copies of all environmental surveys, audits, assessments, feasibility studies and results of remedial investigations shall be promptly furnished, or caused to be furnished, by such Newark Group Party to Administrative Agent. Each Credit Party shall

take prompt action to respond to any material non-compliance with any of the Environmental Laws and shall regularly report to Administrative Agent on such response.

(c) Without limiting the generality of the foregoing, whenever Administrative Agent reasonably determines that there is non-compliance, or any condition which requires any action by or on behalf of any Newark Group Party in order to avoid any non compliance, with any Environmental Law, Borrower shall, at Administrative Agent's request and Borrower's expense: (i) cause an independent environmental professional reasonably acceptable to Administrative Agent to conduct such tests of the site where non-compliance or alleged non compliance with such Environmental Laws has occurred as to such non-compliance and prepare and deliver to Administrative Agent a report as to such non-compliance setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof and (ii) provide to Administrative Agent a supplemental report of such engineer whenever the scope of such non-compliance, or such Newark Group Party's response thereto or the estimated costs thereof, shall change in any material respect.

(d) Each Credit Party shall indemnify and hold harmless Administrative Agent and Lenders and their respective directors, officers, employees, agents, invitees, representatives, successors and assigns, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses) directly or indirectly arising out of or attributable to the use, generation, manufacture, storage, release, threatened release, spill, discharge, disposal or presence of a Hazardous Material, including the costs of any required or necessary repair, cleanup or other remedial work with respect to any property of any Newark Group Party or any of its Subsidiaries and the preparation and implementation of any closure, remedial or other required plans. All representations, warranties, covenants and indemnifications in this Section 9.3 shall survive the payment of the Obligations and the termination of this Agreement.

Section 9.4 Payment of Taxes and Claims.

Each Credit Party shall, and shall cause each of its Subsidiaries to, duly pay and discharge all taxes, assessments, contributions and governmental charges upon or against it or its properties or assets, except for taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to such Credit Party or Subsidiary, as the case may be, and with respect to which adequate reserves have been set aside on its books to the extent required by GAAP.

Section 9.5 Insurance.

Each Credit Party shall, and shall cause each of its Subsidiaries to, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be reasonably satisfactory to Administrative Agent as to form, amount and insurer (Administrative Agent hereby acknowledges that the insurance of the Borrower and its Subsidiaries as of the date hereof meets this standard). The Credit Parties shall furnish certificates, policies or endorsements to Administrative Agent or the applicable Control Agent as Administrative Agent shall reasonably require as proof of such insurance, and, if any Credit Party fails to do so after reasonable notice, Administrative Agent is authorized, but not required, to obtain such insurance at the expense of Borrower. All policies shall provide for at least thirty (30) days prior written notice to the applicable Control Agent of any cancellation or reduction of coverage and that Control Agent or Administrative Agent may act as attorney for each Credit Party in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. The Credit Parties shall cause the applicable Control Agent to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and the Credit Parties shall obtain non-contributory lender's loss payable endorsements to all insurance policies in

form and substance reasonably satisfactory to Administrative Agent. Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to the applicable Control Agent as its interests may appear and further specify that the applicable Control Agent shall be paid regardless of any act or omission by any Newark Group Party or any of its or their officers, directors or other Affiliates. Without limiting any other rights of any Control Agent, Administrative Agent or Lenders (but subject to Section 2.5 hereof), any insurance proceeds related to Term Loan Priority Collateral received by Administrative Agent at any time may be applied to payment of the Obligations, whether or not then due, in any order and in such manner as Administrative Agent may determine. Without limiting the provisions set forth in the immediately preceding sentence, any proceeds of insurance and any awards for condemnation of any Collateral shall be paid to the applicable Control Agent for distribution in accordance with the terms of the Intercreditor Agreement and Section 2.5 hereof.

Section 9.6 Financial Statements and Other Information.

(a) Each Credit Party shall, and shall cause each of its Subsidiaries to, keep proper books and records in which true and complete entries shall be made of all dealings or transactions of or in relation to the Collateral and the business of such Credit Party and its Subsidiaries. The Credit Parties shall promptly furnish to Administrative Agent and Lenders all such financial and other information as Administrative Agent shall reasonably request relating to the Collateral and the assets, business and operations of the Newark Group Parties, and Borrower shall notify the auditors and accountants of the Newark Group Parties that Administrative Agent is authorized to obtain such information directly from them. Without limiting the foregoing, Borrower shall furnish or cause to be furnished to Administrative Agent, the following:

(i) Within forty-five (45) days after the end of each fiscal quarter, quarterly unaudited consolidated financial statements and unaudited consolidating financial statements (including in each case balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Borrower and its consolidated Subsidiaries as of the end of and through such fiscal quarter (together with a summary comparison as of the end of and for the previous fiscal quarter and budgeted amounts, in form and substance reasonably acceptable to the Administrative Agent), certified to be correct by the chief financial officer of Borrower, subject to normal quarter- and year-end adjustments and accompanied by a compliance certificate substantially in the form of Exhibit C hereto (a "Compliance Certificate"), along with a schedule in form reasonably satisfactory to Administrative Agent of the calculations used in determining, as of the end of such quarter, whether the Newark Group Parties were in compliance with the covenants set forth in Section 9.17 of this Agreement for such quarter.

(ii) As soon as available and in any event within thirty (30) days after the end of each fiscal month (other than at the end of a fiscal quarter, in which case 45 days after the end thereof, or a fiscal year, in which case 90 days after the end thereof), company-prepared (A) unaudited consolidated financial statements and unaudited consolidating financial statements (including, in each case, balance sheets (which sets forth, among other things, the Newark Group Parties' consigned goods to the extent not included in the Borrowing Base Certificate (as defined in the ABL Credit Agreement) delivered pursuant to clause (D) of this Section 9.6(a)(ii)), statements of income and loss and cash flow statements), all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Borrower and its consolidated Subsidiaries as of the end of and through such fiscal month (compared to the end of and for the previous fiscal month and budgeted amounts, in form and substance reasonably acceptable to the Administrative Agent), together with a management report explaining variances to the plan, certified to be correct by the chief financial officer of Borrower, subject to normal quarter and year-end adjustments and accompanied by a Compliance Certificate, along with a

schedule in form reasonably satisfactory to the Administrative Agent of the calculations used in determining, as of the end of such month (if applicable), whether the Newark Group Parties were in compliance with the covenants set forth in Section 9.17 of this Agreement for such month (if applicable), (B) statements of accounts receivable, inventory and accounts payable of the Borrower and its Subsidiaries on a segment and consolidated basis as of the end of such period, (C) statement of Funded Indebtedness of the Borrower and its Subsidiaries on a consolidated basis as of the end of such period, (D) a copy of the most recent Borrowing Base Certificate (as defined in the ABL Credit Agreement) submitted pursuant to the ABL Credit Agreement and (E) an income statement and balance sheet on a divisional and consolidating basis for the RFD, Mills, BCI, NPP and Europe operating divisions which shall not reflect the impact of the elimination of intercompany transactions (and including year to date information), and accompanying reports for comparison of such information to information for the same period in the immediately preceding year.

(iii) Within ninety (90) days after the end of each fiscal year, audited consolidated financial statements and unaudited consolidating financial statements of Borrower and its consolidated Subsidiaries (including in each case balance sheets, statements of income and loss, statements of cash flow and statements of shareholders' equity), and the accompanying notes thereto, all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of Borrower and its Subsidiaries as of the end of and for such fiscal year, together with (A) a Compliance Certificate, along with a schedule in form reasonably satisfactory to the Administrative Agent of the calculations used in determining, as of the end of such fiscal year, whether the Newark Group Parties were in compliance with the covenants set forth in Section 9.17 of this Agreement for such fiscal year and (B) the unqualified opinion of independent certified public accountants with respect to the audited consolidated financial statements, which accountants shall be Deloitte & Touche or another independent accounting firm selected by Borrower and reasonably acceptable to the Administrative Agent, that such audited consolidated financial statements have been prepared in accordance with GAAP, and present fairly in all material respects the results of operations and financial condition of Borrower and its Subsidiaries as of the end of and for the fiscal year then ended.

(iv) At such time as available, but in no event later than ninety (90) days after the end of each fiscal year (commencing with the fiscal year of Borrower ending April 30, 2010), projected consolidated financial statements (including in each case, forecasted balance sheets and statements of income and loss, statements of cash flow, statements of shareholders' equity and borrowing base under the ABL Credit Agreement) of Borrower and its consolidated Subsidiaries for the next fiscal year, all in reasonable detail, and in a format consistent with the projections delivered by Borrower to Administrative Agent prior to the date hereof, together with such supporting information as Administrative Agent may reasonably request. Such projected financial statements shall be prepared on a monthly basis for the next succeeding year. Such projections shall represent the reasonable best estimate by the Newark Group Parties of the future financial performance of Borrower and its Subsidiaries for the periods set forth therein and shall have been prepared on the basis of the assumptions set forth therein which the Newark Group Parties believe are fair and reasonable as of the date of preparation in light of current and reasonably foreseeable business conditions (it being understood that actual results may differ from those set forth in such projected financial statements).

(b) the Credit Parties shall promptly notify Administrative Agent in writing upon any executive officer of the Borrower becoming aware of, or having reason to be aware of, the details of (i) any loss, damage, investigation, action, suit, proceeding or claim relating to Collateral and having a value of more than $1,000,000 with respect to Term Loan Priority Collateral or more than $5,000,000 with respect to ABL Priority Collateral or which if adversely determined could reasonably be expected to have a Material Adverse Effect, (ii) any Material Contract being terminated or amended in a way adverse to the

interests of the Newark Group Parties or any new Material Contract entered into (in which event the Credit Parties shall provide Administrative Agent with a copy of such Material Contract), (iii) any order, judgment or decree in excess of $1,000,000 shall have been entered against any Newark Group Party any of its or their properties or assets, (iv) any notification of a material violation of laws or regulations received by any Newark Group Party or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, (v) any ERISA Event, (vi) the occurrence of any Default or Event of Default of which any executive officer of any Newark Group Party is aware or has reason to be aware, and in any event within three Business Days, (vii) any default, event of default or material breach under (A) any contractual obligation of any Newark Group Party or any of their Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $2,500,000, and/or (B) the ABL Financing Agreements; (viii) any litigation, or any investigation or proceeding known to any executive officer of any Newark Group Party (A) affecting any Newark Group Party or any of their Subsidiaries which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $2,500,000 (unless covered by insurance, in which case in excess of $5,000,000)), (B) affecting or with respect to this Agreement or any other Financing Agreement or (C) involving an environmental claim or potential liability under Environmental Laws in excess of $1,000,000; (ix) any other development or event which could reasonably be expected to have a Material Adverse Effect; (x) the Credit Parties having in excess of $4,000,000 of goods on consignment (with consignees), (xi) any Newark Group Party acquiring, forming or otherwise having any direct or indirect Subsidiaries or Affiliates (excluding Affiliates of any shareholders of the Borrower) or becoming engaged in any joint venture or partnership except as set forth in Schedule 8.12 to the Information Certificate, (xii) any (A) material unfair labor practice complaint is commenced against any Newark Group Party or, to the best of any Newark Group Party's knowledge, threatened against it, before the National Labor Relations Board, (B) material grievance or material arbitration proceeding arising out of or under any collective bargaining agreement is commenced against any Newark Group Party or, to best of any Newark Group Party's knowledge, threatened against it, or (C) material strike, labor dispute, slowdown or stoppage is commenced against any Newark Group Party or, to the best of any Newark Group Party's knowledge, threatened against any Newark Group Party, or (xiii) any Newark Group Party or any Subsidiary thereof becomes a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(c) Promptly after the sending or filing thereof, Borrower shall (i) send to Administrative Agent copies of all reports which Borrower or any of its Subsidiaries sends to its security holders generally, (ii) notify Administrative Agent of the filing of all reports and registration statements which Borrower or any of its Subsidiaries files with the Securities Exchange Commission, any national or foreign securities exchange or the National Association of Securities Dealers, Inc., and, if requested by the Administrative Agent, send to Administrative Agent electronic copies of any such filings, (iii) send to Administrative Agent copies of all press releases and (iv) send to Administrative Agent copies of all other statements concerning material changes or developments in the business of a Newark Group Party made available by any Newark Group Party to the public.

(d) The Credit Parties shall furnish or cause to be furnished to Administrative Agent such budgets, forecasts, projections and other information respecting the Collateral and the business of the Newark Group Parties, as Administrative Agent may, from time to time, reasonably request. Administrative Agent is hereby authorized to deliver a copy of any financial statement or any other information relating to the business of the Newark Group Parties to any court or other Governmental Authority or to any Lender or Participant or prospective Lender or Participant (excluding any Person known to Administrative Agent to be a competitor of any Newark Group Party) or any Affiliate of any Lender or Participant. Each Credit Party hereby irrevocably authorizes and directs all accountants or auditors to deliver to Administrative Agent, at Borrower's expense, copies of the financial statements of any Newark Group Party and any reports or management letters prepared by such accountants or auditors

on behalf of any Newark Group Party and to disclose to Administrative Agent and Lenders such information as they may have regarding the business of any Newark Group Party. Any documents, schedules, invoices or other papers delivered to Administrative Agent or any Lender may be destroyed or otherwise disposed of by Administrative Agent or such Lender one (1) year after the same are delivered to Administrative Agent or such Lender, except as otherwise designated by Borrower to Administrative Agent or such Lender in writing.

Section 9.7 **Sale of Assets, Consolidation, Merger, Dissolution, Etc.**

Each Credit Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly,

(a) dissolve, liquidate or wind up its affairs, sell, transfer, lease or otherwise dispose of any of its property or assets or agree to do so at a future time except the following, without duplication, shall be expressly permitted:

(i) Specified Sales;

(ii) the sale, transfer, lease or other disposition of property or assets (A) to an unrelated party not in the ordinary course of business (other than Specified Sales and Scheduled Asset Sales), where and to the extent that they are the result of a Recovery Event provided that such sales, transfers, leases and other dispositions shall reduce the amount of sales, leases, transfers and dispositions available under Section 9.7(a)(v) hereof or (B) the sale, lease, transfer or other disposition of machinery, parts and equipment no longer used or useful in the conduct of the business of the Newark Group Parties or any of their Subsidiaries, as appropriate, in its reasonable discretion, so long as, in the case of (A) or (B) of this Section 9.7(a)(ii), the net proceeds therefrom are used to repair or replace damaged property or to purchase or otherwise acquire new assets or property, provided that (x) such purchase or acquisition is committed to within 180 days of receipt of the net proceeds and such purchase or acquisition is consummated within 270 days of receipt of such proceeds, (y) such new assets constitute Collateral in which the Agent has a perfected security interest and (z) such new assets constitute Term Loan Priority Collateral to the extent that the assets sold, damaged and/or destroyed constituted Term Loan Priority Collateral;

(iii) the sale, lease or transfer of property or assets from a Credit Party to another Credit Party (in each case so long as such Credit Party is the Borrower or any Domestic Subsidiary thereof) provided that such sales, leases and transfers shall reduce the amount of sales, leases and transfers available under Section 9.7(a)(v) hereof;

(iv) Scheduled Asset Sales;

(v) the sale, lease or transfer of property or assets (including any Mortgaged Property but excluding Specified Sales, Scheduled Asset Dispositions and sales, leases and/or transfers permitted under Sections 9.7(a)(ii)(B), (a)(vi) and (vii) hereof) not to exceed $5,000,000 in the aggregate in any fiscal year;

(vi) the sale of Inventory by the Borrower to any of its Foreign Subsidiaries organized in Canada or Spain; provided, that, (a) the amount owing to the Borrower from such Foreign Subsidiary organized in Canada in connection with such sales shall not exceed the aggregate amount of $600,000 outstanding at any time, (b) the amount owing to the Borrower from such Foreign Subsidiary organized in Spain in connection with such sales shall not exceed the aggregate amount of $600,000 outstanding at any time, (c) each such sale shall be for fair market value, in the ordinary course of business and consistent with past practices, (d) the

purchase price related to any such sale shall be paid in cash on terms that the Borrower provides to its customers in the ordinary course of business and (e) no Event of Default then exists or shall result from such sale;

(vii) the sale, lease or transfer, in the ordinary course of business, of gas by NP Cogen to the Borrower in an aggregate amount not to exceed $1,000,000 during any calendar year in connection with the transactions permitted under Section 9.12(b)(v) hereof; and

(viii) without duplication of any other clauses set forth in this Section 9.7, sale, lease or transfer made by a Foreign Subsidiary not otherwise expressly permitted by clauses (i) through (vii) above that are made solely to another Foreign Subsidiary;

provided, that with respect to clauses (ii), (iv) and (v) above (unless the prior consent of the Administrative Agent and Required Lenders are received, which consent shall not be unreasonably withheld), in each case (A) at least 75% of the consideration received therefor by such Newark Group Party or any such Subsidiary is in the form of cash or Cash Equivalents, (B) the total consideration received by such Newark Group Party or any such Subsidiary is greater than or equal to the fair market value of the assets sold, transferred, leased or otherwise disposed of, (C) no Event of Default then exists or shall result from such asset disposition, (D) with respect to the sale of any Mortgaged Property, the Borrower shall provide an appraised value for such Mortgaged Property and the Loans shall be prepaid in accordance with Section 2.5(b)(iii)(A) in an amount equal to the greater of (I) such appraised value and (II) the Net Cash Proceeds actually received from such sale, (E) with respect to the sale of any Equipment referenced in clause (ii) above, to the extent that such sale proceeds are not used to acquire replacement or other Equipment within 270 days after such sale occurs as provided in clause (x) of Section 9.7(a)(ii), the Loans shall be prepaid (from the proceeds of such sale) in accordance with Section 2.5(b)(iii)(A) and (F) with respect to the sale and/or other disposition of any other property and/or assets constituting Term Loan Priority Collateral, the Net Cash Proceeds from such sale and/or other disposition shall be applied to the outstanding Obligations as a prepayment in accordance with Section 2.5(b)(iii)(A); provided, further, that with respect to sales of assets permitted hereunder only, Collateral Agent shall be entitled, without the consent of the Required Lenders, to release its liens relating to the particular assets sold; or

(b) (i) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) the property or assets of any Person (including, without limitation, Capital Stock) other than (A) purchases or other acquisitions of inventory, leases, materials, property and equipment in the ordinary course of business, except as otherwise limited or prohibited herein and (B) Permitted Acquisitions or (ii) enter into any transaction of merger or consolidation, except for investments or acquisitions permitted pursuant to Section 9.10.

Section 9.8 Encumbrances.

Each Credit Party shall not, and shall not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets or properties, including the Collateral, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any security interest or lien with respect to any such assets or properties, except ("Permitted Liens"):

(a) the security interests and liens of Collateral Agent for itself and the benefit of the Secured Parties;

(b) liens securing the payment of taxes, assessments or other governmental charges or levies either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to such Credit Party or Subsidiary, as the case may be, in

each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(c) non-consensual statutory liens (other than liens securing the payment of taxes) arising in the ordinary course of such Credit Party's or Subsidiary's business to the extent: (i) such liens secure Indebtedness which is not overdue or (ii) such liens secure Indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued and available to such Credit Party or such Subsidiary, as the case may be, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(d) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of Real Property which do not interfere in any material respect with the use of such Real Property or ordinary conduct of the business of such Credit Party or such Subsidiary as presently conducted thereon or materially impair the value of the Real Property which may be subject thereto;

(e) purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property (other than Mortgaged Property) to secure Indebtedness permitted under Section 9.9(d) hereof;

(f) pledges and deposits of cash by any Newark Group Party after the date hereof in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with the current practices of such Newark Group Party as of the date hereof;

(g) pledges and deposits of cash by any Newark Group Party after the date hereof to secure the performance of tenders, bids, leases, trade contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations in each case in the ordinary course of business consistent with the current practices of such Newark Group Party as of the date hereof; provided, that, in connection with any performance bonds issued by a surety or other person, the issuer of such bond shall have waived in writing any rights in or to, or other interest in, any of the Collateral in an agreement, in form and substance satisfactory to Administrative Agent;

(h) liens arising from (i) operating leases and the precautionary UCC financing statement filings in respect thereof and (ii) equipment or other materials which are not owned by any Newark Group Party located on the premises of such Newark Group Party (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and consistent with current practices of such Newark Group Party and the precautionary UCC financing statement filings in respect thereof;

(i) judgments and other similar liens arising in connection with court proceedings that do not constitute an Event of Default, provided, that, (i) such liens are being contested in good faith and by appropriate proceedings diligently pursued, (ii) adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefore and (iii) a stay of enforcement of any such liens is in effect;

(j) (i) the security interests and liens set forth on Schedule 8.4 to the Information Certificate and (ii) the mortgage granted by JD Corp. to Liberty Commercial Mortgage Corporation with respect to the Jackson Drive Real Property securing Indebtedness in the approximate outstanding principal amount of $2,160,000 outstanding as of [**November 30, 2009**] [**Borrower, please provide an update of this amount**];

(k) liens securing the ABL Obligations, solely to the extent that (i) the Intercreditor Agreement or a replacement subordination and intercreditor agreement satisfactory to Administrative Agent and Required Lenders (for the avoidance of doubt, to the extent that such subordination and intercreditor agreement would have the effect of amending any provision hereof that would require all Lender consent under Section 11.3 hereof, the consent of all Lenders would be required with respect to such subordination and intercreditor agreement) is in effect and such obligations are in accordance with the ABL Financing Agreements, in effect on the date hereof (unless the amendment thereof is permitted hereunder), and (ii) the principal amount of such ABL Obligations does not exceed $95,000,000;

(l) liens securing the Indebtedness permitted under Section 9.9(i) hereof, subject to subordination terms described in Section 9.9(i) hereof; and

(m) without duplication of any other clauses set forth in this Section 9.8, liens solely on the assets of Foreign Subsidiaries not otherwise expressly permitted by clauses (a) through (l) above that are expressly permitted under, and are in full compliance with, the terms of Section 9.8 of the ABL Credit Agreement as is in effect on the date hereof.**[All cross references to the ABL Credit Agreement will need to be reviewed once the ABL Credit Agreement is finalized]**

Section 9.9 Indebtedness.

Each Credit Party shall not, and shall not permit any of its Subsidiaries to, incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any Indebtedness, or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly), the Indebtedness, performance, obligations or dividends of any other Person, except:

(a) the Obligations and the Parallel Debt with respect thereto;

(b) the ABL Obligations (and the Parallel Debts (as defined in the ABL Credit Agreement) with respect thereto) of the Borrower in an aggregate principal amount not to exceed $95,000,000 and renewals, refinancings or extensions thereof in whole or in part (provided, that (i) the outstanding principal amount of the ABL Obligations is not increased at the time of such renewal, refinancing or extension such that the principal amount thereof exceeds $95,000,000 and (ii) the terms relating to principal amount, amortization, maturity and collateral, and other material terms taken as a whole, of any renewal, refinancing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are not prohibited by the Intercreditor Agreement and are no less favorable in any material respect to the Borrower or the Lenders than the terms of any ABL Financing Agreement and the interest rate applicable to any such renewal, refinancing or extending Indebtedness does not exceed the then applicable market interest rate for Indebtedness of this type), so long as the Intercreditor Agreement or an subordination and intercreditor agreement satisfactory to Administrative Agent and the Required Lenders (for the avoidance of doubt, to the extent that such subordination and intercreditor agreement would have the effect of amending any provision hereof that would require all Lender consent under Section 11.3 hereof, the consent of all Lenders would be required with respect to such subordination and intercreditor agreement) is in effect and is applicable to such renewal, refinancing or extending Indebtedness;

(c) Indebtedness of the Newark Group Parties and their Subsidiaries existing as of the date hereof as referenced in the financial statements delivered to Administrative Agent and as set out more specifically in Schedule 9.9 to the Information Certificate and renewals, refinancings or extensions thereof; provided, that (i) the outstanding principal amount of such Indebtedness is not increased at the time of such renewal, refinancing or extension and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any renewal, refinancing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the

Borrower, any Subsidiary of the Borrower, or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such renewal, refinancing or extending Indebtedness does not exceed the then applicable market interest rate for Indebtedness of that type;

(d) purchase money Indebtedness (including Capital Leases) arising after the date hereof to the extent secured by purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property (other than Mortgaged Property) not to exceed $15,000,000 in the aggregate at any time outstanding so long as such security interests and mortgages do not apply to any property of such Newark Group Party or Subsidiary other than the Equipment or Real Property so acquired, and the Indebtedness secured thereby does not exceed the cost of the Equipment or Real Property so acquired, as the case may be;

(e) unsecured intercompany Indebtedness among the Credit Parties (in each case so long as such Credit Party is the Borrower or any Domestic Subsidiary thereof), provided that any such Indebtedness shall be (i) fully subordinated to the Obligations hereunder on terms reasonably satisfactory to the Administrative Agent and (ii) if requested by the Administrative Agent and, in any event, if in an amount greater than $5,000,000, evidenced by promissory notes which shall be pledged and delivered to Administrative Agent as Collateral for the Obligations;

(f) unsecured Indebtedness and obligations of Newark Group Parties and/or their Subsidiaries owing under hedging agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(g) Guaranty Obligations in respect of Indebtedness of a Credit Party (in each case so long as such Credit Party is the Borrower or any Domestic Subsidiary thereof) to the extent such Indebtedness is permitted to exist or be incurred pursuant to this Section 9.9;

(h) unsecured Indebtedness of the Borrower pursuant to and arising under the von Zuben New Subordinated Notes in accordance with the terms thereof as in effect on the date; provided, that, payments in respect thereof by Borrower or any of its Subsidiaries are not permitted unless made pursuant to and in accordance with the terms of Section 9.11(h) herein;

(i) (i) Indebtedness of the Borrower to its existing shareholders or their Affiliates arising after the date hereof in an aggregate principal amount not to exceed $20,000,000 provided that (A) such Indebtedness constitutes "Subordinated Debt" and all related Liens are subordinated to the Liens securing the Obligations and such Indebtedness and any related Liens is otherwise subject in all respects to a subordination and intercreditor agreement in form satisfactory to Administrative Agent and the Required Lenders (for the avoidance of doubt, to the extent that such subordination and intercreditor agreement would have the effect of amending any provision hereof that would require all Lender consent under Section 11.3 hereof, the consent of all Lenders would be required with respect to such subordination and intercreditor agreement) and such subordination and intercreditor agreement is in full force and effect, (B) the terms relating to principal amount, amortization, maturity, collateral, representations and warranties, covenants, and other material terms taken as a whole, of such Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, would not be prohibited by the applicable subordination and intercreditor agreement and shall not be more restrictive than the terms of this Agreement, (C) Borrower and Guarantors shall not, directly or indirectly, be permitted to make any payments in respect of such Indebtedness, except in accordance with Section 9.11(c) hereof, (D) Administrative Agent shall have received not less than twenty (20) days' prior written notice of the intention of the Borrower to incur such Indebtedness, (E) Administrative Agent shall have received true, correct and complete copies of all agreements, documents and instruments evidencing or otherwise related to such Indebtedness, each, in form and substance satisfactory to Administrative Agent, (F) except as Administrative Agent and Required Lenders may otherwise agree in writing and

solely to the extent that the ABL Lenders' commitment to make revolving loans under the ABL Credit Agreement has not been terminated and no Default or Event of Default (each as defined in the ABL Credit Agreement) is then continuing, all of the Net Cash Proceeds of such Indebtedness shall be applied in accordance with Section 2.6(b) of the ABL Credit Agreement (in effect on the date hereof) and (G) before and after giving effect to such Indebtedness, no Default or Event of Default shall exist or have occurred and be continuing and the Borrower and Guarantors are in compliance with the financial covenants set forth in Section 9.17 on a Pro Forma Basis and (ii) renewals, refinancings or extensions in whole or in part of the Indebtedness referenced in Section 9.9(i)(i) hereof provided that (A) the outstanding principal amount of such Indebtedness pursuant to any such renewal, refinancing or extension (together with any principal outstanding under the Indebtedness permitted under this Section 9.9(i) (to the extent not refinanced, renewed or extended)), is not greater than $20,000,000 (exclusive of any such principal that constitutes capitalized interest and capitalized fees with respect thereto), (B) Borrower and Guarantors shall not, directly or indirectly, be permitted to make any payments in respect of such Indebtedness, except in accordance with Section 9.11(c) hereof, (C) the terms relating to principal amount, amortization, maturity and collateral, representations and warranties, covenants and other material terms taken as a whole, of any renewal, refinancing or extending of such Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, would not be prohibited by the applicable subordination and intercreditor agreement and are no less favorable in any material respect to the Borrower or the Lenders than the terms of any agreement, document and/or instrument evidencing the Indebtedness permitted under Section 9.9(i)(i) hereof, (D) Administrative Agent shall have received true, correct and complete copies of all agreements, documents and instruments evidencing or otherwise related to such Indebtedness, each, in form and substance satisfactory to Administrative Agent, (E) such Indebtedness constitutes "Subordinated Debt" and all related Liens are subordinated to the Liens securing the Obligations under and is otherwise subject in all respects to a subordination and intercreditor agreement in form and substance satisfactory to Administrative Agent and the Required Lenders (for the avoidance of doubt, to the extent that such subordination and intercreditor agreement would have the effect of amending any provision hereof that would require all Lender consent under Section 11.3 hereof, the consent of all Lenders would be required with respect to such subordination and intercreditor agreement) and such subordination and intercreditor agreement is in full force and effect and (F) before and after giving effect to any such renewal, refinancing or extension, no Default or Event of Default shall exist or have occurred and be continuing;

(j) other unsecured Indebtedness of the Credit Parties and/or their Domestic Subsidiaries in an aggregate amount not to exceed (i) during the continuation of a Cash Management Event, $10,000,000 at any time outstanding and (ii) when a Cash Management Event is not then continuing, $25,000,000 at any time outstanding;

(k) Indebtedness of the Borrower and its Domestic Subsidiaries that is secured by assets acquired in connection with a Permitted Acquisition and not incurred in contemplation thereof, as long as the outstanding principal amount of such Indebtedness (i) is not increased after the date the asset is acquired by the Borrower or any of its Domestic Subsidiaries and (ii) does not exceed $10,000,000 in the aggregate;

(l) other Indebtedness of Credit Parties and their Domestic Subsidiaries which does not exceed $1,000,000 in the aggregate at any time outstanding; and

(m) without duplication of any other clauses set forth in this Section 9.9, Indebtedness of the Newark B.V. or other Foreign Subsidiaries not otherwise expressly permitted by clauses (a) through (l) above that is expressly permitted under, and is in full compliance with, the terms of Section 9.9 of the ABL Credit Agreement as is in effect on the date hereof.

Notwithstanding any other provisions set forth in this Section 9.9 or any other provisions set forth herein, the Credit Parties shall not, and shall not permit any of their Domestic Subsidiaries to, incur, create,

assume, or become or be liable in any manner with respect to, any Indebtedness, or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly) any Indebtedness incurred by the Borrower's Foreign Subsidiaries (other than (x) under the ABL Credit Agreement and (y) unsecured guaranties of Indebtedness not to exceed in the aggregate at any time €15,000,000 of the Borrower's Foreign Subsidiaries).

Section 9.10 Loans, Investments, Etc.

Each Credit Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any loans or advance money or property to any person, or invest in (by capital contribution, dividend or otherwise) or purchase or repurchase the Capital Stock or Indebtedness or all or a substantial part of the assets or property of any Person, or form or acquire any Subsidiaries, or agree to do any of the foregoing, except (the "Permitted Investments"):

(a) cash and Cash Equivalents;

(b) receivables owing to the Borrower or any of its Subsidiaries and advances to suppliers, including, without limitation, notes receivable owing from customers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(c) investments in and loans to a Credit Party (in each case so long as such Credit Party is the Borrower or any Domestic Subsidiary thereof); provided, however, that investments in and loans to NP Cogen shall be limited to those in existence on the date hereof until such time as the Administrative Agent shall have received an opinion of counsel to NP Cogen in form and substance satisfactory to Administrative Agent;

(d) loans and advances to employees of Newark Group Parties in an aggregate amount not to exceed $1,500,000 at any time outstanding; provided that (i) the proceeds of such loan(s) and/or advance(s) are used for relocation purposes, (ii) such loan(s) and/or advance(s) are not made in violation of any law and (iii) such loan(s) and/or advance(s), each, has a maturity date of no more than 5 years;

(e) investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(f) investments, acquisitions or transactions permitted under Section 9.7;

(g) hedging agreements to the extent permitted pursuant to Section 9.9;

(h) Permitted Acquisitions;

(i) the investments in and loans to Newark B.V. by the Borrower existing as of the date hereof and evidenced by the B.V. Intercompany Notes in an aggregate principal amount outstanding as of the date hereof of approximately €20,597,793.35, as such notes are in effect on the date hereof and as such amount may be reduced from time to time by the application of principal payments thereto;

(j) Intentionally Omitted;

(k) additional loan advances and/or Investments of a nature not contemplated by the foregoing clauses hereof, provided that such loans, advances and/or investments (i) made pursuant to this

clause (k) shall not exceed an aggregate amount of $100,000 and (ii) shall not be to (directly or indirectly) any of the Foreign Subsidiaries;

(l) loans and advances made by the Credit Parties to Credit Parties' Foreign Subsidiaries after the Closing Date, in an aggregate amount outstanding at any time not to exceed $5,000,000 less the aggregate amount of investments made by the Credit Parties to Credit Parties' Foreign Subsidiaries after the Closing Date pursuant to clause (n) below, provided, that, (i) as of the date of any such loan(s) or advance(s) and after giving effect thereto, Excess Availability shall not be less than $20,000,000, (ii) as of the date of any such loan(s) or advance(s) and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing, (iii) all of such loans and/or advances are evidenced by promissory note(s), the original executed copy of which is pledged and delivered to Collateral Agent to serve as Collateral for the Obligations and (iv) the proceeds of such loan(s) and advance(s) are used solely to replace existing loans to the applicable Foreign Subsidiary or Foreign Subsidiaries;

(m) loans and advances by the Borrower to its Foreign Subsidiaries outstanding on the date hereof provided that any amounts repaid on account of such loans and/or advances shall not be available to be reborrowed (for the avoidance of doubt, no loans may be made after the date hereof by any Credit Party or any of its Domestic Subsidiaries to any of Newark Group Parties' Foreign Subsidiaries on account of such Indebtedness whether or not the commitment to make such loans or the credit facility with respect thereto was in place prior to the date hereof);

(n) investments by the Borrower in connection with the formation of a new Subsidiary of the Borrower; provided, that, (i) Borrower and Guarantors shall comply with the requirements of Section 9.22 of this Agreement with respect to such Subsidiary, (ii) at the time of any such investment and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing and (iii) investments made by the Credit Parties to Credit Parties' Foreign Subsidiaries after the Closing Date in the aggregate at any time shall not exceed $5,000,000 less the aggregate amount of loans and advances made by the Credit Parties to Credit Parties' Foreign Subsidiaries after the Closing Date pursuant to clause (l) above; and

(o) without duplication of any other clauses set forth in this Section 9.10, investments in and loans to the Newark B.V. and other Foreign Subsidiaries by and from the Newark B.V. and other Foreign Subsidiaries that are expressly permitted under, and are in full compliance with, the terms of Section 9.10 of the ABL Credit Agreement as is in effect on the date hereof.

Section 9.11 Restricted Payments.

The Credit Parties will not, nor will they permit any of their Subsidiaries to, directly or indirectly, declare, order, make or set apart any sum for or pay any Restricted Payment, except:

(a) to make dividends payable solely in the form (and class) of the Capital Stock currently owned by such Person;

(b) to make dividends or other distributions (directly or indirectly through Subsidiaries) payable to any Newark Group Party (provided that a Credit Party may only make dividends or other distributions to another Credit Party that is the Borrower or any Domestic Subsidiary of the Borrower);

(c) (i) to make regularly scheduled interest payments in respect of the Indebtedness permitted under Section 9.9(i) hereof but only to the extent permitted under the applicable subordination and intercreditor agreement; provided, that as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and (ii) to make any

payments on account of refinancing the Indebtedness permitted pursuant to Section 9.9(i) to the extent such refinancing is permitted under Section 9.9(i);

(d) provided that (i) no Default or Event of Default has occurred and is continuing at such time or would be directly or indirectly caused as a result thereof and (ii) so long as the Borrower is in compliance with the financial covenants set forth in Section 9.17 on a Pro Forma Basis after giving effect to such Restricted Payment, to make Restricted Payments in respect of the Borrower's existing stock appreciation rights and stock option programs; provided further the aggregate amount of all such Restricted Payments made under this clause (d) shall not exceed **[$1,000,000]** in any fiscal year;

(e) the issuance of Capital Stock of the Borrower or any of its Subsidiaries;

(f) commencing after the fiscal year ending on April 30, 2011, provided that no Default or Event of Default has occurred and is continuing at such time or would be directly or indirectly caused as a result thereof, Excess Availability is in excess of $25,000,000, the Total Leverage Ratio is less than or equal to 1.50 to 1.0, the outstanding principal amount of the Loans have been permanently reduced by at least $20,000,000 after the date hereof other than through asset sales or other dispositions of Collateral and, without limiting the Borrower's obligation to otherwise comply with the Fixed Charge Coverage Ratio covenant set forth in Section 9.17 hereof, the Fixed Charge Coverage Ratio of the Borrower and its Subsidiaries shall not be less than 1.25 to 1.0 as of the date on which such dividend is issued (after giving effect thereto), in each case, after giving effect to the paying of such cash dividend(s), the Borrower may pay cash dividends in an amount equal to no greater than 50% of the Consolidated Net Income for the immediately preceding fiscal year of the Borrower (calculation starting with Borrower's 2012 fiscal year);

(g) the Borrower may make cash contributions to its pension plan in excess of the actuarially determined minimum funding obligation in an aggregate amount of up to $3,000,000 per fiscal year; provided, that, (i) no Default or Event of Default has occurred and is continuing at such time or would be directly or indirectly caused as a result thereof, (ii) Excess Availability is in excess of $15,000,000, both before and after giving effect to such payment(s) and (iii) such cash contributions shall not exceed $12,000,000 in the aggregate after the Closing Date;

(h) to make payments in respect of the von Zuben New Subordinated Notes in accordance with the terms thereof as in effect on the date; provided that, as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing;

(i) to make bonus payments under the Borrower's management incentive program as in effect on (and as contemplated as of) the date hereof; provided, that, as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall have occurred and is continuing;

(j) to make dividends or other distributions (directly or indirectly through Subsidiaries) payable by Newark B.V. or another Foreign Subsidiary to Newark B.V. or another Foreign Subsidiary; and

(k) to make distributions in respect of the put rights of the ESOP Plan participants pursuant to and in accordance with Section 2.B. of the ESOP Settlement Agreement as in effect on the date such ESOP Settlement Agreement was originally entered into; provided, that, as of the date of any such distribution and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

Notwithstanding any other provisions set forth in this Section 9.11 or any other provisions set forth herein, neither the Credit Parties nor any of their Domestic Subsidiaries shall make any payments or

distributions (whether a Restricted Payment or otherwise) or incur any liability on account of any Indebtedness of any of the Borrower's Foreign Subsidiaries (other than (x) under the ABL Credit Agreement and (y) unsecured guaranties of Indebtedness not to exceed in the aggregate at any time €15,000,000 of the Borrower's Foreign Subsidiaries).

Section 9.12 Transactions with Affiliates.

(a) Each Credit Party shall not, nor shall they permit any of their Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its officers, directors or other Affiliates (each, an "Affiliate Transaction"), other than:

(i) Affiliate Transactions permitted by paragraph (b) below; and

(ii) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an officer, director or Affiliate of the Newark Group Party.

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a fair market value in excess of $5,000,000 will be approved by the Board of Directors (or comparable governing body) of the applicable Newark Group Party, such approval to be evidenced by resolutions stating that the Board of Directors (or comparable governing body) has determined that such transaction complies with the foregoing provisions. If any Newark Group Party enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate fair market value of more than $10,000,000, the Borrower will, prior to the consummation thereof, obtain an opinion from an Independent Financial Advisor stating that such transaction or series of related transactions are fair to the applicable Newark Group Party, as the case may be, from a financial point of view.

(b) The restrictions set forth in Section 9.12(a) shall not apply to:

(i) reasonable fees and compensation paid to and indemnity provisions on behalf of the officers, directors, employees or consultants of any Newark Group Party as determined in good faith by the applicable Newark Group Party's Board of Directors (or comparable governing body);

(ii) transactions exclusively between or among the Credit Parties (in each case so long as such Credit Party is the Borrower or any Domestic Subsidiary thereof); provided, that (A) such transactions are not otherwise prohibited by this Agreement and (B) the aggregate market value of all such transactions (other than transactions contemplated in clause (iii) below) shall not exceed $1,000,000 in the aggregate during any fiscal year;

(iii) any agreement or instrument in effect as of the date hereof or any amendment or replacement thereof or any transaction contemplated thereby (including pursuant to any amendment or replacement thereof) so long as (i) any such amendment or replacement agreement or instrument is, in the good faith judgment of the Board of Directors (or comparable governing body) of the applicable Newark Group Party, not more disadvantageous to the Lenders in any material respect than the original agreement or instrument as in effect on the date hereof and (ii) each such agreement, instrument (or amendment or replacement thereof) or any such transaction contemplated thereby is set forth in Schedule 9.12(b)(iii);

(iv) Restricted Payments and Permitted Investments permitted by this Agreement and the Indebtedness permitted to be incurred pursuant to Sections 9.9(b) or (i) above;

(v) the purchase of gas by NP Cogen, Inc. on behalf of the Borrower in an aggregate amount not to exceed $1,000,000 during any calendar year;

(vi) transactions exclusively between or among the Foreign Subsidiaries which are not otherwise prohibited by this Agreement; and

(vii) the purchase or transfer of wastepaper by Integrated Paper Recyclers (a joint venture in which the Borrower maintains a 50% interest) to Borrower in an aggregate amount (or the aggregate value of which shall) not to exceed $6,000,000 during any calendar year.

Section 9.13 Compliance with ERISA.

Each Credit Party shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal and State law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (c) not terminate any Pension Plan so as to incur any material liability to the Pension Benefit Guaranty Corporation; (d) not knowingly allow or suffer to exist any prohibited transaction involving any Plan or any trust created thereunder which would subject such Newark Group Party or such ERISA Affiliate to a material tax or other liability on prohibited transactions imposed under Section 4975 of the Code or ERISA; (e) make all required contributions to any Plan which it is obligated to pay under Section 302 of ERISA, Section 412 of the Code or the terms of such Plan; (f) not allow or suffer to exist any accumulated funding deficiency, whether or not waived, with respect to any such Pension Plan; (g) not engage in a transaction with respect to a Pension Plan that could be subject to Section 4069 or 4212(c) of ERISA; or (h) not allow or suffer to exist any occurrence of a Reportable Event or any other event or condition which presents a material risk of termination by the Pension Benefit Guaranty Corporation of any Plan that is a single employer plan within the meaning of Section 4001(a)(15) of ERISA, which termination could result in any material liability to the Pension Benefit Guaranty Corporation.

Section 9.14 End of Fiscal Years.

No Credit Party will, nor will they permit any of their Subsidiaries to, change their fiscal year.

Section 9.15 Change in Business.

No Credit Party will, nor will they permit any of their Subsidiaries to, engage in any business other than the business of such Newark Group Party on the date hereof and any business reasonably related, ancillary or complimentary to the business in which such Newark Group Party is engaged on the date hereof.

Section 9.16 Limitation of Restrictions Affecting Subsidiaries.

None of the Credit Parties shall, directly, or indirectly, create or otherwise cause or suffer to exist any encumbrance or restriction which prohibits or limits the ability of any Subsidiary of such Credit Party to (a) pay dividends or make other distributions or pay any Indebtedness owed to such Credit Party or any Subsidiary of such Credit Party; (b) make loans or advances to such Credit Party or any Subsidiary of such Credit Party, (c) transfer any of its properties or assets to such Credit Party or any Subsidiary of such Credit Party; (d) create, incur, assume or suffer to exist any lien upon any of its

property, assets or revenues, whether now owned or hereafter acquired or (e) act as a Guarantor and pledge its assets pursuant to the Financing Agreements or any renewals, refinancings, exchanges, refundings or extensions thereof, other than encumbrances and restrictions arising under (i) applicable law, (ii) this Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of such Credit Party or any Subsidiary of such Credit Party, (iv) customary restrictions on dispositions of real property interests found in reciprocal easement agreements of such Credit Party or any Subsidiary of such Credit Party, (v) any agreement relating to permitted Indebtedness incurred by a Subsidiary of such Credit Party prior to the date on which such Subsidiary was acquired by such Credit Party and outstanding on such acquisition date, (vi) the extension or continuation of contractual obligations in existence on the date hereof; provided, that, any such encumbrances or restrictions contained in such extension or continuation are no less favorable to Administrative Agent and Lenders than those encumbrances and restrictions under or pursuant to the contractual obligations so extended or continued, (vii) any document or instrument governing Indebtedness incurred pursuant to Section 9.9(d), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith or (viii) any Permitted Lien or any document or instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien. None of the Credit Parties shall, directly, or indirectly, create or otherwise cause or suffer to exist any encumbrance or restriction which prohibits or limits the ability of Newark B.V. to pay any Indebtedness owed by Newark B.V. to any Credit Party. The Credit Parties shall not permit Newark B.V. to make any principal payments or any other payments (other than interest payments) on account of any Indebtedness owed by Newark B.V. to any Subsidiary or other Affiliates of Borrower (in each case, other than a Credit Party) until all Indebtedness owed by Newark B.V. to the Credit Parties (including without limitation, all Indebtedness evidenced by the B.V. Intercompany Notes) has been paid in full in immediately available funds provided that this sentence shall not be construed to limit Newark B.V.'s ability to transfer funds in the ordinary course of its business to its Subsidiaries to the extent that such funds are used by such Subsidiaries solely for working capital purposes.

Section 9.17 Financial Covenants.

(a) Fixed Charge Coverage Ratio.

The Fixed Charge Coverage Ratio, for the twelve-month period ending as of each fiscal quarter end set forth below, shall be greater than or equal to the corresponding ratio set forth below:

Fiscal Quarter Ending	Fixed Charge Coverage Ratio
July 31, 2010	1.50 to 1.00
October 31, 2010	1.30 to 1.00
January 31, 2011	1.30 to 1.00
April 30, 2011	1.30 to 1.00
July 31, 2011	1.30 to 1.00
October 31, 2011	1.30 to 1.00
January 31, 2012	1.30 to 1.00
April 30, 2012 and the end of each fiscal quarter thereafter	1.20 to 1.00

(b) Total Leverage Ratio.

The Total Leverage Ratio, for the twelve-month period ending as of each fiscal quarter end set forth below, shall be less than or equal to the corresponding ratio set forth below:

Fiscal Quarter Ending	Total Leverage Ratio
[July 31, 2010	4.25 to 1.00
October 31, 2010	4.125 to 1.00
January 31, 2011	3.50 to 1.00
April 30, 2011	3.00 to 1.00
July 31, 2011	2.85 to 1.00
October 31, 2011	2.75 to 1.00
January 31, 2012	2.75 to 1.00
April 30, 2012	2.50 to 1.00
July 31, 2012	2.50 to 1.00
October 31, 2012	2.50 to 1.00
January 31, 2013	2.25 to 1.00
April 30, 2013 and the end of each fiscal quarter thereafter	2.25 to 1.00]

(c) Reserved.

(d) Capital Expenditures. The Newark Group Parties and their Subsidiaries shall not make Capital Expenditures during any fiscal year in excess of the amount set forth opposite such fiscal year in the table set forth in this Section 9.17(d); provided that, in the event that the amount that the Newark Group Parties and their Subsidiaries incur for Capital Expenditures during any fiscal year is less than the amount permitted for that fiscal year, such unused portion of permitted Capital Expenditures may be carried over to (and used solely during) any subsequent fiscal year. Capital Expenditures incurred in any fiscal year will first be applied to that fiscal year's allocation and then to any carried over amounts from the (applicable) previous fiscal year. Any unused carried-over amounts at the end of the fiscal year into which they were carried-over shall expire at the end of such fiscal year and shall not carry over to any subsequent fiscal year.

Fiscal Year Ending	Capital Expenditure Amount
April 30, 2011	$20,500,000
April 30, 2012	$24,500,000
April 31, 2013 and each fiscal year thereafter	$27,500,000

Section 9.18 Classification of Senior Indebtedness.

Each Credit Party shall cause the Obligations to constitute "Senior Debt", "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement to be legally valid and enforceable against the parties thereto.

Section 9.19 License Agreements.

(a) Each Credit Party shall, and shall cause Newark B.V. to, (i) promptly and faithfully observe and perform all of the material terms, covenants, conditions and provisions of the material License Agreements to which it is a party to be observed and performed by it, at the times set forth therein, if any, (ii) not do, permit, suffer or refrain from doing anything that could reasonably be expected to result in a default under or breach of any of the terms of any material License Agreement, (iii) not cancel, surrender, modify, amend, waive or release any material License Agreement in any material respect or any term, provision or right of the licensee thereunder in any material respect, or consent to or permit to occur any of the foregoing; except, that, subject to Section 9.19(b) below, such Newark Group

Party may cancel, surrender or release any material License Agreement in the ordinary course of the business of such Newark Group Party; provided, that, such Newark Group Party (as the case may be) shall give Administrative Agent not less than thirty (30) days prior written notice of its intention to so cancel, surrender and release any such material License Agreement, (iv) give Administrative Agent prompt written notice of any material License Agreement entered into by such Newark Group Party after the date hereof, together with a true, correct and complete copy thereof and such other information with respect thereto as Administrative Agent may request, (v) give Administrative Agent prompt written notice of any material breach of any obligation, or any default, by any party under any material License Agreement, and deliver to Administrative Agent (promptly upon the receipt thereof by such Newark Group Party in the case of a notice to such Newark Group Party and concurrently with the sending thereof in the case of a notice from such Newark Group Party) a copy of each notice of default and every other notice and other communication received or delivered by such Newark Group Party in connection with any material License Agreement which relates to the right of such Newark Group Party to continue to use the property subject to such License Agreement, and (vi) furnish to Administrative Agent, promptly upon the request of Administrative Agent, such information and evidence as Administrative Agent may reasonably require from time to time concerning the observance, performance and compliance by such Newark Group Party or the other party or parties thereto with the material terms, covenants or provisions of any material License Agreement.

(b) Each Newark Group Party will either exercise any option to renew or extend the term of each material License Agreement to which it is a party in such manner as will cause the term of such material License Agreement to be effectively renewed or extended for the period provided by such option and give prompt written notice thereof to Administrative Agent or give Administrative Agent prior written notice that such Newark Group Party does not intend to renew or extend the term of any such material License Agreement or that the term thereof shall otherwise be expiring, not less than sixty (60) days prior to the date of any such non-renewal or expiration. In the event of the failure of such Newark Group Party to extend or renew any material License Agreement to which it is a party, Administrative Agent shall have, and is hereby granted, the irrevocable right and authority, at its option, to renew or extend the term of such material License Agreement, whether in its own name and behalf, or in the name and behalf of a designee or nominee of Administrative Agent or in the name and behalf of such Newark Group Party, as Administrative Agent shall determine at any time that an Event of Default shall exist or have occurred and be continuing. Administrative Agent may, but shall not be required to, perform any or all of such obligations of such Newark Group Party under any of the License Agreements, including, but not limited to, the payment of any or all sums due from such Newark Group Party thereunder. Any sums so paid by Administrative Agent shall constitute part of the Obligations.

Section 9.20 Foreign Assets Control Regulations, Etc.

Neither the requesting or borrowing of the Loans nor the use of the proceeds thereof has or will violate the Trading With the Enemy Act (50 USC §1 et seq., as amended) (the "Trading With the Enemy Act") or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) (the "Foreign Assets Control Regulations") or any enabling legislation or executive order relating thereto (including, but not limited to (a) Executive order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the "Executive Order") and (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56). None of Borrower or any of its Subsidiaries or any of their respective officers, directors or Affiliates is or will become a "blocked person" as described in the Executive Order, the Trading with the Enemy Act or the Foreign Assets Control Regulations or engages or will engage in any dealings or transactions, or be otherwise associated, with any such "blocked person".

Section 9.21 Costs and Expenses.

The Credit Parties shall pay to Agent and Lenders on demand all reasonable costs, fees, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, syndication, administration, collection, liquidation, enforcement and defense of the Obligations, Administrative Agent's, Collateral Agent's, and the applicable Control Agent's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be requested by Borrower or required by the Agent (whether or not executed) or entered into in respect hereof and thereof, and in connection with any matter related to the Cases, including without limitation: (a) all costs and expenses of filing or recording (including Uniform Commercial Code financing statement filing taxes and fees, documentary taxes, intangibles taxes and mortgage recording taxes and fees, if applicable) and all title insurance costs and expenses; (b) to the extent Administrative Agent is authorized in any Financing Agreement to conduct such activities at a Credit Party's expense, costs and expenses and fees for insurance premiums, environmental audits, title insurance premiums, surveys, assessments, engineering reports and inspections, appraisal fees and search fees, background checks, (c) costs and expenses of collecting checks and other items of payment, and establishing and maintaining the Control Accounts, together with Administrative Agent's customary charges and fees with respect thereto; (d) costs and expenses of preserving and protecting the Collateral; (e) reasonable costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Collateral Agent (and/or Control Agent), selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Administrative Agent, Collateral Agent or any Lender arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters other than claims arising solely out of their gross negligence or willful misconduct, as determined by a court of competent jurisdiction); (f) all out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by Administrative Agent during the course of periodic field examinations of the Collateral and a Credit Party's operations, plus a per diem charge at Administrative Agent's then standard rate for Administrative Agent's examiners in the field and office (which rate as of the date hereof is $1,000 per person per day); (g) the reasonable fees and disbursements of counsel (including legal assistants), and any local counsel in Agent's discretion to Agent and Lenders in connection with any of the foregoing and (h) the reasonable fees, costs and expenses of Agent's and Lenders' advisors in connection with the restructuring of the Existing Loan Agreement, the Obligations and the Cases and all other matters referenced in this Section 9.21. Notwithstanding the foregoing or any other provisions set forth herein, the Credit Parties shall only be required to reimburse Agent and Lenders for the reasonable fees and disbursements of one counsel for Agent and one counsel for the Lenders (and any local counsel in Agent's and Lenders' discretion) in connection with the matters referenced in this Section.

Section 9.22 Additional Credit Parties.

Upon any Person becoming a direct or indirect Domestic Subsidiary (or Foreign Subsidiary, to the extent that such Person joins as a guarantor under the ABL Credit Agreement, or any other loan documents to which any Credit Party is a borrower) of the Borrower, the Borrower will provide Administrative Agent with written notice thereof setting forth information in reasonable detail describing all of the assets of such Person and shall (a) promptly cause such Person to execute and deliver to Administrative Agent a Guarantor Joinder Agreement in substantially the form of Exhibit D causing such Subsidiary to become a party to this Agreement, as a joint and several "Guarantor" and "Credit Party" for all purposes hereunder, including without limitation, to grant liens in substantially all of its assets to Collateral Agent (and Control Agent, as applicable) to secure the Obligations pursuant to Section 5.1 hereof, and (b) deliver such other documentation as Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, authorization to file appropriate UCC-1 financing statements, security agreements, other agreements, documents or instruments contemplated

under Section 5.2 hereof, certified resolutions and other organizational and authorizing documents of such Person and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to Administrative Agent and Required Lenders, provided that Borrower shall not be required to cause JD Corp. to become a Guarantor under this Agreement in accordance with this Section 9.22 or to otherwise comply with this Section 9.22 with respect to JD Corp., in each case, unless (A) JD Corp acquires or otherwise owns, in addition to the Jackson Drive Real Property, property and assets with a fair market value of at least $1,000,000 or (B) the mortgage encumbering the Jackson Drive Real Property on the date hereof is released (and not replaced with a mortgage with the same such restriction) or otherwise no longer prohibits the incurrence of any other liens on such Real Property.

Section 9.23 Pledged Assets.

Subject to the provisions of Article 5 hereof which limit the requirement that the Credit Parties' perfect the Agent's liens on all of the Collateral, each of the Credit Parties will cause, subject to Permitted Liens, (i) the Term Loan Priority Collateral, to be subject at all times to a first priority, perfected lien in favor of the applicable Control Agent, Collateral Agent or Administrative Agent, in each case for the benefit of the Lenders, pursuant to the terms and conditions of the Security Documents or such other security documents as the applicable Control Agent, Collateral Agent or Administrative Agent shall reasonably request, and (ii) the ABL Priority Collateral, to be subject at all times to a second priority, perfected lien in favor of the applicable Control Agent, Collateral Agent or Administrative Agent, in each case for the benefit of the Lenders (junior only to the liens of the ABL Lenders), pursuant to the terms and conditions of the Security Documents or such other security documents as the applicable Control Agent, Collateral Agent or Administrative Agent shall reasonably request.

Section 9.24 Amendment of Subordinated Debt; ABL Financing Agreements.

(a) The Credit Parties will not, nor will they permit any of their Subsidiaries to, amend, replace, refinance, refund, restructure, supplement, modify, waive or extend or permit the amendment, replacement, refinancing, refunding, restructuring, supplementing, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt in a manner that is adverse to the interests of the Lenders.

(b) The Credit Parties will not, nor will they permit any of their Subsidiaries to, amend, replace, refinance, refund, restructure, supplement, extend or otherwise modify the ABL Credit Agreement or any other ABL Financing Agreement (i) to violate the provisions of the Intercreditor Agreement, (ii) to increase the then outstanding aggregate principal amount of the loans or reimbursement obligations with respect to letters of credit and similar obligations available under the ABL Credit Agreement to an amount that would exceed $95,000,000, (iii) to amend and/or modify Sections 2.6, 9.9(b) and/or 9.11(g) of the ABL Credit Agreement (including, without limitation, any definition of any defined term contained within Sections 2.6, 9.9(b) and/or 9.11(g) of the ABL Credit Agreement) or (iv) in a manner that would restrict any Newark Group Party's ability to make regularly scheduled payments, mandatory prepayments and/or optional prepayments or any other payments, in each case, hereunder (or any payments on account of the Guaranty set forth in Section 14 hereof).

(c) The Credit Parties will not, nor will they permit any of their Subsidiaries to, without the prior written consent of the Required Lenders, amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term (including, without limitation, any scheduled or other payment or prepayment of any kind) of any document governing or relating to any of the B.V. Intercompany Notes in a manner that is adverse to the interests of the Lenders.

Section 9.25 Limitations on Activities of NP Cogen and JD Corp.

Neither NP Cogen nor JD Corp. shall engage in any activities or incur any Indebtedness other than (i) owning and operating the assets owned and operated by it in the ordinary course of business as of the date hereof and (ii) owing the Indebtedness owed by it as of the date hereof.

Section 9.26 Sale Leasebacks.

The Credit Parties will not, nor will they permit any of their Subsidiaries to, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a Capital Lease, of any property (whether real, personal or mixed) whether now owned or hereafter acquired, (a) which any Credit Parties or any Subsidiary has sold or transferred or is to sell or transfer to a Person which is not a Credit Party or a Subsidiary or (b) which any Credit Party or any Subsidiary intends to use for substantially the same purpose as any other property which has been sold or is to be sold or transferred by a Newark Group Party or a Subsidiary to another Person which is not a Newark Group Party or a Subsidiary in connection with such lease.

Section 9.27 No Further Negative Pledges.

The Credit Parties will not, nor will they permit any of their Subsidiaries to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any lien upon any of their properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (a) pursuant to this Agreement and the other Financing Agreements, or pursuant to the ABL Credit Agreement and the other ABL Financing Agreements, (b) pursuant to any document or instrument governing Indebtedness incurred pursuant to Section 9.9(d); provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, and (c) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien.

Section 9.28 Limitation on Excluded Subsidiaries.

The Credit Parties will not permit the Excluded Subsidiaries to (i) own any other assets or to conduct any other business other than such assets owned and such business conducted, in each case as of the date hereof or (ii) to account for, individually or in the aggregate for all such Excluded Subsidiaries, more than 5% of the net income or assets (determined on a consolidated basis) of the Borrower and its Subsidiaries.

Section 9.29 After Acquired Real Property.

If any Credit Party hereafter acquires any real property, fixtures or any other property with cash or Cash Equivalents on hand or with the proceeds of Indebtedness incurred under this Agreement that is of the kind or nature described in the Mortgaged Property and such real property, fixtures or other property is adjacent to, contiguous with or necessary or related to or used in connection with any Mortgaged Property, or if such real property is not adjacent to, contiguous with or related to or used in connection with Mortgaged Property, then if such real property, fixtures or other property at any location (or series of adjacent, contiguous or related locations, and regardless of the number of parcels) has a fair market value in an amount equal to or greater than $500,000 net of prior liens or such lesser amount as required by the Agent in its sole discretion, without limiting any other rights of Agent or any Lender, or duties or obligations of any Credit Party, promptly upon Agent's request, such Credit Party shall execute and deliver to Agent a mortgage, deed of trust or deed to secure debt, as Agent may determine, in form and substance substantially similar to the Mortgages and as to any provisions relating

to specific state laws satisfactory to Agent and in form appropriate for recording in the real estate records of the jurisdiction in which such real property or other property is located granting to Agent a first lien and mortgage on and security interest in such real property, fixtures or other property (except as such Credit Party would otherwise be permitted to incur hereunder or under the Mortgages or as otherwise consented to in writing by Agent) and such other agreements, documents and instruments as Agent may require in connection therewith. Each Credit Party shall not, and shall not permit any of its Domestic Subsidiaries to, create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its real property to the extent that it is not encumbered by a Mortgage for the benefit of Agent and Lenders (other than the Permitted Liens referenced in Section 9.8(d) hereof and Section 9.8(j)(ii) hereof).

Section 9.30 Operating Leases.

Each of the Credit Parties will not, nor will it permit any of its Subsidiaries to, enter into, assume or permit to exist any obligations for the payment of rent under Operating Leases which in the aggregate for all such Persons would exceed $12,000,000 in any fiscal year of the Borrower.

Section 9.31 Further Assurances.

At the reasonable request of Agent at any time and from time to time, the Credit Parties shall, at their expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect (solely with respect to perfection, subject to the provisions of Article 5 hereof which limit the requirement that the Credit Parties perfect the Agent's liens on all of the Collateral), maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements.

Section 9.32 Post Closing Covenants.

(a) Intentionally Omitted.

(b) Within fifteen (15) days after the date hereof (or such longer period of time which may be approved by Agent in writing in its sole and absolute discretion), Credit Parties shall have met with Moody's and/or S&P to commence the process to obtain a public rating with respect to the Loans and the other Obligations from Moody's or S&P (and thereafter shall use good faith reasonable efforts to promptly complete such process).

(c) Within thirty (30) days (or such longer period of time which may be approved by Agent in writing in its sole and absolute discretion) after the Administrative Agent delivers a written notice to Borrower directing Borrower to deliver to Administrative Agent and/or Collateral Agent any Security Documents not required to be delivered to Administrative Agent and/or Collateral Agent on or prior to the Closing Date or in accordance with this Section 9.32, Borrower shall deliver to Administrative Agent and/or Collateral Agent such Security Documents duly executed by all applicable Credit Parties, their Domestic Subsidiaries (as applicable) and all other parties thereto, each in form and substance satisfactory to Collateral Agent.

Section 9.33 Information

Each Credit Party shall cause all quarterly and annual financial statements relating to any Newark Group Party or any of their Subsidiaries which have been or may hereafter be delivered by any Newark Group Party to Administrative Agent and Lenders to be prepared in accordance with GAAP (except as to any interim financial statements, to the extent such statements are subject to normal year-end

adjustments and do not include any notes) and to fairly present in all material respects the financial condition and the results of operation of such Newark Group Party and such Subsidiaries as at the dates and for the periods set forth therein. The projections for the fiscal years ending 2010 through 2014 that have been delivered to Administrative Agent or any projections hereafter delivered to Administrative Agent shall have been prepared in light of the past operations of the businesses of the Newark Group Parties and their Subsidiaries and shall be based upon estimates and assumptions stated therein, all of which the Newark Group Parties have determined to be reasonable and fair in light of the then current conditions and current facts and reflect the good faith and reasonable estimates of the Newark Group Parties of the future financial performance of Borrower and its Subsidiaries and of the other information projected therein for the periods set forth therein. Each Credit Party shall cause all information furnished by or on behalf of any Newark Group Party or any Subsidiary thereof in writing to Administrative Agent, any Lender or the Bankruptcy Court in connection with this Agreement or any of the other Financing Agreements, the Plan of Reorganization or any transaction contemplated hereby or thereby or the Cases, including all information on the Information Certificate to be true and correct in all material respects on the date as of which such information is dated or certified and to not omit any material fact necessary in order to make such information not misleading.

Section 9.34 Ratings; Cooperation.

(a) After obtaining a public rating with respect to the Loans and the other Obligations from Moody's or S&P in accordance with Section 9.32(b) hereof, Credit Parties shall maintain a public rating from Moody's or S&P with respect to the Loans and other Obligations.

(b) Credit Parties shall provide such assistance to the Agent and Lenders in the syndication of the Loans and other Obligations as may reasonably be requested in good faith by them and provide customary information and documents in connection therewith.

Section 9.35 Foreign Subsidiary Covenant.

(a) Encumbrances. Without limiting Section 9.8, each of the Credit Parties agrees that each of its Foreign Subsidiaries shall not, and shall not permit any of its Foreign Subsidiaries to, create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets or properties, or file or permit the filing of, or permit to remain in effect, any financing statement, charge or other similar notice of any security interest or lien with respect to any such assets or properties, except to secure Indebtedness incurred by such Foreign Subsidiary to fund its working capital and capital expenditure requirements and acquisitions (in accordance with Section 9.35(b) hereof) (and any guarantees thereof).

(b) Indebtedness. Without limiting Section 9.9, each of the Credit Parties agrees that each of its Foreign Subsidiaries shall not, and shall not permit any of its Foreign Subsidiaries to, incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any Indebtedness, or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly), the Indebtedness, performance, obligations or dividends of any other Person, except, Indebtedness (i) of up to €30,000,000 incurred by Credit Parties' Foreign Subsidiaries to fund (A) their working capital and capital expenditure requirements (and any guarantees thereof) and (B) up to €6,000,000 of acquisitions, (ii) of Newark B.V. under the ABL Credit Agreement, (iii) permitted under Section 9.10(l) hereof and (iv) owing by one Foreign Subsidiary of the Credit Parties solely to another Foreign Subsidiary of the Credit Parties.

SECTION 10
EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default.

The occurrence or existence of any one or more of the following events are referred to herein individually as an "Event of Default", and collectively as "Events of Default":

(a) (i) (A) Borrower fails to pay any principal on any Loan when due in accordance with the terms hereof; or (B) Borrower fails to pay any interest on any Loan or other Obligation or any fee or other amount payable hereunder when due in accordance with the terms hereof and such failure shall continue unremedied for three (3) days (or any Guarantor shall fail to timely pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations thereunder);

(i)

(ii) any Credit Party shall fail to perform, comply with or observe any term, covenant or agreement applicable to it contained in any of Sections 9.1, 9.5, 9.6 through 9.12, 9.15 through 9.17, 9.20, 9.24, 9.25 through 9.30, 9.34 or 9.35;

(iii) any Credit Party shall fail to comply with any other covenant, contained in this Agreement or the other Financing Agreements (other than as described in Sections 10.1(a)(i) or (ii) above and 10.1(a)(iv) below), and in the event such breach or failure to comply is capable of cure, is not cured within thirty (30) days after its occurrence; provided, that, such thirty (30) day period shall not apply in the case of: (A) any failure to observe any such covenant which is not capable of being cured at all or within such thirty (30) day period or which has been the subject of a prior failure within the prior six (6) month period or (B) an intentional breach by any Credit Party of any such covenant; or

(iv) any Credit Party shall fail to comply with any requirement set forth in Section 9.32 hereof, and in the event such breach or failure to comply is capable of cure, is not cured within fifteen (15) days after its occurrence; provided, that, such fifteen (15) day period shall not apply in the case of: (A) any failure to observe any such covenant/requirement which is not capable of being cured at all or within such fifteen (15) day period or which has been the subject of a prior failure within the prior six (6) month period or (B) an intentional breach by any Credit Party of any requirement set forth in such Sections; **[Depending on the type of post-close deliveries, a notice from Agent may be added to this clause (iv) to trigger an Event of Default under this clause (iv). In no instance will such notice be required if there is any "preference risk" associated with the post-close delivery or if the post-close delivery involves items that the Agent is not in a position to independently track]**

(b) any representation, warranty or statement of fact made by any Credit Party to Agent or any Lender in this Agreement, the other Financing Agreements or any other written agreement, schedule, confirmatory assignment or otherwise shall when made or deemed made be false or misleading in any material respect on or as of the date made or deemed to be made;

(c) any Guarantor revokes or terminates or purports to revoke or terminate or fails to perform any of the terms, covenants, conditions or provisions of any guarantee (including, without limitation, the Guarantees), endorsement or other agreement of such party in favor of Administrative Agent or any Lender or any of the Guarantees or any material provisions thereof is invalid or unenforceable;

(d) any judgment for the payment of money is rendered against any Newark Group Party in excess of $1,000,000 in any one case or in excess of $1,000,000 in the aggregate (to the extent not covered by insurance where the insurer has assumed responsibility in writing for such judgment) and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed, or any judgment other than for the payment of money, or injunction, attachment, garnishment or execution is rendered against any Newark Group Party or any of the Collateral having a value in excess of $1,000,000;

(e) any Newark Group Party dissolves or discontinues doing business (provided that any Guarantor may dissolve or discontinue doing business if its assets are transferred to a Newark Group Party prior to such dissolution or discontinuation); any Newark Group Party (other than NP Cogen) suspends doing business other than for temporary shutdowns for routine maintenance or otherwise in accordance with past practices and in any event not more than five days in any fiscal quarter;

(f) any Newark Group Party makes an assignment for the benefit of creditors, makes or sends notice of a bulk transfer or calls a meeting of its creditors or principal creditors in connection with a moratorium or adjustment of the Indebtedness due to them;

(g) a case or proceeding under Debtor Relief Laws, the bankruptcy laws of the United States of America or other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against any Newark Group Party or all or any part of their respective properties and such petition or application is not dismissed within sixty (60) days after the date of its filing or any Newark Group Party shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;

(h) a case or proceeding under the bankruptcy laws of the United States of America or comparable proceeding under the Debtor Relief Laws or any other laws of any other applicable jurisdiction now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by any Newark Group Party or for all or any part of their respective property;

(i) any default in respect of any Indebtedness of any Newark Group Party (other than Indebtedness owing to Agent and Lenders hereunder), in any case in an amount in excess of $2,500,000, which default continues for more than the applicable cure period, if any, with respect thereto or any default by any Newark Group Party under any Material Contract, which default continues for more than the applicable cure period, if any, with respect thereto and/or is not waived in writing by the other parties thereto;

(j) any material provision hereof or of any of the other Financing Agreements shall for any reason cease to be valid, binding and enforceable with respect to any party hereto or thereto (other than with respect to Agent and Lenders) in accordance with its terms, or any such party shall challenge the enforceability hereof or thereof, or shall assert in writing, or take any action or fail to take any action based on the assertion that any provision hereof or of any of the other Financing Agreements has ceased to be or is otherwise not valid, binding or enforceable in accordance with its terms, or any security interest or mortgage provided for herein or in any of the other Financing Agreements shall cease to be a valid and perfected first priority and/or second priority (as applicable) security interest or mortgage, as applicable, in any of the Collateral purported to be subject thereto (except as otherwise permitted herein or therein);

(k) an ERISA Event shall occur which results in or could reasonably be expected to result in a Material Adverse Effect;

(l) any Change of Control;

(m) the indictment by any Governmental Authority of any Newark Group Party as to which there is a reasonable possibility of an adverse determination, in the good faith determination of Administrative Agent, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against such Newark Group Party, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (i) any of the Collateral having a value in excess of $2,500,000 or (ii) any other property of any Newark Group Party which is necessary or material to the conduct of its business;

(n) there shall be an event of default (after any applicable cure period thereunder has expired) under any of the other material Financing Agreements;

(o) (i) any default (which is not cured within the applicable period of grace or waived) or event of default shall occur under any Subordinated Debt or the subordination provisions related thereto shall cease to be in full force and effect or to give the Agent and/or Lenders the rights, powers and privileges purported to be created thereby, (ii) any default (which is not cured within the applicable period of grace or waived) or event of default shall occur under any of the ABL Financing Agreements or the Intercreditor Agreement shall cease to be in full force and effect or to give the Agent and/or Lenders the rights, powers and privileges purported to be created thereby or (iii) any default by Borrower or any Guarantor under the Plan of Reorganization or the Confirmation Order;

(p) any uninsured damage to or loss, theft or destruction of any assets of Borrower or Guarantors or any of their Subsidiaries shall occur that, with respect to any assets of Borrower or any Guarantor, is in excess of $2,500,000 (except that with respect to assets of the Borrower and Guarantors, other than inventory, at plants that have ceased to operate for a period of not less than ninety (90) days from the date of receipt by Agent of notice from Borrower of such closure, is in excess of $5,000,000) and, with respect to any assets of any Subsidiary of Borrower or Guarantors, is in excess of $5,000,000;

(q) Intentionally Omitted;

(r) any failure by Borrower or any Guarantor to observe or perform any of the material terms or conditions of any material order, stipulation or other arrangements entered by or with the Bankruptcy Court in the Cases or otherwise under the Plan of Reorganization; or

(s) the Borrower and its Subsidiaries fail to comply with the terms of the Settlement Agreement or the Final Judgment and any cure right or period prior to which the Commonwealth of Massachusetts or other applicable Governmental Authority shall have the right to (i) enjoin or materially limit the Borrower's business operations or (ii) levy or issue a fine or penalty that could reasonably be expected to have a Material Adverse Effect shall have expired.

For the purposes of this Section 10.1, in relation to any procedure or step taken in the Netherlands, (i) bankruptcy (faillissement), suspension of payments (surseance van betaling), emergency procedure (noodregeling) or any other procedure having the effect that the entity to which it applies loses the free management or ability to dispose of its property (irrespective of whether that procedure is provisional or final); and (ii) dissolution (ontbinding) or any other procedure having the effect that the entity to which it applies ceases to exist, shall qualify as events specified in Sections 10.1(g) and (h) above.

Section 10.2 Remedies.

(a) At any time an Event of Default exists or has occurred and is continuing, Agent and Lenders shall have all rights and remedies provided in this Agreement (including, without limitation,

imposing the Default Rate), the other Financing Agreements, the UCC and other applicable law, all of which rights and remedies may be exercised without notice to or consent by any Credit Party, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Agent and Lenders hereunder, under any of the other Financing Agreements, the UCC or other applicable law, are cumulative, not exclusive and enforceable, exercisable in Agent's discretion (or at the direction of the Required Lenders), alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by any Credit Party of this Agreement or any of the other Financing Agreements. Subject to Section 12 hereof, Administrative Agent may, and at the direction of the Required Lenders shall, at any time or times, proceed directly against any Credit Party to collect the Obligations without prior recourse to the Collateral.

(b) Without limiting the generality of the foregoing, at any time an Event of Default exists or has occurred and is continuing, Administrative Agent may, at its option and shall upon the direction of the Required Lenders, upon notice to Borrower, accelerate the payment of all Obligations and demand immediate payment thereof to Administrative Agent for itself and the benefit of Lenders (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), all Obligations shall automatically become immediately due and payable.

(c) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, subject to the terms of the Intercreditor Agreement, Agent may, at its option and shall upon the direction of the Required Lenders, (i) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (ii) require any Credit Party, at Borrower's expense, to assemble and make available to Agent any part or all of the Collateral at any place and time designated by Agent, (iii) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (iv) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose, and/or (v) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Administrative Agent or elsewhere) at such prices or terms as Agent may deem reasonable, for cash, upon credit or for future delivery, with Agent having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of any Credit Party, which right or equity of redemption is hereby expressly waived and released by the Credit Parties. If any of the Collateral is sold or leased by Agent upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Agent. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Agent to Borrower designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and the Credit Parties waive any other notice. In the event Agent institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, each Credit Party waives the posting of any bond which might otherwise be required. The rights of the Administrative Agent and/or Collateral Agent set forth in this subsection (c) with respect to the Capital Stock of Newark B.V. shall be subject to the terms of the Dutch Deed of Pledge.

(d) At any time or times that an Event of Default exists or has occurred and is continuing and subject to the terms of the Intercreditor Agreement, Administrative Agent and Collateral Agent may, in their discretion, enforce the rights of any Credit Party against any account debtor, secondary obligor or other obligor in respect of any of the Accounts or other Receivables. Without limiting the generality of the foregoing, Administrative Agent and/or Collateral Agent may, in its discretion, at such time or times, subject to the Intercreditor Agreement, (i) notify any or all account debtors, secondary obligors or other obligors in respect thereof that the Receivables have been assigned to

Collateral Agent and that Collateral Agent has a security interest therein and Administrative Agent and/or Collateral Agent may direct any or all account debtors, secondary obligors and other obligors to make payment of Receivables directly to Collateral Agent or Administrative Agent, (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Receivables or other obligations included in the Collateral and thereby discharge or release the account debtor or any secondary obligors or other obligors in respect thereof without affecting any of the Obligations, (iii) demand, collect or enforce payment of any Receivables or such other obligations, but without any duty to do so, and Administrative Agent, Collateral Agent and Lenders shall not be liable for any failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and (iv) take whatever other action Administrative Agent or Collateral Agent may deem necessary or desirable for the protection of its interests and the interests of Lenders. At any time that an Event of Default exists or has occurred and is continuing, subject to the Intercreditor Agreement, at Administrative Agent's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Collateral Agent and are payable directly and only to Collateral Agent and the Credit Parties shall deliver to Administrative Agent such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Administrative Agent may require. In the event any account debtor returns Inventory when an Event of Default exists or has occurred and is continuing, Borrower shall, upon Administrative Agent's request, hold the returned Inventory in trust for Collateral Agent, segregate all returned Inventory from all of its other property, dispose of the returned Inventory solely according to Administrative Agent's and Collateral Agent's instructions, and not issue any credits, discounts or allowances with respect thereto without Administrative Agent's prior written consent.

(e) To the extent that applicable law imposes duties on Administrative Agent or Collateral Agent or any Lender to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), each Credit Party acknowledges and agrees that it is not commercially unreasonable for Administrative Agent, Collateral Agent or any Lender (i) to fail to incur expenses reasonably deemed significant by Administrative Agent, Collateral Agent or any Lender to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as any Newark Group Party, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Administrative Agent, Collateral Agent or Lenders against risks of loss, collection or disposition of Collateral or to provide to Administrative Agent, Collateral Agent or Lenders a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Administrative Agent and Collateral Agent in the collection or disposition of any of the Collateral. Each Credit Party acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Administrative Agent, Collateral Agent or any Lender would not be commercially unreasonable in the exercise by Administrative Agent, Collateral Agent or any Lender of

remedies against the Collateral and that other actions or omissions by Administrative Agent, Collateral Agent or any Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to any Credit Party or to impose any duties on Administrative Agent, Collateral Agent or Lenders that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

(f) For the purpose of enabling Administrative Agent and Collateral Agent to exercise the rights and remedies hereunder, each Credit Party hereby grants to Administrative Agent and Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable at any time an Event of Default shall exist or have occurred and for so long as the same is continuing) without payment of royalty or other compensation to any Credit Party, to use, assign, license or sublicense any of the trademarks, service-marks, trade names, business names, trade styles, designs, logos and other source of business identifiers and other Intellectual Property and general intangibles now owned or hereafter acquired by any Credit Party, wherever the same maybe located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(g) At any time an Event of Default exists or has occurred and is continuing, Administrative Agent may apply the cash proceeds of Collateral actually received by Administrative Agent or Collateral Agent from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in accordance with the terms hereof, whether or not then due or may hold such proceeds as cash collateral for the Obligations. The Credit Parties shall remain liable to Administrative Agent, Collateral Agent and Lenders for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including attorneys' fees and expenses.

(h) Notwithstanding any provision to the contrary in any Financing Agreement, foreclosure on any security governed by Canadian law, including the right of pledge over the Newark Paperboards Capital Stock (including allocation of the proceeds) shall take place in accordance with Canadian law and any relevant Security Document. Section 10.2(c) hereof shall not apply to any security governed by Canadian law to the extent not permissible under the applicable Canadian law.

(i) Notwithstanding any provision to the contrary in any Financing Agreement, foreclosure on any security governed by Dutch law, including the right of pledge over the Capital Stock of Newark B.V. (including allocation of the proceeds) shall take place in accordance with Dutch law and any relevant Security Document (including the Dutch Deed of Pledge).

SECTION 11
JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

Section 11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements (except as otherwise provided therein) and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than New York; provided that the Dutch Deed of Pledge shall be governed by the laws of the Netherlands.

(b) The Credit Parties, Agent and Lenders irrevocably consent and submit to the non-exclusive jurisdiction of the courts of the State of New York sitting in New York County, New York and the United States District Court of the Southern District of New York, whichever Administrative Agent may elect, and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Agent and Lenders shall have the right to bring any action or proceeding against any Credit Party or its or their property in the courts of any other jurisdiction which Agent deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against any Credit Party or its or their property).

(c) Each Credit Party hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Administrative Agent's option, by service upon any Credit Party in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, such Credit Party shall appear in answer to such process, failing which such Credit Party shall be deemed in default and judgment may be entered by Administrative Agent against such Credit Party for the amount of the claim and other relief requested; provided, however, that enforcement in a Dutch court of this Agreement and the Dutch Deed of Pledge will be subject to Dutch rules of civil procedure.

(d) THE CREDIT PARTIES, AGENT AND LENDERS EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. THE CREDIT PARTIES, AGENT AND LENDERS EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY Credit Party, AGENT OR ANY LENDER MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Agent and Lenders shall not have any liability to any Credit Party (whether in tort, contract, equity or otherwise) for losses suffered by such Credit Party in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, any other Financing Agreement or any act, omission or event occurring in connection herewith or therewith, unless it is determined by a final and non-appealable judgment or court order binding on Agent and such Lender, that the losses were the result of acts or omissions of Agent or Lenders, as applicable, constituting gross negligence or willful misconduct. In any such litigation, Agent and Lenders shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement. Each Credit Party: (i) certifies that neither Agent, any Lender, nor any representative, agent or attorney acting for or on behalf of Agent or any Lender has represented, expressly or otherwise, that Agent and Lenders would not, in the event of litigation, seek to enforce any of the waivers provided for in this Agreement or any of the other Financing Agreements and (ii) acknowledges that in entering into this Agreement and the other Financing Agreements, Agent and

Lenders are relying upon, among other things, the waivers and certifications set forth in this Section 11.1 and elsewhere herein and therein.

Section 11.2 Waiver of Notices.

Each Credit Party hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and chattel paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on any Credit Party which Agent or any Lender may elect to give shall entitle such Credit Party to any other or further notice or demand in the same, similar or other circumstances.

Section 11.3 Amendments and Waivers.

(a) Neither this Agreement nor any other Financing Agreement nor any terms hereof or thereof may be amended, waived, discharged or terminated unless such amendment, waiver, discharge or termination is in writing signed by Administrative Agent or Collateral Agent, as applicable, and the Required Lenders or at Administrative Agent's option, by Administrative Agent or Collateral Agent, as applicable, with the authorization or consent of the Required Lenders, and as to amendments to any of the Financing Agreements (other than with respect to any provision of Section 12 hereof), by Borrower (and such amendment, waiver, discharge or termination shall be binding on all Credit Parties) and such amendment, waiver, discharger or termination shall be effective and binding as to all Lenders only in the specific instance and for the specific purpose for which given; except, that, no such amendment, waiver, discharge or termination shall:

(i) reduce, or extend the time of payment of, principal, interest or any fees or any other Obligations, in each case without the consent of each Lender directly affected thereby;

(ii) increase the commitment of any Lender to lend over the amount then in effect or provided hereunder for such Lender, without the consent of each such Lender;

(iii) release or subordinate Collateral Agent's Liens with respect to any, Collateral with a fair market value in excess of $10,000,000 (except as expressly required hereunder or under any of the other Financing Agreements or applicable law and except as permitted under Section 12.11(b) hereof), without the consent of Administrative Agent and all of Lenders,

(iv) release Borrower or any Guarantor from obligations hereunder, without the consent of Administrative Agent and all of the Lenders,

(v) reduce any percentage specified in the definition of Required Lenders (or reduce the number of Lenders specified in the proviso in such definition), without the consent of Administrative Agent and all of Lenders,

(vi) consent to the assignment or transfer by any Credit Party of any of their rights and obligations under this Agreement, without the consent of Administrative Agent and all of Lenders,

(vii) amend, modify or waive any terms of this Section 11.3 hereof, without the consent of Administrative Agent and all of Lenders,

(viii) amend Section 6.4(b), Section 6.9 or Section 6.10(b) without the consent of Administrative Agent and each Lender,

(ix) amend Sections 9.24(b)(ii), 9.24(b)(iii) and/or 9.24(b)(iv) hereof without the consent of the Administrative Agent and each Lender, or

(x) amend, modify or waive Section 13.7(g) without the consent of each Granting Lender all or part of whose Loans are being funded by an SPC at the time of such amendment, modification or waiver.

(b) Agent and Lenders shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its or their rights, powers and/or remedies unless such waiver shall be in writing and signed as provided herein. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Agent or any Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Agent or any Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

(c) Notwithstanding anything to the contrary contained in Section 11.3(a) above, if any Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Financing Agreement that requires the consent of each Lender and that has been approved by the Required Lenders (such Lender being referred to herein as a "Non-Consenting Lender"), then Borrower or Agent shall have the right, but not the obligation, to replace such Non-Consenting Lender in connection with such proposed amendment, waiver, consent or release. Upon the exercise by Borrower or Agent of such right, such Non-Consenting Lender shall have the obligation, to sell, assign and transfer to an Eligible Transferee, all rights and interests of such Non-Consenting Lender pursuant thereto. Borrower or Agent, as applicable, shall provide the Non-Consenting Lender with prior written notice of its intent to exercise its right under this Section, which notice shall specify a date on which such purchase and sale shall occur. Such purchase and sale shall be pursuant to the terms of an Assignment and Acceptance (whether or not executed by the Non-Consenting Lender), except that on the date of such purchase and sale, such Eligible Transferee, shall pay to the Non-Consenting Lender (except as such Non-Consenting Lender may otherwise agree) the amount equal to, without duplication: (i) the principal balance of the Loans and all of the other Obligations held by the Non-Consenting Lender outstanding as of the close of business on the business day immediately preceding the effective date of such purchase and sale, plus (ii) amounts accrued and unpaid in respect of interest and fees and other amounts payable to the Non-Consenting Lender to the effective date of the purchase (but in no event shall the Non-Consenting Lender be deemed entitled to any early termination fee). Such purchase and sale shall be effective on the date of the payment of such amount to the Non-Consenting Lender.

(d) The consent of Administrative Agent or Collateral Agent, as applicable, shall be required for any amendment, waiver or consent affecting the rights, obligations, liabilities or duties of Administrative Agent or Collateral Agent, as applicable, hereunder or under any of the other Financing Agreements, in addition to the consent of the Lenders otherwise required by this Section. Notwithstanding anything to the contrary contained in Section 11.3(a) above, (i) in the event that Administrative Agent and Required Lenders shall agree that any conditions set forth in Section 4.1 hereof may be satisfied after the date hereof, Administrative Agent may, in its discretion, agree to extend the date for satisfaction of such condition(s) or take such other action as Administrative Agent may deem appropriate as a result of the failure of Borrower and/or any other Credit Party to satisfy such conditions as Administrative Agent may determine or may waive any Event of Default as a result of the failure to timely satisfy such conditions, in each case without the consent of any Lender and (ii) Administrative Agent may consent to any change in the type of organization, jurisdiction of organization or other legal structure of any Credit Party or any of their Subsidiaries and amend the terms hereof or of any of the other

Financing Agreements as may be necessary or desirable to reflect any such change, in each case without the approval of any Lender.

Section 11.4 Waiver of Counterclaims.

Each Credit Party waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other then compulsory counterclaims) in any action or proceeding with respect to this Agreement, the other Financing Agreements, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

Section 11.5 Indemnification; Limitation of Liability.

Each Credit Party shall, jointly and severally, indemnify and hold Agent and each Lender, and their respective officers, directors, agents, employees, advisors and counsel and their respective Affiliates (each such person being an "Indemnitee"), harmless from and against any and all losses, claims, damages, liabilities, costs or expenses (including attorneys' fees and expenses) imposed on, incurred by or asserted against any of them in connection with (i) the Cases, (ii) any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, the Existing Loan Agreement, or any Financing Agreements (as defined in the Existing Loan Agreement), (iii) any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel and (iv) the Indemnitee's payments to or indemnification of any bank, financial institution or other Person at which any of the Credit Parties maintain deposit accounts and/or investment accounts (other than Excluded Deposit Accounts) or any other bank, financial institution or other Person involved in the transfer of funds to or from such deposit accounts or investment accounts, **AND INCLUDING WITHOUT LIMITATION WITH RESPECT TO ANY ACTION OR INACTION ARISING FROM ANY INDEMNITEE'S NEGLIGENCE OR STRICT LIABILITY** except that, in each case, the Credit Parties shall not have any obligation under this Section 11.5 to indemnify an Indemnitee with respect to a matter covered hereby resulting from the gross negligence or willful misconduct of such Indemnitee as determined pursuant to a final, non-appealable order of a court of competent jurisdiction (but without limiting the obligations of the Credit Parties as to any other Indemnitee). To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, the Credit Parties shall pay the maximum portion which it is permitted to pay under applicable law to Administrative Agent and Lenders in satisfaction of indemnified matters under this Section. To the extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against any Indemnitee, on any theory of liability for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Financing Agreements, the Existing Loan Agreement or any undertaking or transaction contemplated hereby. No Indemnitee referred to above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or any of the other Financing Agreements or the transaction contemplated hereby or thereby. All amounts due under this Section shall be payable upon demand. The foregoing indemnity shall survive the payment of the Obligations and the termination of this Agreement.

Each Credit Party further agree that no Indemnitee will have any liability (whether direct or indirect, in contract, tort, or otherwise) to any Credit Party or any of their security holders or creditors for or in connection with the transactions contemplated hereby, except for direct damages to such party (as opposed to special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings)) determined in a final non-appealable judgment by a court of

competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence, bad faith or willful misconduct.

SECTION 12
THE AGENT

Section 12.1 Appointment, Powers and Immunities.

Each Lender irrevocably designates, appoints and authorizes ORIX to act as Administrative Agent, Collateral Agent and a Control Agent hereunder and under the other Financing Agreements with such powers as are specifically delegated to Administrative Agent, Collateral Agent and such Control Agent, as applicable, by the terms of this Agreement and of the other Financing Agreements, together with such other powers as are reasonably incidental thereto. Administrative Agent, Collateral Agent and such Control Agent (a) shall have no duties or responsibilities except those expressly set forth in this Agreement and in the other Financing Agreements, and shall not by reason of this Agreement or any other Financing Agreement be a trustee or fiduciary for any Lender; (b) shall not be responsible to Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any of the other Financing Agreements, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Financing Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Financing Agreement or any other document referred to or provided for herein or therein or for any failure by any Credit Party or any other Person to perform any of its obligations hereunder or thereunder; and (c) shall not be responsible to Lenders for any action taken or omitted to be taken by it hereunder or under any other Financing Agreement or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Administrative Agent, Collateral Agent and/or such Control Agent may employ agents and attorneys in fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys in fact selected by it in good faith. Subject to the provisions set forth in Section 13.7 hereof, Administrative Agent may deem and treat the payee of any note as the holder thereof for all purposes hereof unless and until the assignment thereof pursuant to an agreement (if and to the extent permitted herein) in form and substance satisfactory to Administrative Agent shall have been delivered to and acknowledged by Administrative Agent.

Section 12.2 Reliance by Agent.

Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Agent. As to any matters not expressly provided for by this Agreement or any other Financing Agreement, Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Required Lenders or all of Lenders as is required in such circumstance, and such instructions of such Agents and any action taken or failure to act pursuant thereto shall be binding on all Lenders.

Section 12.3 Events of Default.

(a) Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or an Event of Default, unless and until such Agent has received written notice from a Lender, or Borrower specifying such Event of Default has occurred and is continuing, and stating that such notice is a "Notice of Default". In the event that Administrative Agent receives such a Notice of Default, Administrative Agent shall give prompt notice thereof to the Lenders. Administrative Agent shall

(subject to Section 12.7) take such action with respect to any such Event of Default as shall be directed by the Required Lenders to the extent provided for herein; provided, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to or by reason of such Event of Default, as it shall deem advisable in the best interest of Lenders.

(b) Except with the prior written consent of Required Lenders (which Required Lenders may or may not grant in its sole and absolute discretion), no Lender may assert or exercise any enforcement right or remedy in respect of the Loans or other Obligations, as against any Credit Party or any of the Collateral or other property of any Credit Party.

Section 12.4 ORIX in its Individual Capacity.

With respect to the Loans made by it (if any) (and/or any successor acting as an Agent), to the extent that ORIX is a Lender hereunder, it shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as an Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include ORIX in its individual capacity as Lender hereunder. ORIX (and any successor acting as an Agent) and its Affiliates may (without having to account therefor to any Lender) generally engage in any kind of business with Borrower (and any of its Subsidiaries or Affiliates) as if it were not acting as an Agent, and ORIX and its Affiliates may accept fees and other consideration from any Credit Party and any of its Subsidiaries and Affiliates for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

Section 12.5 Indemnification.

Lenders agree (a) to reimburse Agent, on demand, ratably, in accordance with their Pro Rata Shares, for any reasonable expenses incurred by Agent for the benefit of the Lenders including reasonable counsel fees and compensation of agents paid for services rendered on behalf of Lenders, which shall not have been reimbursed by the Borrower and (b) to indemnify Agent (to the extent not reimbursed by Borrower hereunder and without limiting any obligations of Borrower hereunder) ratably, in accordance with their Pro Rata Shares, for any and all claims of any kind and nature whatsoever that may be imposed on, incurred by or asserted against Agent (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other Financing Agreement or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including the costs and expenses that Agent is obligated to pay hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents, **AND INCLUDING WITHOUT LIMITATION WITH RESPECT TO ANY ACTION OR INACTION ARISING FROM AGENT'S NEGLIGENCE OR STRICT LIABILITY**, provided, that, no Lender shall be liable for any of the foregoing to the extent it arises from the gross negligence or willful misconduct of the party to be indemnified as determined by a final non-appealable judgment of a court of competent jurisdiction. The foregoing indemnity shall survive the payment of the Obligations and the termination of this Agreement.

Section 12.6 Non-Reliance on Agent and Other Lenders.

Each Lender agrees that it has, independently and without reliance on Agent or other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Credit Parties and has made its own decision to enter into this Agreement and that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any of the other Financing Agreements. Agent shall not be required to keep itself informed as to the performance or observance by any Newark Group Party of any term or provision of this Agreement or any of the other Financing Agreements or any other

document referred to or provided for herein or therein or to inspect the properties or books of any Newark Group Party. Agent will use reasonable efforts to provide Lenders with any information received by Agent from any Credit Party which is required to be provided to Lenders or deemed to be requested by Lenders hereunder and with a copy of any Notice of Default received by Agent from Borrower or any Lender; provided, that, Agent shall not be liable to any Lender for any failure to do so, except to the extent that such failure is attributable to Agent's own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Except for notices, reports and other documents expressly required to be furnished to Lenders by Agent or deemed requested by Lenders hereunder, Agent shall not have any duty or responsibility to provide any Lender with any other credit or other information concerning the affairs, financial condition or business of any Newark Group Party that may come into the possession of Agent.

Section 12.7 Failure to Act.

Except for action expressly required of Agent hereunder and under the other Financing Agreements, Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from Lenders of their indemnification obligations under Section 12.5 hereof against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

Section 12.8 Reserved.

Section 12.9 Concerning the Collateral and the Related Financing Agreements.

Each Lender authorizes and directs Agent to enter into this Agreement, the other Financing Agreements and the Intercreditor Agreement. Each Lender agrees that any action taken by Agent (or, if applicable, the Required Lenders) in accordance with the terms of this Agreement or the other Financing Agreements and the exercise by Agent or Required Lenders of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

Section 12.10 Field Audit, Examination Reports and other Information; Disclaimer by Lenders.

By signing this Agreement, each Lender: is deemed to have requested that Administrative Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report prepared or received by Administrative Agent (each field audit or examination report being referred to herein as a "Report" and collectively, "Reports"), appraisals with respect to the Collateral and financial statements with respect to Borrower and its Subsidiaries received by Administrative Agent;

(a) expressly agrees and acknowledges that Administrative Agent (i) does not make any representation or warranty as to the accuracy of any Report, appraisal or financial statement or (ii) shall not be liable for any information contained in any Report, appraisal or financial statement;

(b) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Administrative Agent or any other party performing any audit or examination will inspect only specific information regarding the Newark Group Parties and will rely significantly upon the Newark Group Parties' books and records, as well as on representations of the Newark Group Parties' personnel; and

(c) agrees to keep all Reports confidential and strictly for its internal use in accordance with the terms of Section 13.5 hereof, and not to distribute or use any Report in any other manner.

Section 12.11 Collateral Matters.

(a) Intentionally Omitted.

(b) Lenders hereby irrevocably authorize Administrative Agent or Collateral Agent (or the applicable Control Agent), at their option and in their discretion to release any security interest in or lien upon, any of the Collateral (i) payment and satisfaction of all of the Obligations and delivery of cash collateral to the extent required under Section 13.1 below, or (ii) constituting property being sold or disposed of if any Credit Party certifies to Administrative Agent or Collateral Agent that the sale or disposition is made in compliance with Section 9.7 hereof (and Administrative Agent and Collateral Agent may rely conclusively on any such certificate, without further inquiry), or (iii) constituting property in which any Credit Party did not own an interest at the time the security interest or lien was granted or at any time thereafter, or (iv) having a value in the aggregate in any twelve (12) month period of less than $500,000, and to the extent Collateral Agent may release its security interest in and lien upon any such Collateral pursuant to the sale or other disposition thereof, such sale or other disposition shall be deemed consented to by Lenders, or (v) if required or permitted under the terms of any of the other Financing Agreements, including any intercreditor agreement, or (vi) approved, authorized or ratified in writing by all of Lenders. Except as provided above, Collateral Agent and Administrative Agent (or the applicable Control Agent) will not release any security interest in or lien upon, any of the Collateral without the prior written authorization of the requisite Lenders.

(c) Without in any manner limiting Administrative Agent's authority to act without any specific or further authorization or consent by the Required Lenders, each Lender agrees to confirm in writing, upon request by Collateral Agent or Administrative Agent, the authority to release Collateral conferred upon the applicable Agent under this Section. The applicable Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release of the security interest or liens granted to such Agent upon any Collateral to the extent set forth above; provided, that, (i) such Agent shall not be required to execute any such document on terms which, in such Agent's opinion, would expose such Agent to liability or create any obligations or entail any consequence other than the release of such security interest or liens without recourse or warranty and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any security interest or lien upon (or obligations of any Credit Party in respect of) any of the Collateral retained by such Credit Party.

(d) No Agent shall have any obligation whatsoever to any Lender or any other Person to investigate, confirm or assure that the Collateral exists or is owned by any Credit Party or is cared for, protected or insured or has been encumbered, or that the liens and security interests granted to an Agent pursuant hereto or any of the Financing Agreements or otherwise have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to continue exercising, any of the rights, authorities and powers granted or available to such Agent in this Agreement or in any of the other Financing Agreements unless directed otherwise by the requisite Lenders.

Section 12.12 Agency for Perfection.

Each Lender hereby appoints Administrative Agent, Collateral Agent, the applicable Control Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral of Administrative Agent, Collateral Agent or the Control Agent, as applicable, in assets which, in accordance with Article 9 of the UCC (or other applicable law) can be

perfected only by possession (or where the security interest of a secured party with possession has priority over the security interest of another secured party) and Collateral Agent, Administrative Agent, the applicable Control Agent (either pursuant to this Agreement or the Intercreditor Agreement) and each Lender hereby acknowledges that it holds possession of any such Collateral for the benefit of such Agent as secured party. Should any Lender obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor shall deliver such Collateral to Collateral Agent or the applicable Control Agent or in accordance with Administrative Agent's instructions.

Section 12.13 Successor Administrative Agent.

Administrative Agent may resign as Administrative Agent upon thirty (30) days' notice to Lenders and Borrower; provided that if Administrative Agent resigns, it shall also resign as Collateral Agent and as a Control Agent. If Administrative Agent resigns under this Agreement, the Required Lenders shall appoint a successor Administrative Agent, Collateral Agent and Control Agent for Lenders, which shall all be the same Person. If no successor agent is appointed prior to the effective date of the resignation of Administrative Agent, Administrative Agent may appoint, after consulting with Lenders and Borrower, a successor agent but no Lender shall be required to accept such appointment. Upon the acceptance by a Person as successor agent hereunder, and, so long as no Default or Event of Default has occurred and is continuing hereunder, the prior written consent of the Borrower with respect to the identity of the successor agent (which consent shall not be unreasonably withheld or delayed), such successor agent shall succeed to all of the rights, powers and duties of the retiring Administrative Agent, Collateral Agent and Control Agent and the terms "Administrative Agent", "Collateral Agent" and "Control Agent" (if applicable) as used herein and in the other Financing Agreements shall mean such successor agent and the retiring Administrative Agent's, Collateral Agent's and Control Agent's appointment, powers and duties as Administrative Agent, a Collateral Agent and Control Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, Collateral Agent's resignation hereunder as Collateral Agent and a Control Agent's resignation hereunder as a Control Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken or omitted by it while it was Administrative Agent, Collateral Agent or a Control Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent, Collateral Agent and a Control Agent by the date which is thirty (30) days after the date of a retiring Agent's notice of resignation, the retiring Agent's resignation shall nonetheless thereupon become effective and Lenders shall perform all of the duties of Administrative Agent, Collateral Agent and a Control Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. The Administrative Agent, the Collateral Agent and the Collateral Agent hereunder each (but not individually), can be removed and a replacement Administrative Agent, Collateral Agent and Control Agent (all which Administrative Agent, Collateral Agent and Control Agent shall be the same Person) be designated, in each case, at the direction of the Required Lenders. Until the Required Lenders designate a replacement Administrative Agent, Collateral Agent and Control Agent, the Lenders shall perform all of the duties of Administrative Agent, Collateral Agent and Control Agent hereunder. Upon the acceptance by a Person as successor agent hereunder, such successor agent shall succeed to all of the rights, powers and duties of the Administrative Agent, Collateral Agent and Control Agent being replaced and the terms "Administrative Agent," "Collateral Agent" and "Control Agent" (as applicable) as used herein and in the other Financing Agreements shall mean such successor agent and the replaced Administrative Agent's, Collateral Agent's and Control Agent's appointment, powers and duties as Administrative Agent, Collateral Agent and a Control Agent shall be terminated. After any Person is replaced as Administrative Agent, Collateral Agent or Control Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken or omitted by it while it was Administrative Agent, Collateral Agent or Control Agent under this Agreement. The successor Administrative Agent, Collateral Agent and Control Agent shall (at the cost of the Borrower) execute all documents (which must be in form and substance reasonably satisfactory to all of the parties thereto) and take all other actions necessary in connection with the substitution, in accordance with applicable law, of the successor Administrative Agent, Collateral Agent

and Control Agent as creditor of the Borrower's Parallel Debts and as holder of the security created pursuant to the Financing Agreements.

Section 12.14 Other Agent Designations.

Administrative Agent may at any time and from time to time determine that a Lender may, in addition, be a "Co-Administrative Agent", "Syndication Agent", "Documentation Agent" or similar designation hereunder and enter into an agreement with such Lender to have it so identified for purposes of this Agreement. Any such designation shall be effective upon written notice by Administrative Agent to Borrower of any such designation. Any Lender that is so designated as a Co-Administrative Agent, Syndication Agent, Documentation Agent or such similar designation by Administrative Agent shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any of the other Financing Agreements other than those applicable to all Lenders as such. Without limiting the foregoing, the Lenders so identified shall not have or be deemed to have any fiduciary relationship with any Lender and no Lender shall be deemed to have relied, nor shall any Lender rely, on a Lender so identified as a Co-Administrative Agent, Syndication Agent, Documentation Agent, Lead Arranger, Co-Lead Arranger or such similar designation in deciding to enter into this Agreement or in taking or not taking action hereunder.

Section 12.15 Intercreditor Agreement.

Each of the Lenders hereby acknowledges that it has received and reviewed the Intercreditor Agreement and agrees to be bound by the terms thereof. Each Lender (and each Person that becomes a Lender hereunder pursuant to Section 13.7) hereby authorizes and directs Agent to enter into the Intercreditor Agreement on behalf of such Lender and agrees that Agent, in its various capacities thereunder, may take such actions on its behalf as is contemplated by the terms of the Intercreditor Agreement.

Section 12.16 Parallel Debts and Collateral Agent.

(a) Notwithstanding any provision to the contrary in any Financing Agreement, solely in relation to the Borrower's Parallel Debts and solely with respect to any security governed by Dutch law (i.e., the collateral governed by the Dutch Deed of Pledge) (i) Collateral Agent shall act for itself and not as agent for any Lender (but always for the benefit of the Lenders in accordance with the provisions of the Financing Agreements); and (ii) the rights, powers and authorities vested in Collateral Agent pursuant to the Financing Agreements are subject to any restrictions imposed by mandatory Dutch law.

(b) If Collateral Agent resigns in accordance with Section 12.13, the Borrower shall execute such documents and take all such other action as necessary or (in the opinion of Collateral Agent) desirable in connection with the substitution, in accordance with applicable law, of the successor Collateral Agent as creditor of the Parallel Debts and as beneficiary of any security securing the Parallel Debts.

SECTION 13
TERM OF AGREEMENT; MISCELLANEOUS

Section 13.1 Term.

(a) All Obligations shall be paid and satisfied in full in immediately available funds on the Termination Date. Upon the Termination Date, Borrower shall pay to Administrative Agent all outstanding and unpaid Obligations and shall furnish cash collateral to Administrative Agent (or at Administrative Agent's option, a letter of credit issued for the account of Borrower and at Borrower's

expense, in form and substance satisfactory to Administrative Agent, by an issuer acceptable to Administrative Agent and payable to Administrative Agent as beneficiary) in such amounts as Administrative Agent determines are reasonably necessary to secure Agent, Lenders from loss, cost, damage or expense, including attorneys' fees and expenses, in connection with any contingent Obligations, including checks or other payments provisionally credited to the Obligations and/or as to which Administrative Agent or any Lender has not yet received final and indefeasible payment and any continuing obligations of Administrative Agent or any Lender pursuant to any Account Control Agreement. The amount of such cash collateral (or letter of credit, as Administrative Agent may determine) as to all contingent Obligations shall be in the amount equal to one hundred ten (110%) percent of the amount of such contingent Obligations. Such payments in respect of the Obligations and cash collateral shall be remitted by wire transfer in Federal funds to the bank account of Administrative Agent, as Administrative Agent may, in its discretion, designate in writing to Borrower for such purpose. Interest shall be due until and including the next Business Day, if the amounts so paid by Borrower to the bank account designated by Administrative Agent are received in such bank account later than 12:00 noon, New York City, New York time.

(b) No termination of this Agreement or any of the other Financing Agreements shall relieve or discharge any Credit Party of its respective duties, obligations and covenants under this Agreement or any of the other Financing Agreements until all Obligations (other than contingent indemnification and like Obligations which by the terms thereof are stated to survive termination of the Financing Agreements) have been fully and finally discharged and paid in cash, and Collateral Agent's continuing security interest in the Collateral and the rights and remedies of Administrative Agent, Collateral Agent and Lenders hereunder, under the other Financing Agreements and applicable law, shall remain in effect until all such Obligations have been fully and finally discharged and paid in cash. Accordingly, each Credit Party waives any rights it may have under the UCC to demand the filing of termination statements with respect to the Collateral and neither Collateral Agent nor Administrative Agent shall be required to send such termination statements to the Credit Parties, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all such Obligations paid and satisfied in full in immediately available funds.

Section 13.2 Interpretative Provisions.

All terms used herein which are defined in Article 1, Article 8 or Article 9 of the UCC shall have the meanings given therein unless otherwise defined in this Agreement (or, solely with respect to the Newark Paperboards Capital Stock, if the context so requires, as defined in the PPSA unless otherwise defined in this Agreement).

(a) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

(b) All references to any Newark Group Party, Agent and Lenders pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns.

(c) The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(d) The word "including" when used in this Agreement shall mean "including, without limitation" and the word "will" when used in this Agreement shall be construed to have the same meaning and effect as the word "shall".

(e) An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 1.3 or Section 11.3 hereof or is cured in a manner satisfactory to Administrative Agent, if such Event of Default is capable of being cured as determined by Administrative Agent.

(f) All references to the term "good faith" used herein when applicable to Agent or any Lender shall mean, notwithstanding anything to the contrary contained herein or in the UCC, honesty in fact in the conduct or transaction concerned. The Credit Parties shall have the burden of proving any lack of good faith on the part of Agent or any Lender alleged by any Credit Party at any time.

(g) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the financial statements and reports of Borrower most recently received by Administrative Agent prior to the date hereof provided that notwithstanding any other provision set forth herein, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election (or the effects of any such election) under Statement of Financial Accounting Standards 159 (or any similar accounting principle) permitting a Person to value its financial liabilities and/or Indebtedness at the fair value thereof. Notwithstanding anything to the contrary contained in GAAP or any interpretations or other pronouncements by the Financial Accounting Standards Board or otherwise, the term "unqualified opinion" as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is unqualified and also does not include any explanation, supplemental comment or other comment concerning the ability of the applicable person to continue as a going concern or the scope of the audit.

(h) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including".

(i) Unless otherwise expressly provided herein, (i) references herein to any agreement, document or instrument shall be deemed to include all subsequent amendments, modifications, supplements, extensions, renewals, restatements or replacements with respect thereto, but only to the extent not inconsistent with the provisions hereof and/or the same are not prohibited by the terms hereof or of any other Financing Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, recodifying, supplementing or interpreting the statute or regulation.

(j) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(k) This Agreement and other Financing Agreements may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(l) This Agreement and the other Financing Agreements are the result of negotiations among and have been reviewed by counsel to Administrative Agent and the other parties, and are the products of all parties. Accordingly, this Agreement and the other Financing Agreements shall not be construed against Agent or Lenders merely because of Agent's or any Lender's involvement in their preparation.

Section 13.3 Notices.

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. Notices delivered through electronic communications shall be effective to the extent set forth in Section 13.3(b) below. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

The Borrower and the other Credit Parties:	The Newark Group, Inc. 20 Jackson Drive Cranford, New Jersey 07016 Attention: Vice President and Chief Financial Officer Telecopier: (908) 276-2888 Telephone: (908) 276-4000 Email: _____ With a copy to: Lowenstein Sandler PC 65 Livingston Avenue Roseland, New Jersey 07068 Attention: Mr. Daniel J. Barkin Telecopier: (973) 597-2400 Telephone: (973) 597-2500 Email: dbarkin@lowenstein.com
The Administrative Agent:	ORIX Finance Corp., as Administrative Agent 1717 Main Street, Suite 1100 Dallas, Texas 75201 Attention: Portfolio Manager Telecopier: **[TBD]** Telephone: _____ Email:
The Lenders:	The address set forth on each Lender's Administrative Details Form.

(b) Notices and other communications to Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent or as otherwise determined by Administrative Agent, provided, that, the foregoing shall not apply to notices to any Lender pursuant to Section 2 hereof if such Lender has notified Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. Unless Administrative Agent otherwise requires, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided, that, if such notice or other communication is not given during the normal business hours of the recipient, such notice shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communications is available and identifying the website address therefor.

Section 13.4 Partial Invalidity.

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

Section 13.5 Confidentiality.

(a) Each Agent and each Lender shall use all reasonable efforts to keep confidential, in accordance with its customary procedures for handling confidential information and safe and sound lending practices, any non-public information supplied to it by any Credit Party pursuant to this Agreement which is clearly and conspicuously marked as confidential at the time such information is furnished by such Credit Party to Administrative Agent or such Lender, provided, that, nothing contained herein shall limit the disclosure of any such information: (i) to the extent required by statute, rule, regulation, subpoena or court order, (ii) to bank examiners and other regulators, auditors and/or accountants (including any self-regulatory authority, such as the National Association of Insurance Commissioners), and in connection with any litigation to which Administrative Agent, Collateral Agent or such Lender is a party, (iii) to any Lender or Participant (or prospective Lender or Participant) or to any Affiliate of any Lender so long as such Lender, Participant (or prospective Lender or Participant) or Affiliate shall have been instructed to treat such information as confidential in accordance with this Section 13.5, or (iv) to counsel for Administrative Agent, any Lender or Participant (or prospective Lender or Participant).

(b) In the event that Administrative Agent or any Lender receives a request or demand to disclose any confidential information pursuant to any subpoena or court order, Administrative Agent or such Lender, as the case may be, agrees (i) to the extent permitted by applicable law or if permitted by applicable law, to the extent Administrative Agent or such Lender determines in good faith that it will not create any risk of liability to Administrative Agent or such Lender, Administrative Agent or such Lender will promptly notify Borrower of such request so that Borrower may seek a protective order or other appropriate relief or remedy and (ii) if disclosure of such information is required, disclose such information and, subject to reimbursement by Borrower of Administrative Agent's or such Lender's expenses, cooperate with Borrower in the reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the disclosed information which Borrower so designates, to the extent permitted by applicable law or if permitted by applicable law, to the extent Administrative Agent or such Lender determines in good faith that it will not create any risk of liability to Administrative Agent or such Lender.

In no event shall this Section 13.5 or any other provision of this Agreement, any of the other Financing Agreements or applicable law be deemed: (i) to apply to or restrict disclosure of information that has been or is made public by any Credit Party or any third party or otherwise becomes generally available to the public other than as a result of a disclosure in violation hereof, (ii) to apply to or restrict disclosure of information that was or becomes available to Administrative Agent or any Lender (or any Affiliate of any Lender) on a non-confidential basis from a person other than a Credit Party or (iii) to require Administrative Agent or any Lender to return any materials furnished by a Credit Party to Administrative Agent or a Lender or prevent Administrative Agent or a Lender from responding to routine informational requests in accordance with the Code of Ethics for the Exchange of Credit Information promulgated by The Robert Morris Associates or other applicable industry standards relating to the exchange of credit information. The obligations of Administrative Agent and Lenders under this Section 13.5 shall supersede and replace the obligations of Administrative Agent and Lenders under any confidentiality letter signed prior to the date hereof or any other arrangements concerning the confidentiality of information provided by any Newark Group Party to Administrative Agent or any Lender. In addition,

Administrative Agent and Lenders may disclose information relating to the Credit Facility to Gold Sheets and other publications, with such information to consist of deal terms and other information customarily found in such publications and that ORIX may otherwise use the corporate name and logo of the Credit Parties or deal terms in "tombstones" or other advertisements, public statements or marketing materials.

Section 13.6 Successors.

This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon and inure to the benefit of and be enforceable by Agent, Lenders, the Credit Parties and their respective successors and assigns, except that neither the Borrower nor any Guarantor shall assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Administrative Agent and Lenders. Any such purported assignment without such express prior written consent shall be void. No Lender may assign its rights and obligations under this Agreement without the prior written consent of Administrative Agent, except as provided in Section 13.7 below. The terms and provisions of this Agreement and the other Financing Agreements are for the purpose of defining the relative rights and obligations of the Credit Parties, Agent and Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Agreement or any of the other Financing Agreements.

Section 13.7 Assignments; Participations.

(a) Each Lender may, with the prior written consent of Administrative Agent (which such approval shall not be unreasonably withheld or delayed), assign all or, if less than all, a portion equal to at least $5,000,000 (or such lesser amount approved by Administrative Agent in its sole and absolute discretion, and so long as no Event of Default is in existence, by the Borrower in its sole and absolute discretion; provided that such minimum assignment amount shall not apply with respect to assignments by (x) any Lender to an Affiliate or Related Fund of such Lender or (y) ORIX or any of its Affiliates contemplated by the last sentence of the definition of Eligible Transferee) in the aggregate for the assigning Lender, of such rights and obligations under this Agreement to one or more Eligible Transferees (but not including for this purpose any assignments in the form of a participation), each of which assignees shall become a party to this Agreement as a Lender by execution of an Assignment and Acceptance; provided, that, (i) such transfer or assignment will not be effective until recorded by Administrative Agent on the Register and (ii) Administrative Agent shall have received for its sole account payment of a processing fee from the assigning Lender or the assignee in the amount of $3,500 (provided that such fee shall not be required with respect to assignments by any Lender to an Affiliate or Related Fund of such Lender). Administrative Agent as a non-fiduciary agent of the Borrower, shall maintain at an office in the United States a register of the names and addresses of Lenders and the principal amount (an interest thereon) of their Loans (the "Register"). Administrative Agent shall also maintain a copy of each Assignment and Acceptance delivered to and accepted by it and shall modify the Register to give effect to each Assignment and Acceptance. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and any Credit Party, Administrative Agent and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and to the other Financing Agreements and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and thereunder and the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement.

(c) By execution and delivery of an Assignment and Acceptance, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any of the other Financing Agreements or the execution, legality, enforceability, genuineness, sufficiency or value of this Agreement or any of the other Financing Agreements furnished pursuant hereto, (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Credit Party or any of their Subsidiaries or the performance or observance by any Credit Party of any of the Obligations; (iii) such assignee confirms that it has received a copy of this Agreement and the other Financing Agreements, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such assignee will, independently and without reliance upon the assigning Lender, Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Financing Agreements, (v) such assignee appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Financing Agreements as are delegated to Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Financing Agreements are required to be performed by it as a Lender. Administrative Agent and Lenders may furnish any information concerning any Newark Group Party in the possession of Administrative Agent or any Lender from time to time to assignees and Participants.

(d) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement and the other Financing Agreements (including, without limitation, all or a portion of the Loans owing to it, without the consent of Administrative Agent or the other Lenders); provided, that, (i) such Lender's obligations under this Agreement and the other Financing Agreements shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and the Credit Parties, the other Lenders and Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Financing Agreements, and (iii) the Participant shall not have any rights under this Agreement or any of the other Financing Agreements (the Participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the Participant relating thereto) and all amounts payable by any Credit Party hereunder shall be determined as if such Lender had not sold such participation. Each Lender that grants a participation shall, as a non-fiduciary agent of the Borrower, maintain in an office in the United States a register (the "Participation Register") in which it records the name and address of each Participant and such Participant's beneficial interest in the principal amount (and interest thereon) of each Loan. No participation shall be transferrable except upon recordation in the Participation Register.

(e) Nothing in this Agreement shall prevent or prohibit any Lender from pledging its Loans hereunder to a Federal Reserve Bank in support of borrowings made by such Lenders from such Federal Reserve Bank; provided, that, no such pledge shall release such Lender from any of its obligations hereunder or substitute any such pledgee for such Lender as a party hereto.

(f) the Credit Parties shall assist Administrative Agent or any Lender permitted to sell assignments or participations under this Section 13.7 in whatever manner reasonably necessary in order to enable or effect any such assignment or participation, including (but not limited to) the execution and delivery of any and all agreements, notes and other documents and instruments as shall be requested and the delivery of informational materials, appraisals or other documents for, and the participation of relevant management in meetings and conference calls with, potential Lenders or Participants. Borrower

shall certify the correctness, completeness and accuracy, in all material respects, of all descriptions of the Credit Parties and their affairs provided, prepared or reviewed by any Newark Group Party that are contained in any selling materials and all other information provided by it and included in such materials.

(g) Special Purpose Funding Vehicles. Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to Administrative Agent and Borrower (an "SPC") the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided, that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. Each party hereto hereby agrees that (i) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, (ii) no SPC shall be entitled to the benefits of Sections 3.3 and 6.5 (or any other increased costs protection provision) and (iii) the Granting Lender shall for all purposes, including, without limitation, the approval of any amendment or waiver of any provision of any Financing Agreement, remain the Lender of record hereunder. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior Indebtedness of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained in this Agreement, any SPC may (i) with notice to, but without prior consent of, Borrower and Administrative Agent and without payment of a processing fee therefor, assign all or any portion of its interest in any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such SPC. This subsection (g) may not be amended without the prior written consent of each Granting Lender, all or any part of whose Loans are being funded by the SPC at the time of such amendment.

Section 13.8 Entire Agreement.

This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof and thereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

Section 13.9 USA Patriot Act.

Each Lender subject to the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Act") hereby notifies the Credit Parties that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each person or corporation who opens an account and/or enters into a business relationship with it, which information includes the name and address of the Credit Parties and other information that will allow such Lender to identify such person in accordance with the Act and any other applicable law. The Credit Parties are hereby advised that any Loans or Letters of Credit hereunder are subject to satisfactory results of such verification.

Section 13.10 Counterparts, Etc.

This Agreement or any of the other Financing Agreements may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement or any of the other Financing Agreements by telefacsimile or other electronic method of transmission shall have the same force and effect as the delivery of an original executed counterpart of this Agreement or any of such other Financing Agreements. Any party delivering an executed counterpart of any such agreement by telefacsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of such agreement.

Section 13.11 Parallel Debts.

(a) Without prejudice to the other provisions of this Agreement and the other Financing Agreements and for the purpose of ensuring the validity and effect of any security right governed by Dutch law and granted or to be granted by the Borrower pursuant to the Financing Agreements, the Borrower undertakes, as a separate and independent obligation to Collateral Agent, to pay to Collateral Agent its Parallel Debts.

(b) (i) The Borrower may not pay its Parallel Debts other than at the instruction of, and in the manner determined by, Collateral Agent. All payments to be made by the Borrower under the Financing Agreements shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

(i)

(ii) Without prejudice to paragraph (i) above, the Borrower shall be obliged to pay its Parallel Debts (or, if the Borrower's Underlying Debts are due at different times, amounts of its Parallel Debts corresponding to each such Underlying Debts) only when its Underlying Debts have fallen due.

(c) Any payment made, or amount recovered, in respect of the Borrower's Parallel Debts shall reduce the Borrower's Underlying Debts to any Lender by the amount which that Lender is entitled to receive out of that payment or recovery under the Financing Agreement.

(d) Each Parallel Debt is a separate and independent obligation and shall not constitute the Collateral Agent and any Lender as joint creditor of any Underlying Debt.

(e) If (notwithstanding Section 13.11(d)) any Parallel Debt constitutes the Collateral Agent as a joint creditor with any Lender, the Collateral Agent may determine (at its discretion) that that Parallel Debt and one or more other Parallel Debts shall be combined into one single Parallel Debt (a "Combined Parallel Debt"), whereupon those Parallel Debts shall be combined into a Combined Parallel Debt:

(i) the amount of which shall be equal to the aggregate of the amounts of the Underlying Debts combined into it;

(ii) which shall, if the Underlying Debts are expressed in different currencies, be expressed in such of those currencies or Euro as the Collateral Agent may determine (and, for this purpose, each Underlying Debt shall be converted into the currency of the Combined Parallel Debt at the rate of exchange reasonably selected by the Collateral Agent);

(iii) which shall, if the Underlying Debts combined into it fall due at different times, fall due in parts corresponding to those Underlying Debts; and

(iv) to which this Agreement shall otherwise apply as if the Combined Parallel Debt were a Parallel Debt.

(f) If any Underlying Debt is avoided or reduced other than (i) as a result of payment to, or recovery or discharge by, the Lender to which the Underlying Debt is owed, or (ii) otherwise with the consent of that Lender, then the amount of the Parallel Debt corresponding to that Underlying Debt shall be equal to the amount which the Underlying Debt would have had if the avoidance or reduction had not occurred.

SECTION 14
GUARANTY OF OBLIGATIONS

Section 14.1 The Guaranty.

In order to induce the Lenders to amend and restate the Existing Loan Agreement pursuant to the provisions hereof, and in recognition of the direct benefits to be received by Guarantors from the Loans evidenced hereby and the amendment and restatement of the Existing Loan Agreement, each of the Guarantors hereby agrees with Agent and the Lenders as follows: each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all indebtedness of the Borrower to Agent and the Lenders. If any or all of the indebtedness of the Borrower to Agent and the Lenders becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to Agent and the Lenders, as applicable, or order, on demand, together with any and all reasonable expenses which may be incurred by Agent or the Lenders in collecting any of the indebtedness. The word "indebtedness" is used in this Section 14 in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Borrower, including all Obligations, arising in connection with this Agreement, or the other Financing Agreements, in each case, heretofore, now existing or created, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Borrower may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable. The Guaranty set forth in this Section 14 is a guaranty of timely payment and not of collection.

Notwithstanding any provision to the contrary contained herein or in any other of the Financing Agreements, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

Section 14.2 Bankruptcy.

Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment, when due, of any and all indebtedness of the Borrower to the Lenders, whether or not due or payable by the Borrower upon the occurrence of any of the events specified in Section 10.1(g) or (h), and unconditionally promises to pay such indebtedness, when due, to Administrative Agent for the account of the Lenders, or order, on demand, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the Borrower or a Guarantor shall

make a payment or a transfer of an interest in any property to Administrative Agent, or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to Borrower or a Guarantor, the estate of Borrower or a Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

Section 14.3 Nature of Liability.

The liability of each Guarantor hereunder is exclusive and independent of any security for or other Guaranty of the indebtedness of the Borrower whether executed by any such Guarantor, any other Guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by Borrower or by any other party, (b) any other continuing or other Guaranty, undertaking or maximum liability of a Guarantor or of any other party as to the indebtedness of the Borrower, (c) any payment on or in reduction of any such other Guaranty or undertaking, (d) any dissolution, termination or increase, decrease or change in personnel by Borrower, or (e) any payment made to Administrative Agent, or any Lenders on the indebtedness which Administrative Agent, or such repay the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 14.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the Borrower and whether or not any other Guarantor or Borrower is joined in any such action or actions.

Section 14.5 Authorization.

Each of the Guarantors authorizes Administrative Agent, and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of the Guaranty or the indebtedness and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, the Borrower or other obligors.

Section 14.6 Reliance.

It is not necessary for Administrative Agent, or the Lenders to inquire into the capacity or powers of Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 14.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require Administrative Agent, or any Lender to (i) proceed

against Borrower, any other Guarantor or any other party, (ii) proceed against or exhaust any security held from Borrower, any other Guarantor or any other party, or (iii) pursue any other remedy in Administrative Agent's, or any Lender's power whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of Borrower, any other Guarantor or any other party other than payment in full of the indebtedness, including, without limitation, any defense based on or arising out of the disability of Borrower, any other Guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of Borrower other than payment in full of the indebtedness. Administrative Agent or any of the Lenders may, at their election, exercise any right or remedy Administrative Agent and any Lender may have against Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the indebtedness has been paid. Each of the Guarantors waives any defense arising out of any such election by Administrative Agent and each of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Guarantors against Borrower or any other party.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of the Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of the Guaranty (whether contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Lenders against Borrower or any other Guarantor of the indebtedness of Borrower owing to the Lenders (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of the Guaranty until such time as the Loans and the other Obligations hereunder shall have been paid in full in cash. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which Administrative Agent, or the Lenders now has or may hereafter have against any Other Party, any endorser or any other Guarantor of all or any part of the indebtedness of Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to secure payment of the indebtedness of Borrower until such time as the Loans and the other Obligations hereunder shall have been paid in full in cash.

Section 14.8 Limitation on Enforcement.

The Lenders agree that this Guaranty may be enforced only by the action of Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce the Guaranty, it being understood and agreed that such rights and remedies may be exercised by Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this Guaranty may not be enforced against any director, officer, employee or stockholder of Guarantors.

Section 14.9 Confirmation of Payment.

Administrative Agent and the Lenders will, upon request after payment in cash in full of the indebtedness and obligations which are the subject of the Guaranty, confirm to the Borrower, the Guarantors or any other Person that such indebtedness and obligations have been paid.

SECTION 15
RELEASE OF CLAIMS

Section 15.1 **Release.**

IN CONSIDERATION OF AGENT AND LENDERS ENTERING INTO THIS AGREEMENT, CREDIT PARTIES, BY SIGNING THE ACKNOWLEDGEMENT BELOW, EACH, HEREBY RELEASE AND FOREVER DISCHARGE AGENT AND LENDERS AND THEIR RESPECTIVE AGENTS, SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS, PARENT CORPORATIONS, SUBSIDIARY CORPORATIONS, AFFILIATED CORPORATIONS, AFFILIATES, AND EACH ASSIGN AND SUCCESSOR OF EACH OF THEM, FROM ANY AND ALL CLAIMS, DEBTS, OBLIGATIONS, DEMANDS, OBLIGATIONS, COSTS, EXPENSES, ACTIONS AND CAUSES OF ACTION, OF EVERY NATURE AND DESCRIPTION (IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE), WHETHER KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT OR CONDITIONAL OR AT LAW OR IN EQUITY, WHETHER OR NOT RELATED TO (BUT, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO) THE NEGOTIATION, EXECUTION, SUBJECT MATTER OR EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THIS AGREEMENT, THE OTHER FINANCING AGREEMENTS, THE EXISTING CREDIT AGREEMENT, OR WITH RESPECT TO THE OBLIGATIONS UNDER ANY OF THE FOREGOING AND THE CASES, INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, WHICH CREDIT PARTIES NOW HAVE OR AT ANY TIME MAY HOLD, BY REASON OF ANY MATTER, CAUSE OR THING OCCURRED, DONE, OMITTED OR SUFFERED TO BE DONE PRIOR TO THE DATE OF THIS AGREEMENT. CREDIT PARTIES, EACH, WAIVE THE BENEFITS OF ANY LAW, WHICH MAY PROVIDE IN SUBSTANCE: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE DEBTOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR." CREDIT PARTIES, EACH, UNDERSTAND THAT THE FACTS WHICH THEY BELIEVE TO BE TRUE AT THE TIME OF MAKING THE RELEASE PROVIDED FOR HEREIN MAY LATER TURN OUT TO BE DIFFERENT THAN IT NOW BELIEVES, AND THAT INFORMATION WHICH IS NOT NOW KNOWN OR SUSPECTED MAY LATER BE DISCOVERED. CREDIT PARTIES, EACH, ACCEPT THIS POSSIBILITY, AND CREDIT PARTIES, EACH, ASSUME THE RISK OF THE FACTS TURNING OUT TO BE DIFFERENT AND NEW INFORMATION BEING DISCOVERED; AND Credit Parties, EACH, FURTHER AGREE THAT THE RELEASE PROVIDED FOR HEREIN SHALL IN ALL RESPECTS CONTINUE TO BE EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION BECAUSE OF ANY DIFFERENCE IN SUCH FACTS OR ANY NEW INFORMATION. THIS RELEASE IS FULLY EFFECTIVE ON THE DATE HEREOF. AGENT AND LENDERS ARE NOT RELEASING ANY OF THE CREDIT PARTIES FROM ANY CLAIMS, DEBTS, OBLIGATIONS, DEMANDS, GUARANTEED OBLIGATIONS, COSTS, EXPENSES, ACTIONS OR CAUSES OF ACTION.

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IN WITNESS WHEREOF, Administrative Agent, Lenders and the Credit Parties have caused these presents to be duly executed as of the day and year first above written.

BORROWER:

THE NEWARK GROUP, INC., a New Jersey corporation

By _____
Name _____
Title _____

GUARANTOR:

NP COGEN, INC., a California corporation

By _____
Name _____
Title _____

AGENT:

ORIX FINANCE CORP., as Administrative Agent, Collateral Agent, a Control Agent and a Lender

By: _____
Name: _____
Title: _____

LENDERS:

[TBD], as a Lender

By _____
Name _____
Title _____

EXHIBIT A

Form of Assignment and Assumption Agreement

This Assignment and Acceptance (the "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [the][each] Assignor identified in item 1 below ([the][each, an] "Assignor") and [the][each] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] hereunder are several and not joint.]2 Capitalized terms used but not defined herein shall have the meanings given to them in the Amended and Restated Loan and Security Agreement identified below (as amended, restated, modified and/or supplemented from time to time in accordance with the provisions thereof, the "Loan Agreement"), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex I attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by [the][any] Assignor.

[2] Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor[s]: _____
_____

2. Assignee[s]: _____
_____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]

3. Borrower: The Newark Group, Inc., a New Jersey corporation.

4. Administrative Agent: ORIX Finance Corp., as the administrative agent under the Loan Agreement.

5. Loan Agreement: The Amended and Restated Loan and Security Agreement dated as of _____ __, 2010 among the Borrower, the Guarantors from time to time party thereto, the lenders and other financial institutions from time to time party thereto, and ORIX Finance Corp., as Administrative Agent and Collateral Agent.

6. Assigned Interest[s]:

Assignor[s]	Assignee[s]	Facility Assigned	Aggregate Amount of Commitment/ Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/ Loans
			$	$	%
			$	$	%
			$	$	%

[7. Trade Date]3

Effective Date: , 20__

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[3] To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Acceptance are hereby agreed to:

ASSIGNOR[S]

[NAME OF ASSIGNOR]

By _____
Name _____
Title _____

ASSIGNEE[S]

[NAME OF ASSIGNEE]

By _____
Name _____
Title _____

[Consented to and] Accepted:

ORIX FINANCE CORP., as Administrative Agent

By _____
Name _____
Title _____

[Consented to:]

THE NEWARK GROUP, INC.

By _____
Name _____
Title _____

ANNEX I

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Financing Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Financing Agreements or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Financing Agreement or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Financing Agreement.

1.2 Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it meets all the requirements to be an assignee under the Loan Agreement (subject to such consents, if any, as may be required under the Loan Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Loan Agreement and has received or has been accorded the opportunity to receive copies of the most recent financial statements and other reports delivered, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase [the][such] Assigned Interest, and (vii) attached to the Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by [the][such] Assignee including without limitations the tax forms required by Section 6.5(g) and (h); and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Financing Agreements, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Financing Agreements are required to be performed by it as a Lender.

1.3 Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

1.4 General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by, and construed in accordance with, the law of the State of New York.

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EXHIBIT B

Information Certificate

Attached.

EXHIBIT C

Form of Compliance Certificate

Dated as of _____, 20__

To: ORIX Finance Corp., as Agent
[TBD]
[TBD]
Attention: [TBD]

Ladies and Gentlemen:

I hereby certify to you pursuant to Section 9.6 of the Loan Agreement (as defined below), solely as the Chief Financial Officer of The Newark Group, Inc., a New Jersey corporation (the "Borrower") and not individually, that:

1. I am the duly elected Chief Financial Officer of the Borrower. Capitalized terms used herein without definition shall have the meanings given to such terms in the Amended and Restated Loan and Security Agreement, dated as of _____ __, 2010 by and among ORIX Finance Corp., as administrative agent and collateral agent for the financial institutions party thereto as lenders (in such capacity, "Agent"), the financial institutions party thereto as lenders (collectively, "Lenders"), the Borrower and the Guarantors from time to time party thereto (as such Amended and Restated Loan and Security Agreement is amended, restated, modified and/or supplemented, from time to time, the "Loan Agreement").

2. I have reviewed the terms of the Loan Agreement, and have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and the financial condition of Borrower and Guarantors, during the immediately preceding fiscal [month] [quarter].

3. The review described in Section 2 above did not disclose the existence during or at the end of such fiscal [month][quarter], and I have no knowledge of the existence and continuance on the date hereof, of any condition or event which constitutes a Default or an Event of Default, except as set forth on Schedule I attached hereto. Described on Schedule I attached hereto are the exceptions, if any, to this Section 3 listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower or any Guarantor has taken, is taking, or proposes to take with respect to such condition or event.

4. I further certify that, based on the review described in Section 2 above, to my knowledge, neither the Borrower nor any Guarantor has at any time during or at the end of such fiscal [month][quarter], except as specifically described on Schedule II attached hereto or as permitted by the Loan Agreement, done any of the following:

(a) Changed its respective corporate name, or transacted business under any trade name, style, or fictitious name, other than those previously described to you and set forth in the Financing Agreements.

(b) Changed the location of its chief executive office, changed its jurisdiction of incorporation, changed its type of organization or changed the location of or disposed of any of its

properties or assets (other than pursuant to the sale of Inventory in the ordinary course of its business or as otherwise permitted by Section 9.7 of the Loan Agreement), or established any new asset locations.

(c) Materially changed the terms upon which it sells goods (including sales on consignment) or provides services in the ordinary course of business, nor has any vendor or trade supplier to the Borrower or any Guarantor during or at the end of such period materially adversely changed the terms upon which it supplies goods to the Borrower or any Guarantor.

(d) Permitted or suffered to exist any security interest in or liens on any of its properties, whether real or personal, other than as specifically permitted in the Financing Agreements.

(e) Received any notice of, or obtained knowledge of any of the following not previously disclosed to Agent, which the Borrower is required to report to Agent under the Loan Agreement: (i) the occurrence of any event involving the material release, spill or discharge of any Hazardous Material or (ii) any investigation, proceeding, complaint, order, directive, claims, citation or notice with respect to: (A) any non-compliance with or violation of any applicable Environmental Law by the Borrower or any Guarantor or (B) the material release, spill or discharge, threatened or actual, of any Hazardous Material other than in the ordinary course of business and other than as permitted under any applicable Environmental Law, or (C) the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter, which, in each case, adversely affects or could reasonably be expected to adversely affect in any material respect the Borrower or any Guarantor or its business, operations or assets or any properties at which the Borrower or such Guarantor transported, stored or disposed of any Hazardous Materials.

(f) Became aware of, obtained knowledge off, or received notification of, any breach or violation of any covenant contained in any instrument or agreement in respect of Indebtedness for money borrower by the Borrower or any Guarantor, the violation of which would be an Event of Default under the Loan Agreement.

5. Attached hereto as Schedule III are the calculations used in determining, as of the end of the immediately preceding fiscal [quarter], whether Borrower and Guarantors are in compliance with the covenants set forth in Section 9.17 of the Loan Agreement for such fiscal [quarter].

The foregoing certifications are made and delivered as of the date first written above.

Very truly yours,

THE NEWARK GROUP, INC.

By_____
Name _____
Title: Chief Financial Officer

SCHEDULE I

Default or Event of Default

SCHEDULE II

Change in Corporation Name, Location, etc.

SCHEDULE III

Calculations for Financial Covenants

EXHIBIT D

Form of Guarantor Joinder Agreement

THIS GUARANTOR JOINDER AGREEMENT (this "Agreement"), dated as of _____, 20__, is by and between _____, a _____ _____ (the "Joining Guarantor") and ORIX Finance Corp., in its capacity as Administrative Agent and Collateral Agent (the "Agent") under that certain Amended and Restated Loan and Security Agreement (together with all amendments, modifications, restatements, renewals, extensions, supplements and replacements from time to time, the "Loan Agreement") dated as of _____ __, 2010 by and among The Newark Group, Inc., a New Jersey corporation (the "Borrower"), the Guarantors from time to time party thereto, the Lenders from time to time party thereto and the Agent. All of the defined terms in the Loan Agreement are incorporated herein by reference.

The Joining Guarantor is required to become a Guarantor pursuant to the terms of the Loan Agreement.

Accordingly the Joining Guarantor hereby agrees as follows with the Agent, for the benefit of the Lenders:

1. The Joining Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the Joining Guarantor will be deemed to be a party to the Loan Agreement and a "Guarantor" and "Credit Party" for all purposes of the Loan Agreement and the other Financing Agreements, and shall have all of the obligations of a Guarantor thereunder as if it has executed the Loan Agreement and the other Financing Agreements, as applicable. The Joining Guarantor hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Loan Agreement and in the Financing Agreements applicable to a Guarantor, including without limitation (i) all of the representations and warranties set forth in Section 8 of the Loan Agreement and (ii) all of the affirmative and negative covenants set forth in Section 9 of the Loan Agreement.

2. The Joining Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the Joining Guarantor will be deemed to be a party to the Security Documents applicable to the Joining Guarantor, and shall have all the obligations of a "Pledgor" (as such term is defined in the Pledge Agreement) thereunder as if it had executed the Pledge Agreement. The Joining Guarantor hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Pledge Agreement. Without limiting generality of the foregoing terms of paragraph 1 and this paragraph 2, the Joining Guarantor hereby grants to the Agent, for the benefit of itself and the Lenders, a continuing security interest in, and a right of set off against any and all right, title and interest of the Joining Guarantor in and to all of its property and assets of the type constituting "Collateral" (as defined in the Loan Agreement) to secure the Obligations and acknowledges and agrees that all of such property and assets shall constitute "Collateral" for all purposes under the Loan Agreement and the other Financing Agreements after giving effect hereto.

3. The Joining Guarantor acknowledges and confirms that it has received a copy of the Loan Agreement, the other Financing Agreements and the schedules and exhibits thereto, and the Pledge Agreement and the schedules and exhibits thereto. The schedules to the Loan Agreement and the Pledge Agreement are amended to provide the information shown on the attached Schedule A.

4. The Joining Guarantor confirms that all of the Obligations under the Loan Agreement, upon the Joining Guarantor becoming a Guarantor will and shall continue to be, in full force and effect and that immediately upon the Joining Guarantor becoming a Guarantor, the term

"Obligations", as used in the Loan Agreement, shall include all Obligations of such Joining Guarantor under the Loan Agreement and under each other Financing Agreement.

5. The Joining Guarantor agrees that at any time and from time to time, upon the written request of the Agent, it will execute and deliver such further documents and do such further acts and things as the Agent may reasonably request in order to effect the purposes of this Agreement.

6. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract.

7. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PROVISIONS THEREOF other than Section 5-1401 of the New York General Obligations Law.

IN WITNESS WHEREOF, the Joining Guarantor has caused this Guarantor Joinder Agreement to be duly executed by its authorized officers, and the Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[JOINING GUARANTOR]

By _____
Name _____
Title _____

ORIX FINANCE CORP.

By _____
Name _____
Title _____

SCHEDULE A
to
Guarantor Joinder Agreement

[Identify Schedules in Information Certificate to be Amended]

[Schedule 2(a) to Pledge Agreement Pledged Capital Stock]

EXHIBIT E

Authorized Officers

EXHIBIT F

Confirmation Order

Attached.

SCHEDULE A

Schedule of Obligations

(Unpaid principal as of _____ __, 2010)

TOTAL: $_____*

*plus indemnification obligations, accrued and accruing interest, costs, fees, attorneys' fees and disbursements and other charges as well as adjustments, credits, and charges as provided as provided under the Financing Agreements.

SCHEDULE 1

Mortgaged Property

SCHEDULE 2

Reserved

SCHEDULE 3

Foreign Subsidiaries

SCHEDULE 4

Closing Date Mortgages

1. Amendment to Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 1004 South White Avenue, Bay Minette, Baldwin County, Alabama.

2. Amendment to Deed to Secure Debt, Security Agreement, and Assignment of Rents dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 312 Ellawood Avenue, Cedartown, Polk County, Georgia.

3. Amendment to Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc., Stewart Title of California, Inc. (as Trustee), and ORIX Finance Corp. encumbering the property located at 6001 South Eastern Avenue, Los Angeles, Los Angeles County, California.

4. Amendment to Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc., Stewart Title of California, Inc. (as Trustee), and ORIX Finance Corp. encumbering the property located at 935 East 59th Street, Los Angeles, Los Angeles County, California.

5. Amendment to Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc., Stewart Title of California, Inc. (as Trustee), and ORIX Finance Corp. encumbering the property located at 525 Mathew Street, Santa Clara, Santa Clara County, California.

6. Amendment to Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 4501 West 16th Street, Chicago, Cook County, Illinois.

7. Amendment to Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 1514 East Thomas Avenue, Milwaukee, Milwaukee County, Wisconsin.

8. Amendment to Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 100 South Kimball Street, Haverhill, Essex County, Massachusetts.

9. Amendment to Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 91 Glenn Street, Lawrence, Essex County, Massachusetts.

10. Amendment to Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance

Corp. encumbering the property located at 100 Newark Way, Fitchburg, Worcester County, Massachusetts.

11. Amendment to Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc., Stewart Title of North Carolina, Inc. (as Trustee), and ORIX Finance Corp. encumbering the property located at 645 Montroyal Road, Rural Hall, Forsyth County, North Carolina.

12. Amendment to Open-End Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 300 Chestnut Street, Franklin, Warren County, Ohio.

13. Amendment to Open-End Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 2510 North George Street, Manchester Township, York County, Pennsylvania.

14. Amendment to Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc., David C. Young (as Trustee) and ORIX Finance Corp. encumbering the property located at 902 South Williams, Atlanta, Cass County, Texas.

15. Amendment to Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 620 11th Avenue, Longview, Cowlitz County, Washington.

16. Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 50 East Sixth Street, Franklin, Warren County, Ohio.

17. [Amendment to] Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 310 West Water Street, Baltimore, Fairfield County, Ohio.

18. Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 701 Mobile Street, Mobile, Mobile County, Alabama.

19. Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 1001 Loucks Mill Road, Spring Garden/Springettsbury Township, York County, Pennsylvania.

20. Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. ORIX Finance Corp. encumbering the property located at 70 Better Way, Chicopee, Hampden County, Massachusetts.

21. Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 709 Eastport Road, Jacksonville, Duval County, Florida.

22. Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 732 Industrial Loop Road, New London, Outagamie County, Wisconsin.

23. [Mortgage] dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 60 Lockwood Street, Newark, Essex County, New Jersey.

24. Mortgage, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc. and ORIX Finance Corp. encumbering the property located at 250 Canal Street, Lawrence, Essex County, Massachusetts.

25. Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits and Fixture Filing dated as of the date hereof between The Newark Group, Inc., [Stewart Title of California, Inc. (as Trustee)] and ORIX Finance Corp. encumbering the property located at 800B West Church St., Stockton, San Joaquin County, California.

SCHEDULE 5

Reserved

SCHEDULE 9.12(b)(iii)

Scheduled Affiliate Transactions

EXHIBIT H

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Agreement by and
between
Grandview Capital Strategies, Inc.
(in its capacity as Independent Fiduciary of
The Newark Group, Inc. Employee Stock Ownership Plan)
and
The Newark Group, Inc.

May 4, 2010

This Agreement relates to the Joint Prepackaged Plan of Reorganization (the "Plan") for The Newark Group, Inc. (the "Company"), Jackson Drive Corp. and NP Cogen, Inc. and is intended to settle all matters relating to The Newark Group, Inc. Employee Stock Ownership Plan (the "ESOP") addressed herein that arise prior to and through the effective date of the Plan (the "Effective Date"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan. The Company intends to solicit votes with respect to the Plan pre-petition.

It is understood that the Plan may hereafter be amended, but this Agreement will remain effective so long as the treatment of the ESOP, other current equity holders, and the Management Incentive Plan is not changed in the Plan in a manner that is materially adverse to the ESOP. The ESOP has been provided with a copy of the Plan and will be provided with copies of any subsequent amendments to the Plan enacted during or after the Solicitation. The relevant provisions of this Agreement, including without limitation Section 3, shall be included in the Plan.

For purposes of this Agreement:

(i) the term "ESOP Shares" shall include all common stock of the Company ("Stock") allocated to the ESOP account of a Participant as of the Effective Date, and shall not include any Stock that, as of the Effective Date, constitutes "Distributed Shares;"

(ii) the term "Distributed Shares" shall include all Stock that, as of the Effective Date, has been distributed from the ESOP to a Participant pursuant to Section 7.3 of the ESOP, provided such Participant has, as of the Effective Date, neither (x) received payment for Distributed Shares as to which the Participant has exercised the put right pursuant to the Code and Section 7.6 of the ESOP nor (y) submitted a proof of claim in respect of the Distributed Shares; and

(iii) the term "Subject Shares" shall include both the ESOP Shares and the Distributed Shares.

It is acknowledged that Grandview Capital Strategies, Inc. (the "Independent Fiduciary") does not have, and does not purport to exercise, any authority with respect to the voting or other treatment of the Distributed Shares under this Agreement or the Plan.

1. Procedure for Voting of ESOP Shares and Distributed Shares. Each ESOP participant or beneficiary (with respect to ESOP Shares) or distributee (with respect to Distributed Shares) (as applicable, each, a "Participant") shall be entitled (a) with respect to ESOP Shares of such Participant, to the extent required by the Internal Revenue Code (the "Code") Section 409(e), to direct the ESOP as to the manner in which such Participant's shares are to be voted and (b) with

respect to Distributed Shares of such Participant, to vote such shares directly in accordance with the terms of the Plan; in each case in accordance with Sections 1125 and 1126 of the Bankruptcy Code. Participants must direct the ESOP to vote all of their ESOP Shares either (1) to accept the Plan or (2) to reject the Plan. Participants must vote all of their Distributed Shares either (1) to accept the Plan or (2) to reject the Plan.

The ESOP and the Participants holding Distributed Shares shall be classified under the Plan as one class (the "ESOP Class"), separate from the class in which the other equity holders of the Company are classified. In accordance with the terms of the Plan, the ESOP shall be entitled to one vote for each ESOP Share, and each Participant holding Distributed Shares shall be entitled to one vote for each of his or her Distributed Shares.

The Company will be responsible for the preparation and circulation to Participants of the Solicitation materials relating to the Plan and the effect of consummation of the Plan on the ESOP Shares and the Distributed Shares, the contents of which shall be in compliance with applicable disclosure requirements under the Code, the Bankruptcy Code and the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Solicitation materials with respect to the ESOP Shares shall include information provided under the name of, and subject to the prior approval of, the Independent Fiduciary, including (subject to obtaining the opinion described in Section 5 below) a statement that the Independent Fiduciary believes it to be in the best interest of the Participants and the ESOP for the Plan to be approved and for each Participant to provide voting instructions with respect to his or her ESOP Shares in favor of the Plan. The Independent Fiduciary shall inform Participants that it will instruct the trustee of the ESOP (the "Trustee") to vote the ESOP Shares in the manner described below. The disclosure materials shall also include copies or descriptions of the opinions provided for in Sections 5 and 6 below.

The Independent Fiduciary shall instruct the Trustee to vote the ESOP Shares as follows: (i) with respect to shares for which a Participant has provided timely voting instructions, to vote such shares in accordance with the voting instructions provided by the Participant, unless the Independent Fiduciary determines that doing so would cause a violation of its fiduciary duties under ERISA, and (ii) with respect to shares for which a Participant has not provided timely voting instructions, to vote such shares in favor of the Plan, provided that the Independent Fiduciary determines that doing so is consistent with its fiduciary duties under ERISA.

The Distributed Shares will be voted directly by the Participants holding such shares.

2. Approval of Plan by the ESOP Class. Provided that the ESOP Class votes to accept the Plan in accordance with Sections 1125 and 1126 of the Bankruptcy Code and the Plan becomes effective:

A. New Common Stock for ESOP Shares and Distributed Shares. The ESOP (in respect of the ESOP Shares) and the Participants holding Distributed Shares will, together, be entitled to receive two percent (2%) of the total New Common Stock issuable on the Effective Date (subject to dilution, on the same basis as all other holders of New Common Stock issued on the Effective Date, for all issuances of New Common Stock after the Effective Date, including pursuant to the Management Incentive Plan), in consideration of (i) all Subject Shares and (ii) for Participants who provide voting instructions or vote in favor of the Plan, the cancellation, waiver and release of the

claims described in Section 3 below. The shares of New Common Stock received on the Effective Date by the Trustee in respect of ESOP Shares and by the Participants in respect of their Distributed Shares shall (A) in the case of the New Common Stock received by the Trustee, be allocated to the ESOP accounts of the Participants in accordance with the ESOP Shares held in their accounts immediately prior to the Effective Date as a percentage of the Subject Shares and (B) in the case of the New Common Stock received by any Participant in respect of such Participant's Distributed Shares, be distributed to such Participant in accordance with the Distributed Shares of such Participant held immediately prior to the Effective Date as a percentage of the Subject Shares.

B. Continuation of ESOP and ESOP Put Right. The Company shall assume the ESOP and, after the Effective Date, shall continue to perform its obligations under the ESOP, as amended as described in this Agreement, in accordance with its terms and conditions, as the same has been amended or modified as of the date hereof and as may be further amended, modified or terminated in accordance with the ESOP and the Code. The terms of the ESOP shall incorporate the statutory distribution and put option requirements pursuant to Section 409(h) of the Code (the "Statutory Put Right"). In addition to the Statutory Put Right, the put option under the ESOP shall be expanded to provide that Participants holding Distributed Shares during the plan year ending April 30, 2010 shall be eligible for two (2) additional sixty (60) 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 (the "Additional Put Rights"). The ESOP will be amended as of the Effective Date to provide for the terms of the Additional Put Rights.

For purposes of ESOP distributions pursuant to the Statutory Put Right, the Additional Put Rights, and cash distributions in respect of ESOP Shares (to the extent the ESOP provides for such cash distributions in the future) (together, the "ESOP Distributions"), the ESOP will be amended as of the Effective Date to provide that, effective as of January 1, 2011, the minimum redemption price or purchase price, as applicable, to be paid by the Company in respect of each share of New Common Stock upon an ESOP Distribution shall be an amount per share equal to (a) the sum of (i) the mid-point of the range of total enterprise value of the Company as determined in good faith by a qualified, independent, third party, in connection with the reorganization 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 Subject Shares divided by (c) the number of Subject Shares, in each case as of the Effective Date and on a consolidated basis (the "Floor Price"). For example, if, as of the Effective Date, the total enterprise value of the company is $280 million, the outstanding funded indebtedness of the Company is $130 million, the percentage of New Common Stock distributed in respect of the Subject Shares is 2%, the number of ESOP Shares is 569,822 and the number of Distributed Shares is 4,779, the Floor Price would equal: (($280,000,000-$130,000,000) *2%)/574,601 = $5.22 per share.

For purposes of the ESOP Distributions occurring on or after January 1, 2011 (including ESOP Distributions that were scheduled to be distributed from the ESOP in 2009 and in 2010 prior to the Effective Date but that have not yet been distributed), the applicable share value shall be the greater of (i) the Floor Price or (ii) the fair market value of such shares pursuant to the terms of the ESOP. For purposes of ESOP Distributions occurring prior to January 1, 2011, the applicable share value shall be the fair market value of such shares pursuant to the terms of the ESOP. ESOP Participants shall not be entitled to receive ESOP Distributions prior to the 2011 calendar year with respect to any share value in excess of the fair market value of such shares pursuant to the terms of the ESOP, and, upon consummation of the Plan on the Effective Date, each Participant who provides voting

instructions with respect to his or her ESOP Shares in favor of the Plan or who votes his or her Distributed Shares in favor of the Plan will be deemed to have consented to the foregoing.

3. Waiver of Claims and Interests by Participants and the ESOP. To the extent that (x) with respect to a Participant's ESOP Shares, the Participant instructs the Independent Fiduciary to vote such shares in favor of the Plan, and (y) with respect to a Participant's Distributed Shares, the Participant votes such shares in favor of the Plan, the Participant shall 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 (determined immediately prior to the Effective Date) relating to the ESOP, in each case to the extent permitted by the Code, the Bankruptcy Code and ERISA, upon consummation of the Plan on the Effective Date. In addition, the Independent Fiduciary acknowledges and agrees to the releases set forth in the Plan applicable to each Holder of a Claim or Interest who votes to accept the Plan.

4. Reorganized Debtor Shareholders Agreement. The Plan will provide that neither the ESOP nor the Participants (prior to any distribution of shares) will be a party to the Reorganized Company Shareholders' Agreement (the "Shareholders' Agreement"). However (a) the Shareholders' Agreement shall provide that with respect to any "tag-along" rights and "piggyback registration" rights created under the Shareholders' Agreement for other holders of New Common Stock, substantially similar rights shall be applicable to the shares of New Common Stock held by the ESOP and distributed to Participants; provided, however, that, any "tag-along" rights shall only be applicable to the shares of New Common Stock held by the ESOP and distributed to Participants if the transaction or series of related transactions that would trigger such rights involves the transfer of more than 25% of the outstanding shares of New Common Stock, and (b) the ESOP will be amended to provide that the shares of New Common Stock held by the ESOP will be subject, to the extent permitted by the Code and ERISA, and shares of New Common Stock distributed to Participants will be subject, to "drag-along" obligations substantially similar to those created under the Shareholders' Agreement for other holders of New Common Stock, provided however that the application at any time of the drag-along obligation to shares of New Common Stock held by the ESOP shall be subject to the determination by a fiduciary of the ESOP that (i) entering into the transaction with respect to which such drag-along obligation is being enforced is prudent and for the exclusive benefit of the Participants, (ii) the consideration in such transaction for the New Common Stock held by the ESOP is not less than adequate consideration, and (iii) entering into such transaction is consistent with the fiduciary obligations of such fiduciary under ERISA.

5. Advice of ESOP's Independent Financial Advisor. The Company will engage DeLisi & Ghee ("D&G"), or another independent financial advisor acceptable to the Independent Fiduciary, to provide to the Independent Fiduciary: (a) a fairness opinion, as of the date the ESOP solicits the voting instructions of Participants under Section 1 hereof, and (b) a "bring down" letter, updating such fairness opinion, and dated as of the date the Independent Fiduciary casts its vote with respect to the Plan, each to the effect that (i) the consideration under the Plan for surrendering the ESOP Shares is not less than adequate consideration for such shares, (ii) the transactions described by the Plan are fair to the ESOP and the Participants from a financial point of view and (iii) the transactions described by the Plan treat the ESOP and the Participants fairly, relative to the treatment of other Holders of Claims and Interests, and of management. D&G or other independent financial advisor will perform its obligations in a timely manner and will cooperate with any deadlines imposed by the Company in connection with the process of the Solicitation.

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6. Opinion of Independent Fiduciary. Subject to obtaining the opinion described in Section 5 above, the Independent Fiduciary shall deliver to the Company and the Trustee, (a) an opinion, as of the date the ESOP solicits the voting instructions of Participants under Section 1 hereof, and (b) a "bring down" letter, updating such opinion, and dated as of the date the Independent Fiduciary casts its vote with respect to the Plan, each to the effect that based upon the opinion of D&G, (i) the consideration received by the ESOP and Participants under the Plan constitutes consideration that is not less than "adequate consideration" within the meaning of Section 3(18) of ERISA, (ii) the transactions described by the Plan, taken as a whole and relative to the other equity holders of the Company in the aggregate, are fair to the ESOP from a financial point of view, and (iii) the terms and conditions of this Agreement are in the best interest of Participants and are consistent with the fiduciary obligations of the Independent Fiduciary under ERISA.

7. Commitment of Prepetition Noteholders. Holders of Prepetition Notes holding, in the aggregate, at least 66-2/3% of the outstanding principal amount of the Prepetition Notes will enter into a Plan support agreement with the Company in connection with the Plan Solicitation which shall, among other things, support a Plan that incorporates the terms and conditions of this Agreement. Satisfaction of the foregoing shall be a condition precedent to the obligations of the ESOP and the Independent Fiduciary hereunder.

* * * * * *

(signature pages to follow)

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

GRANDVIEW CAPITAL STRATEGIES, INC.

By: _____

THE NEWARK GROUP, INC.

By: _____

EXHIBIT I

THE NEWARK GROUP, INC.
SUMMARY OF TERMS AND CONDITIONS
SENIOR SECURED DEBTOR-IN-POSSESSION FACILITY ("DIP TERM FACILITY")
AND SENIOR SECURED EXIT TERM FACILITY ("EXIT TERM FACILITY"; TOGETHER WITH THE DIP TERM FACILITY, THE "CREDIT FACILITIES")

MAY 3, 2010

Following an initial review, below is a summary of the terms upon which ORIX (as defined below), as Administrative Agent (as defined below) for the Lenders (as defined below), would provide a portion of the DIP Term Facility and a portion of the Exit Term Facility as set forth herein. This Summary of Terms and Conditions is subject in its entirety to the Commitment Letter dated March 23, 2010 (as amended pursuant to that certain Amendment No. 1 to Commitment Letter and Fee Letter dated as of May 3, 2010) between ORIX and the Borrower (as defined below) to which this Summary of Terms and Conditions is attached. This Summary of Terms and Conditions amends and restates and replaces in its entirety that certain Summary of Terms and Conditions dated as of March 23, 2010.

While this Summary of Terms and Conditions is not intended to be an all-inclusive description of the relevant terms of such financing (without limiting the foregoing, this Summary of Terms and Conditions does not attempt to describe all of the terms, conditions and requirements that would pertain to the DIP Term Facility or Exit Term Facility described below, but rather is intended to outline certain basic items around which such facilities would be structured), this Summary of Terms and Conditions is intended to describe the material representations and warranties, material covenants and material events of default expected to be set forth in the loan agreement pertaining to the DIP Term Facility and in the loan agreement pertaining to the Exit Term Facility.

BORROWER:	DIP Term Facility: The Newark Group, Inc., as debtor-in-possession in a case (the "Case") pending as of the filing date (the "Filing Date") under Chapter 11 of the Bankruptcy Code. Exit Term Facility: The Newark Group, Inc., a reorganized debtor under a confirmed plan of reorganization made pursuant to the Case.
JOINT LEAD ARRANGERS:	ORIX, DDJ Capital Management, LLC ("DDJ"), certain other persons approved by ORIX in writing and/or certain of their respective affiliates approved by ORIX in writing (together the "Lead Arrangers").
ADMINISTRATIVE AGENT:	ORIX Finance Corp. ("ORIX" or "Administrative Agent").
LENDERS:	ORIX, funds/accounts managed by DDJ, certain holders of the Borrower's existing 9¾% Senior Subordinated Notes due 2014 (the "Existing Pre-petition Notes") and/or certain of their respective affiliates in each case to the extent approved by the Lead Arrangers ("Lenders"). Allocation of loan commitments, and actual composition of the Lenders, will be determined by the Administrative Agent after consultation with the Lead Arrangers.
CREDIT FACILITIES/USE OF PROCEEDS:	DIP Term Facility: Senior Secured DIP Term Loan in an aggregate principal amount equal to $110,000,000 to be provided by the Lenders in a single draw on the closing date of the DIP Term Facility, severally according to their respective commitments. The DIP Term Facility shall

be used solely (i) to pay an amount equal to, and used to refinance, all amounts due and owing under that certain Loan and Security Agreement dated as of March 9, 2007 by and among Wachovia Bank National Association, as administrative agent and collateral agent, the lenders party thereto, the Borrower and NP Cogen, Inc. (as amended prior to the date hereof ("Prepetition CLTL Facility") as of the date of repayment of the Prepetition CLTL Facility, (ii) to fund general corporate purposes relating to post-petition operations of the Borrower and (iii) to pay (a) all fees due to Lenders as provided under the DIP Term Facility and (b) all professional fees and expenses (including legal, financial advisor, appraisal and valuation-related fees and expenses) incurred by Lenders, including those incurred in connection with the preparation, negotiation, documentation and court approval of the DIP Term Facility. Once repaid, loans under the DIP Term Facility may not be re-borrowed. No portion of the DIP Term Facility, the collateral described below, or any Carve-Out (as defined below) may be used in any manner adverse to the Administrative Agent or the Lenders, including without limitation any investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the Administrative Agent or any Lender or any objection with respect to the claims, liens or security interests of the Administrative Agent or the Lenders.

Exit Term Facility: Senior Secured Exit Term Loan in an aggregate principal amount equal to $110,000,000 to be provided by the Lenders, severally according to their respective commitments. The Exit Term Facility shall be used solely (i) to refinance in full all outstanding amounts under the DIP Term Facility and (ii) to pay (a) all fees due to Lenders as provided under the Exit Term Facility and (b) all professional fees and expenses (including legal, financial advisor, appraisal and valuation-related fees and expenses) incurred by Lenders, including those incurred in connection with the preparation, negotiation, documentation and court approval of the Exit Term Facility. Once repaid, loans under the Exit Term Facility may not be re-borrowed.

PRIORITY/COLLATERAL: Each of the Credit Facilities would have (a) a first priority perfected security interest in all present and after acquired personal property (other than the Working Capital Priority Collateral, such term is used herein as defined in the Draft Intercreditor Agreement, as defined below) and all real property of the Borrower that has a fair market value equal to or greater than $500,000, of each of its direct or indirect domestic subsidiaries (other than JD Corp and Integrated Paper Recycler (assuming with respect to (i) both that such entities, such entities do not guaranty, or grant liens on any of their assets to secure, the Working Capital Facility, and (ii) Integrated Paper Recycler that no more than 50% of the outstanding equity of Integrated Paper Recycler is owned directly or indirectly by the Borrower)) and of any holding company, if any, of the Borrower, and (b) a second priority perfected security interest in all the Working Capital Priority Collateral, in each case subject only to the Carve-Out.

Each of the Credit Facilities would also be secured by a first priority perfected pledge of all of the outstanding equity interests of the Borrower (if there is a holding company for the Borrower) and of the Borrower's

direct and indirect subsidiaries (limited to a pledge of 65% of the voting equity and 100% of the non-voting equity of each first tier foreign subsidiary that is a "controlled foreign corporation" and no pledge of the equity of any second tier (or lower tier) foreign subsidiary that is a "controlled foreign corporation").

With respect to the DIP Term Facility, such security shall be granted pursuant to Sections 364(c) (1), (c)(2) and (c)(3) of the Bankruptcy Code and, also pursuant to Section 364(d) (1) of the Bankruptcy Code, if required to obtain senior priority liens on any collateral (other than the Working Capital Priority Collateral) that currently secures the Prepetition CLTL Facility (i) subject only to valid, unavoidable liens currently senior to the liens under the Prepetition CLTL Facility or (ii) senior to any liens that are currently junior to the liens under the Prepetition CLTL Facility**.** Further, such security shall include any claims and causes of action under Section 544, 545, 547 through 551 and 553 of the Bankruptcy Code and the proceeds thereof (junior to the liens in such claims and causes of action to the extent constituting Working Capital Priority Collateral).

The collateral priorities set forth above would be governed by an intercreditor agreement substantially in the form of the draft Amended and Restated Intercreditor Agreement dated as of April 26, 2010 (the "Draft Intercreditor Agreement"[1]). Except for restrictions on the payment of the Excess Cash Flow prepayment expressly set forth in the "Prepayment Provisions" section below and restrictions on voluntary prepayments, neither Credit Facility would be subject to any debt subordination or payment blocks in favor of either Working Capital Facility (as defined below).

CARVE-OUT:

The "Carve-Out" means the fees pursuant to Section 1930 of Title 28 of the United States Code and to the Clerk of the Bankruptcy Court, and allowed and unpaid claims of professionals whose retention is approved by the Bankruptcy Court during the Case pursuant to Sections 327 and 1103 of the Bankruptcy Code for unpaid fees and expenses that are approved by order of the Bankruptcy Court pursuant to Sections 326, 328, 330, or 331 of the Bankruptcy Code; provided, that, (i) (1) prior to the occurrence of an Event of Default (as defined below) all such allowed fees and expenses shall be incurred in accordance with the Budget (as defined below) or (2) all such fees and expenses incurred after the occurrence of an Event of Default (as defined below) shall not exceed $2,000,000 in the aggregate, in each case for purposes of constituting a part of the Carve-Out, and (ii) the Carve-Out shall not include, apply to, or be available for (A) any fees or expenses (other than fees and expenses for investigative purposes which in the aggregate do not exceed $50,000 (or such greater amount as may be approved by the Administrative Agent, so long as such greater amount has also been approved by the lenders under the DIP Working Capital Facility) incurred by any party, including the Borrower or any Guarantor, any committee or any professional, in connection with the investigation, initiation or prosecution of any claims or defenses against Administrative

[1] Note: Revisions acceptable to the Lenders would need to be made to the Intercreditor Agreement to conform such agreement so that is applies to the DIP and the Exit.

Agent or any Lender, or preventing, hindering, or delaying the assertion of enforcement of any lien, claim, right or security interest or realization upon any Collateral by Administrative Agent or any Lender, (B) a request to use cash collateral (as such term is defined in Section 363 of the Bankruptcy Code) without the prior written consent of Administrative Agent, (C) a request, without the prior written consent of Administrative Agent, for authorization to obtain Debtor-in-possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code that does not indefeasibly repay in full in cash the Obligations on terms and conditions acceptable to Administrative Agent, or (D) any act which has the effect of materially or adversely modifying or compromising the rights and remedies of Administrative Agent or any Lender as set forth herein or in any of the documents pertaining to the Credit Facilities, or which results in the occurrence of an Event of Default . The foregoing shall not be construed as consent to the allowance of any fees and expenses referred to above and shall not affect the right of Administrative Agent to object to the allowance and payment of such amounts. In no event shall the Carve-Out be more extensive than the carve-out permitted by the DIP Working Capital Facility.

TERM:

DIP Term Facility: The period commencing on the entry of the Interim Order (as defined below) (the "Commencement Date") and ending on the earliest of (i) 180 days after the Commencement Date, (ii) 60 days after entry of the Interim Order if a Final Order (as defined below) has not been entered prior to the expiration of such period, (iii) the conversion of the Case to a Chapter 7 case, (iv) the effective date of confirmation of a plan of reorganization confirmed by court order and (v) the acceleration of the loans under the DIP Term Facility.

Exit Term Facility: The period commencing on the effective date of confirmation of the plan of reorganization in the Case entered by the Bankruptcy Court, in form and substance acceptable to the Administrative Agent, and with respect to which the order of confirmation is a final, non-appealable order (the "Confirmation Date"), and ending on the earlier of (i) the March 31, 2014 and (ii) the acceleration of the loans under the Exit Term Facility.

INTEREST RATES:

LIBOR + 9.50% or Base Rate plus 8.50%. There would be a 3.00% LIBOR floor. In no event shall Base Rate loans be priced lower than LIBOR loans. Interest would be payable in cash monthly in arrears based on a 360-day year (or 365/366 with respect to Base Rate loans) and actual days elapsed. Applicable definitions would be substantially as set forth in the May 3, 2010 draft of the Amended and Restated Loan and Security Agreement (the "Draft Term Loan Agreement"[2]).

[2] Note: A separate DIP Term Loan Agreement would need to be drafted and would need to include applicable provisions with respect to the DIP Term Loan (including without limitation bankruptcy provisions, such as bankruptcy covenants, defaults, representations, etc.). Additionally, disclosure schedules and exhibits, each in form and substance satisfactory to the Administrative Agent and the Lenders, would need to be delivered with respect to such loan agreements.

DEFAULT RATE: At the election of Administrative Agent or Required Lenders (as defined below), an additional 2.00% during any period of default, payable in cash, on all amounts outstanding under the Credit Facilities.

COMMITMENT FEE: 1% of the $110,000,000 DIP Term Facility, payable in full on the closing of the DIP Term Facility, for the ratable benefit of the Lenders.

CERTAIN OTHER FEES: See separate confidential fee letter between Administrative Agent and Borrower.

CONDITIONS TO CLOSINGS: Each of the conditions precedent to closing and funding of each Credit Facility would need to be satisfied.

With respect to the DIP Term Facility, such conditions shall include, without limitation, the following:

(i) Commencement of the Case on or before June 11, 2010.

(ii) (a) The continued effectiveness of a fully executed Plan Support Agreement (the "Plan Support Agreement") supporting the Plan of Reorganization described below. The Plan Support Agreement shall be substantially in the form of Plan Support Agreement draft dated May 3, 2010 from (a) holders of the Existing Pre-Petition Notes holding not less than 66• % in principal amount of such notes and other amounts owing thereunder and not less than half the number of holders of claims thereunder, (b) the Borrower, and (c) ORIX individually. The Plan Support Agreement shall have been finalized by the date of solicitation and, among other things, shall include proposed agreed forms of various documents as described below.

(b) The continued effectiveness of a fully executed support agreement (the "Working Capital Support Agreement") between the Borrower and each of the agent and lenders under the DIP Working Capital Loan Agreement. The Working Capital Support Agreement shall be in form and substance satisfactory to Administrative Agent and the Lenders. The Working Capital Support Agreement shall have been finalized by the date of solicitation and, among other things, shall include proposed agreed forms of the DIP Working Capital Facility Loan Agreement, the related intercreditor agreement, the loan agreements pertaining to the Credit Facilities and all other material documents reasonable required by Administrative Agent.

(c) The continued effectiveness of fully executed plan support agreements between the Borrower, on the one hand, and all classes of creditors that would have a vote on the Plan of Reorganization (other than those described in clauses (a) and (b) directly above), including without limitation Von Zuben and the ESOP. Each such plan support agreement shall be in form and substance satisfactory to Administrative Agent. Each such

plan support agreement shall have been finalized by the date of solicitation.

(iii) The Borrower having (a) proposed the Plan of Reorganization, which Plan shall, in all respects be satisfactory to the Administrative Agent and the Lenders, including repayment in full in cash and refinancing of the DIP Term Facility on the effective date under the Exit Term Facility, (b) prepared a disclosure statement relating to such Plan (the "Disclosure Statement"), in all respects satisfactory to the Administrative Agent and the Lenders and (c) filed with the Bankruptcy Court a motion, in form and substance satisfactory to the Administrative Agent and the Lenders, to schedule a date not more than thirty (30) days after the closing of the DIP Term Facility for a hearing to approve the Disclosure Statement. The proposed forms of Plan or Reorganization and the Disclosure Statement shall be attached (as agreed forms) to the Plan Support Agreement.

(iv) Not later than three business days following commencement of the Case, entry by the Bankruptcy Court of an order in form and substance satisfactory to the Administrative Agent (the "Interim Order"). Not later than 60 days after the entry of the Interim Order, entry of an order of the Bankruptcy Court in form and substance satisfactory to Agent (the "Final Order"), on an application or motion by the Borrower in form and substance satisfactory to the Administrative Agent, which Interim Order and Final Order shall have been entered on such prior notice to such parties as may be satisfactory to the Administrative Agent, approving the DIP Term Facility, the DIP Working Capital Facility, the related loan agreements, the transactions and fees outlined herein and granting the priority liens and administrative expense claims referred to above.

(v) All other pleadings filed in the Case, including without limitation all other "first day" orders entered on or about the time of commencement of the Case shall be satisfactory in form and substance to the Administrative Agent.

(vi) The Administrative Agent's satisfaction of the form and substance of revised long-term projections (the "Projections") for the Borrower; and a proposed form of which shall be attached (as an agreed form) to the Plan Support Agreement. The Administrative Agent's and Lenders' reasonable satisfaction of the form and substance of a budget (the "Budget") for the Borrower for its operations during the Case.

(vii) Concurrent with the closing of the DIP Term Facility, the existing Loan and Security Agreement, dated as of March 9, 2007 (the "Pre-Petition Working Capital Loan Agreement") among Borrower and Newark Group International B.V., as borrowers, the lenders party thereto and Wachovia Bank, National Association as administrative agent and collateral agent thereunder shall have been amended and restated, and

refinanced in full, pursuant to a loan and security agreement agented by Wachovia Bank, National Association (the "DIP Working Capital Loan Agreement"; and the credit facility provided thereunder, the "DIP Working Capital Facility"). The DIP Working Capital Loan Agreement and all related documents shall be on terms and conditions, and pursuant to documentation, in form and substance satisfactory to the Administrative Agent and the Lenders (including without limitation the intercreditor agreement pertaining to the DIP Working Capital Facility and the DIP Term Facility). Proposed forms of the DIP Working Capital Loan Agreement and such intercreditor agreement shall be attached (as agreed forms) to the Plan Support Agreement. Each of the conditions set forth in the DIP Working Capital Loan Agreement shall have been satisfied and the initial loans under the DIP Working Capital Loan Agreement shall have been made concurrently with the closing of the DIP Term Facility.

(viii) Concurrent with the closing of the DIP Term Facility, all obligations under the Prepetition CLTL Facility shall have been repaid in full and such facility shall have been terminated and released.

(ix) The DIP Term Facility shall be on terms and conditions, and pursuant documentation, each in form and substance satisfactory to the Administrative Agent and the Lenders. Each of the conditions set forth in such documents shall have been satisfied.

With respect to the Exit Term Facility, such conditions shall include the following:

(i) Confirmation of a plan of reorganization, in form and substance acceptable to the Administrative Agent (the "Plan of Reorganization"), by the Bankruptcy Court pursuant to a confirmation order (the "Confirmation Order") in form and substance acceptable to the Administrative Agent and, among other things, approving the Exit Term Facility and the Exit Working Capital Facility. The Confirmation Order shall have been entered upon proper notice to all parties to be bound by the Plan of Reorganization, all as may be required by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and any applicable local bankruptcy rules. In addition to the foregoing, the time to appeal the Confirmation Order or to seek review, rehearing, or certiorari with respect to the Confirmation Order must have expired, no appeal or petition for review, rehearing or certiorari with respect to the provisions of the Confirmation Order may be pending, and the Confirmation Order must otherwise be in full force and effect.

(ii) The Plan of Reorganization shall provide for repayment in full in cash, and resulting refinance, of the DIP Term Facility with the initial proceeds of the Exit Term Facility. The Plan of Reorganization shall also provide for a release in favor of the

Lenders under the DIP Term Facility, in form and substance satisfactory to the Administrative Agent.

(iii) Concurrent with the closing of the Exit Term Facility, the DIP Working Capital Loan Agreement shall have been amended and restated, and refinanced in full, pursuant to a loan and security agreement agented by Wachovia Bank, National Association (the "Exit Working Capital Loan Agreement"; and the credit facility provided thereunder, the "Exit Working Capital Facility"; together with the DIP Working Capital Facility, each a "Working Capital Facility"). The Exit Working Capital Loan Agreement and all related documents shall be on terms and conditions, and pursuant to documentation, in form and substance satisfactory to the Administrative Agent and the Lenders (including without limitation the intercreditor agreement pertaining to the Exit Working Capital Facility and the Exit Term Facility). Each of the conditions set forth in the Exit Working Capital Loan Agreement shall have been satisfied and the initial loans under the Exit Working Capital Loan Agreement shall have been made concurrently with the closing of the Exit Term Facility. The proposed forms of the Exit Working Capital Loan Agreement and such intercreditor agreement shall be attached (as agreed forms) to the Plan Support Agreement.

(iv) Concurrent with the closing of the Exit Term Facility, all obligations under the DIP Term Facility shall have been repaid in full in cash and refinanced under the Exit Term Facility.

(v) The Exit Term Facility shall be on terms and conditions, and pursuant documentation, each in form and substance satisfactory to the Administrative Agent and the Lenders. The proposed form of loan agreement pertaining to the Exit Term Facility shall be attached (as an agreed form) to the Plan Support Agreement. Each of the conditions set forth in such documents shall have been satisfied.

Additionally with respect to the DIP Term Facility, such conditions shall also include, without limitation, the following; and additionally with respect to the Exit Term Facility, such conditions shall also include:

(i) Administrative Agent shall be satisfied that all obligations of the Borrower and Guarantors (as defined below) with respect to the applicable Credit Facility are secured by valid, enforceable and non-avoidable liens and security interests, with the requisite priority and on all of the property, in each case as described in the PRIORITY/COLLATERAL Section set forth above, including without limitation validly executed and recorded mortgages with respect to the Exit Term Facility for all real property with a fair market value equal to or greater than $500,000 and related title insurance with respect thereto, each in form and substance satisfactory to Administrative Agent and

Lenders.

(ii) Satisfaction of Administrative Agent and the Lenders with the results of legal and business due diligence commensurate with credit facilities of this size and type.

(iii) Delivery of Borrower's and each Guarantor's financial statements and information reasonably requested by Administrative Agent during due diligence and underwriting of the Credit Facilities.

(iv) Administrative Agent shall have received evidence in form and substance satisfactory to Administrative Agent that all consents and approvals appropriate or necessary to consummate the applicable Credit Facility, the Plan of Reorganization with respect to the Exit Term Facility, and the transactions pertaining thereto have been obtained.

(v) All representations and warranties of the Borrower and each of the Guarantors in the related loan agreement and related financing documents shall be true, correct and complete in all material respects and there shall be no default or event of default both before and after giving effect to the borrowings under the applicable Credit Facility.

(vi) There shall not have occurred any material adverse change in the operations, business, profits, assets, financial condition or prospects of the Borrower and its subsidiaries taken as a whole since January 31, 2010.

(vii) Payment of all fees, costs, expenses and other amounts then due and payable to the Administrative Agent and the Lenders.

(viii) Other conditions substantially in the form set forth in the Draft Term Loan Agreement (but with respect to the DIP Term Facility, such conditions shall not include conditions that are of a nature applicable solely to an exit credit facility and not a debtor in possession credit facility).

Provided however in any event, the closing and funding conditions with respect to the DIP Term Facility and the Exit Term Facility may be expanded if required by the Administrative Agent or any Lender so that they are at least as extensive, as restrictive to the Borrower and its subsidiaries, and as favorable to the Lenders as are the closing and funding conditions in the DIP Working Capital Facility and the Exit Working Capital Facility (other than conditions which are unique to an asset-based revolving loan facility predicated on accounts receivable and inventory set forth in the DIP Working Capital Facility and the Exit Working Capital Facility and are not applicable to the DIP Term Facility or the Exit Term Facility).

AMORTIZATION: The DIP Term Loan would be paid in full at the end of its Term. Equal quarterly principal installments on the Exit Term Loan per the following payment schedule (provided that in the event that the closing date for the

Exit Term Loan does not occur until after July 31, 2010, the scheduled payment date of any installments described below that are scheduled to be due prior to the closing of the Exit Term Loan shall be delayed until 30 days after the closing date of the Exit Term Loan):

Amortization Dates	Quarterly Installments
7/31/10 – 4/30/11	$ 1,250,000
7/30/11 – 4/30/12	$ 2,000,000
7/30/12 – 10/30/13	$ 2,500,000
3/31/2014	The aggregate outstanding principal amount of the Exit Term Loan

PREPAYMENT PROVISIONS:

Mandatory prepayment of 75% of Borrower's Excess Cash Flow (to be defined in the applicable loan documents) shall be applied annually, beginning with the fiscal year ending April 30, 2011. The Excess Cash Flow prepayment requirement would be reduced to 50% for any year that Total Debt to EBITDA is less than 3.0x. Notwithstanding the foregoing, such prepayment shall not be made, to the extent and until, after giving effect thereto, no event of default is in existence under the Working Capital Facility, minimum availability under the Working Capital Facility equals or exceeds $10,000,000 and Fixed Charge Coverage Ratio equals or exceeds 1.0 to 1.0.

Other mandatory prepayments would also be required as provided in the Draft Term Loan Agreement.

VOLUNTARY PREPAYMENTS:

Subject to certain restrictions set forth in the applicable Working Capital Facility documents, Borrower would have the right to prepay any amounts outstanding under the Credit Facilities, subject to a prepayment fee calculated as a percentage of the outstanding principal amount pre-paid as follows:

Year 1	3.0%
Year 2	2.0%
Year 3	1.0%

GUARANTEES:

All of the obligations under the Credit Facilities would be unconditionally guaranteed, on a joint and several basis, by all existing and future direct and indirect domestic subsidiaries of the Borrower (other than JD Corp and Integrated Paper Recycler (assuming with respect to (i) both that such entities, such entities do not guaranty, or grant liens on any of their assets to secure, the Working Capital Facility, and (ii) Integrated Paper Recycler that no more than 50% of the outstanding equity of Integrated Paper Recycler is owned directly or indirectly by the Borrower)) and by any holding company, if any, of the Borrower (collectively, the "Guarantors").

COVENANTS:

DIP Term Facility: Covenants (other than financial covenants) substantially in the form of the Draft Term Loan Agreement. Additionally, there will be a minimum trailing twelve month EBITDA covenant, which will be based on a variance of no more than 17.5% of the Borrower's Projections. Such covenant will be tested on the last day

of each month, beginning with the month-end immediately prior to the 75th day after the Filing Date (e.g., if the 75th day from the Filing Date is July 15, the first test date shall be June 30). A compliance certificate for such covenant shall be delivered no later than 20 days after the end of each applicable month.

Exit Term Facility: Covenants substantially in the form of the Draft Term Loan Agreement.

The Credit Facilities would be cross-defaulted to any other material debt (including without limitation the Working Capital Facilities) of Borrower, any of its subsidiaries and any holding company of the Borrower.

Provided however in any event, the covenants (other than the financial covenants and use of proceeds covenants) in the DIP Term Facility and in the Exit Term Facility may be expanded if required by the Administrative Agent or any Lender so that they are as extensive, as restrictive to the Borrower and its subsidiaries, and as favorable to the Lenders as are the covenants in the DIP Working Capital Facility and the Exit Working Capital Facility.

FINANCIAL REPORTING: Borrower would be required to deliver to the Administrative Agent financial and collateral reports substantially in the form of the Draft Term Loan Agreement. Provided however in any event, except with respect to borrowing base reporting, the financial reporting requirements in the DIP Term Facility and in the Exit Term Facility may be expanded if required by the Administrative Agent or any Lender so that they are as extensive, as restrictive to the Borrower and its subsidiaries, and as favorable to the Lenders as are the financial reporting requirements in the DIP Working Capital Facility and the Exit Working Capital Facility.

TRANSACTION COSTS: Borrower shall be responsible for all reasonable expenses associated with the due diligence, documentation and closing of each of the Credit Facilities. An initial deposit to cover third-party expenses (including legal counsel) has been provided to the Administrative Agent and additional deposits may be required by the Administrative Agent.

REPRESENTATIONS AND WARRANTIES: Substantially in the form of the Draft Term Loan Agreement. Provided however in any event, the representations and warranties in the DIP Term Facility and in the Exit Term Facility may be expanded if required by the Administrative Agent or any Lender so that they are as extensive, as restrictive to the Borrower and its subsidiaries, and as favorable to the Lenders as are the representations and warranties in the DIP Working Capital Facility and the Exit Working Capital Facility.

EVENTS OF DEFAULT: Substantially in the form of the Draft Term Loan Agreement. Provided however in any event, the events of default in the DIP Term Facility and in the Exit Term Facility may be expanded if required by the Administrative Agent or any Lender so that they are as extensive, as restrictive to the Borrower and its subsidiaries, and as favorable to the Lenders as are the events of default in the DIP Working Capital Facility

and the Exit Working Capital Facility (other than with respect to grace periods for payment of interest).

REQUIRED LENDERS: Lenders holding at least 50.1% of the aggregate outstanding balances held by the Lenders with respect to the applicable Credit Facility; provided if there are two or more un-affiliated Lenders, Required Lenders must include at least two un-affiliated Lenders.

GOVERNING LAW: New York

INDEMNIFICATION: The Borrower and Guarantors will indemnify and hold harmless the Lenders, the Administrative Agent and each of their respective affiliates and each of the respective officers, directors, members, partners, employees, agents, sub-servicers, advisors, attorneys and representatives of each (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense in connection therewith), in each case arising out of or in connection with or by reason of the Credit Facilities, any related documentation or any of the transactions contemplated hereby or thereby, or any actual or proposed use of the proceeds of the Credit Facilities, except to the extent such claim, damage, loss, liability or expense is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence, bad faith or willful misconduct. In the case of an investigation, litigation or other proceedings to which the indemnity in this paragraph applies, such indemnity will be effective whether or not such investigation, litigation or proceeding is brought by the Borrower or any Guarantor, any of their directors, security holders or creditors, an Indemnified Party or any other person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower and Guarantors further agree that no Indemnified Party will have any liability (whether direct or indirect, in contract, tort, or otherwise) to the Borrower, any Guarantor or any of their security holders or creditors for or in connection with the transactions contemplated hereby, except for direct damages to such party (as opposed to special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings)) determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence, bad faith or willful misconduct.

SUCCESSOR AGENT: The Administrative Agent can be removed and a replacement Administrative Agent may be designated at the direction of the Required Lenders.

CONFIDENTIALITY: This Summary of Terms and Conditions is issued solely to the Borrower and may not be disclosed by either the Borrower or ORIX to persons other than their respective executive management, board of directors and financial and legal advisors, in each case to whom it is necessary to

disclose this Summary of Terms and Conditions for purpose of evaluation and consummating the Credit Facilities and each of whom agrees to maintain the confidentiality of the contents hereof; provided that (i) the Borrower may disclose this Summary of Terms and Conditions to the Working Capital Facility lenders and each of their respective executive management, board of directors and financial and legal advisors, each of whom agrees to maintain the confidentiality of the contents hereof, (ii) ORIX may disclose this Summary of Terms and Conditions to the Lead Arrangers, potential Lenders who have signed confidentiality agreements and their respective executive management, board of directors and financial and legal advisors who are bound thereby and (iii) ORIX and the Borrower may disclose this Summary of Terms and conditions as required by law, regulation or legal or regulatory process. **Disclosure to any other person requires the prior written consent of the other party.**

EXHIBIT J

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
THE NEWARK GROUP, INC.

The name of the corporation is THE NEWARK GROUP, INC. (the "***Corporation***"). The Corporation filed its original Certificate of Incorporation with the Secretary of State of the State of Delaware on ____, 2010.

1. This Amended and Restated Certificate of Incorporation of the Corporation (this "***Certificate***") is made and filed pursuant to the order of the United States Bankruptcy Court for the District of New Jersey (the ***"Confirmation Order***"), confirming the Corporation's Joint Prepackaged Plan of Reorganization (the "***Plan***"), in In re The Newark Group, Inc. et al., Case No.: 10-[_____], under Chapter 11 of Title 11 of the United States Code, and in accordance with the provisions of Sections 245 and 303 of the General Corporation Law of the State of Delaware (the "***DGCL***").

2. The Corporation is the successor by operation of law to The Newark Group, Inc., a New Jersey corporation (the "***Predecessor Corporation***"), as a result of the merger of the Predecessor Corporation with and into the Corporation, pursuant to the Plan.

3. For purposes of this Certificate, "person" shall be interpreted broadly to include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust or unincorporated organization, or government or any agency or political subdivision thereof.

4. The text of the Certificate of Incorporation of the Corporation, as currently in effect, is hereby amended and restated to read in its entirety as follows:

ARTICLE I
NAME

The name of the Corporation is The Newark Group, Inc.

ARTICLE II
REGISTERED OFFICE

The address of the Corporation's registered office in the State of Delaware is The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III
PURPOSE

The nature of the business of the Corporation and the objects or purposes to be transacted, promoted or carried on by it are to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV
CAPITAL STOCK

Section 4.1 Authorized Capital Stock. The total number of shares of all classes of capital stock which the Corporation is authorized to issue is 60,000,000 shares, consisting of 50,000,000 shares of common stock, par value $0.01 per share (the "***Common Stock***") and 10,000,000 shares of preferred stock, par value $0.01 per share (the "***Preferred Stock***").

Section 4.2 Preferred Stock.

(a) The Preferred Stock may be issued from time to time in one or more series as may be determined by the Corporation's Board of Directors (the "***Board***"). The Board is hereby expressly authorized to provide for the issuance of shares of Preferred Stock in one or more series and to establish from time to time the number of shares to be included in each such series and to fix the designation, powers (including voting powers), preferences and relative, participating, optional and other special rights, if any, of each such series and the qualifications, limitations and restrictions thereof, as shall be stated in the resolution(s) adopted by the Board providing for the issuance of such series and included in a certificate of designations (a "***Preferred Stock Designation***") filed pursuant to the DGCL.

(b) The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock (or any class or series entitled to vote generally with the Common Stock), without a vote of the holders of the Preferred Stock, or any series thereof, unless a vote of any such holders of Preferred Stock is required pursuant to another provision of this Certificate, including any Preferred Stock Designation.

Section 4.3 Common Stock.

(a) The holders of shares of Common Stock shall be entitled to one vote for each such share on each matter properly submitted to a vote of the stockholders on which the holders of shares of Common Stock are entitled to vote. Except as otherwise required by law or this Certificate (including any Preferred Stock Designation), at any annual or special meeting of the stockholders the holders of shares of Common Stock shall have the exclusive right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders. Notwithstanding the foregoing, except as otherwise required by law or this Certificate (including

a Preferred Stock Designation), holders of Common Stock shall not be entitled to vote on any amendment to this Certificate (including any amendment to any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate (including any Preferred Stock Designation).

(b) Subject to the rights of the holders of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the Board from time to time out of any assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions.

(c) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and subject to the rights of the holders of Preferred Stock in respect thereof, the holders of shares of Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

Section 4.4 Regulation of Transfers. The Board shall be authorized to make such rules and regulations as it may deem necessary or advisable, not inconsistent with this Certificate, concerning the issue, transfer and registration of common stock and other securities of the Corporation.

Section 4.5 Limitation on Nonvoting Stock. Notwithstanding anything herein to the contrary, the Corporation shall not issue nonvoting capital stock to the extent prohibited by Section 1123 of Title 11 of the United States Code (the "***Bankruptcy Code***"); provided, however, that this Section 4.5 (i) will have no further force and effect beyond that required under Section 1123 of the Bankruptcy Code, (ii) will have such force and effect only for so long as Section 1123 of the Bankruptcy Code is in effect and applicable to the Corporation and (iii) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect.

ARTICLE V
PERPETUAL EXISTENCE

The Corporation is to have perpetual existence.

ARTICLE VI
COMPROMISES OR ARRANGEMENTS WITH CREDITORS AND STOCKHOLDERS

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them, and/or between the Corporation and its stockholders or any class

of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the DGCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the DGCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE VII
BOARD OF DIRECTORS

For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

Section 7.1 Board of Directors Generally. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board. The number of directors which shall constitute the whole Board shall be fixed by or determined in the manner set forth in the Bylaws of the Corporation (as may be amended from time to time, the "***Bylaws***").

Section 7.2 Power of Board to Change Bylaws. Except as otherwise provided in the Bylaws, the Board is expressly authorized to adopt, amend, supplement or repeal the Bylaws.

Section 7.3 Written Ballot Not Required. The members of the Board (each, a "***Director***") need not be elected by written ballot unless the Bylaws so provide.

Section 7.4 Action by the Board. Except as expressly provided otherwise in Section 7.5 or the Bylaws, all actions taken by the Board shall be taken by a majority vote of the Directors present at any meeting at which a quorum is present or, to the extent permitted by the DGCL and not otherwise restricted by the Bylaws, without a meeting pursuant to consents, in writing or by electronic transmission, from all of the Directors then seated on the Board.

Section 7.5 Vote Required for Certain Matters. Board approval of any Affiliate Transaction (as defined below) shall require the affirmative vote of either (i) all of the Disinterested Directors (as defined below) then seated on the Board or (ii) a Supermajority (as

defined below) of the entire Board. Unless a greater number of directors is required by the DGCL to approve any such action, the resolution of a Supermajority of the entire Board shall be required to approve (a) any merger, consolidation, sale of all or substantially all of the assets of the Corporation or the dissolution or liquidation of the Corporation, (b) any expenditure for capital assets or non-ordinary course operating expenses, to the extent it (x) exceeds 25% of the amount set forth for such expenditures in the annual budget of the Corporation for such fiscal year or (y) would cause the aggregate capital asset or non-ordinary course operating expenditures, as applicable, for the then-current fiscal year to exceed 110% of the amount set forth for such expenditures in the annual budget of the Corporation for such fiscal year, and (c) any acquisition of all or substantially all of the stock or assets of any other entity, for which the aggregate consideration paid by the Company is at least $25,000,000.

Section 7.6 Certain Definitions. For purposes of this Article VII:

(a) "***Affiliate***" means, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

(b) "***Affiliate Transaction***" means any transaction between the Company or any of its Subsidiaries, on the one hand, and any Affiliate of the Company or its Subsidiaries (other than the Company or a Subsidiary of the Company), on the other hand, which provides for total payments or other consideration of at least $250,000; provided, that for all purposes of this Certificate, "Affiliate Transaction" shall not include any transaction, agreement, payment or other arrangement that (i) is provided for or contemplated by the Plan or the Disclosure Statement for the Plan, dated ____, 2010, (ii) is contemplated by or permitted under the credit facilities entered into pursuant to the Plan and any notes, documents and other agreements entered into in connection therewith, including without limitation any documents required in connection with the creation or perfection of liens securing the obligations thereunder and any modifications, amendments, restatements or refinancings thereof (collectively, the "***Financing Documents***"), including without limitation any payments of principal, interest, premiums, fees (including fees payable in consideration of or in connection with any waiver or amendment) and expense reimbursements payable under or in connection with the Financing Documents, or (iii) relates to any additional indebtedness owing to any Affiliate to the extent required or permitted to be incurred under the Financing Documents.

(c) "***Disinterested Directors***" means, with respect to the consideration by the Board of any Affiliate Transaction with any Affiliate (the "***Affiliate Party***"), a Director (i) who is not an Affiliate or employee of the Affiliate Party, and (ii) who does not have,

and will not, as a result of the Affiliate Transaction under consideration, any direct or indirect financial interest in the transaction under consideration and who will not, directly or indirectly, obtain any personal benefit from such transaction; provided, however, that (a) a Director's interest in an Affiliate Party resulting from such Director's ownership, management or control of less than five percent (5%) of the equity of such Affiliate Party, shall not in and of itself result in such Director not being a Disinterested Director, and (b) a Director shall not be precluded from being a Disinterested Director solely by virtue of the fact that an Affiliate Party designated or has the right to designate such Director to be a member of the Board. Except to the extent expressly set forth in this definition, in determining whether a person is disinterested, this definition shall be interpreted in accordance with the relevant provisions of the DGCL insofar as it bears on the interpretation of whether or under what circumstances a director is considered disinterested.

(d) "***Supermajority***" means (i) if the number of directors on the entire Board is five (5), four (4) directors; (ii) if the number of directors on the entire Board is six (6) or seven (7), five (5) directors; and (iii) if the number of directors on the entire Board is eight (8) or greater, such number of directors (rounded up to the nearest whole number) equal to seventy-five percent (75%) of the entire Board.

ARTICLE VIII
CORPORATE OPPORTUNITIES

In recognition and anticipation that (i) certain holders of Common Stock, their Affiliates (as defined below), and their respective directors, principals, officers, employees and/or other representatives may now engage, may continue to engage, or may, in the future, decide to engage, in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (ii) members of the Board who are not employees of the Corporation ("***Non-Employee Directors***") and their respective Affiliates may now engage, may continue to engage, or may, in the future, decide to engage, in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, the provisions of this Article VIII are set forth to regulate and define the conduct of certain affairs of the Corporation with respect to certain classes or categories of business opportunities as they may involve the holders of Common Stock, the Non-Employee Directors or their respective Affiliates and the powers, rights, duties and liabilities of the Corporation and its directors, officers and stockholders in connection therewith.

Section 8.1 None of (i) the holders of Common Stock or any of their Affiliates or (ii) any Non-Employee Director or any of his or her Affiliates (the persons identified in (i) and (ii) above being referred to, collectively, as "***Identified Persons***" and, individually, as an

"***Identified Person***") shall have any duty to refrain, directly or indirectly, from (x) engaging in a corporate opportunity in the same or similar business activities or lines of business in which the Corporation or any of its Affiliates now engages or proposes to engage or (y) otherwise competing with the Corporation or any of its Affiliates, and, to the fullest extent permitted by the DGCL, no Identified Person shall be liable to the Corporation or any of its Affiliates or their respective stockholders for breach of any fiduciary duty solely by reason of the fact that such Identified Person engages in any such activities or lines of business. The Corporation hereby renounces any interest or expectancy in, or in being offered an opportunity to participate in, any business opportunity which may be a corporate opportunity for both an Identified Person and the Corporation or any of its Affiliates, except as specifically provided in Section 8.3.

Section 8.2 In the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity both for itself or himself and the Corporation or any of its Affiliates, such Identified Person shall have no duty to communicate or offer such transaction or other business opportunity to the Corporation or any of its Affiliates and, to the fullest extent permitted by the DGCL, shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty as a stockholder, director or officer of the Corporation solely by reason of the fact that such Identified Person pursues or acquires such corporate opportunity for itself or himself, or offers or directs such corporate opportunity to another person.

Section 8.3 The Corporation does not renounce its interest in any corporate opportunity offered to any Non-Employee Director if such opportunity is expressly offered to such person solely in his or her capacity as a director of the Corporation and the provisions of Section 8.1 and Section 8.2 shall not apply to any such corporate opportunity.

Section 8.4 In addition to and notwithstanding the foregoing provisions of this Article VIII, a corporate opportunity shall be deemed not to be a potential corporate opportunity for the Corporation if it is a business opportunity that the Corporation and its Affiliates are not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation's and its Affiliates' business or is of no practical advantage to the Corporation and its Affiliates or that is one in which they have no interest or reasonable expectancy.

Section 8.5 Solely for purposes of this Article VIII, "***Affiliate***" shall mean (A) in respect of any specified person (other than the Corporation or any Non-Employee Director), any other person that, directly or indirectly, is controlled by, controls or is under common control with such specified person and shall include any principal, member, director, partner, shareholder, officer, employee or other representative of any of the foregoing, (B) in respect of a Non-Employee Director, any person that, directly or indirectly, is controlled by such Non-Employee Director (other than the Corporation and any entity that is controlled by the Corporation) and (C) in respect of the Corporation, any person that, directly or indirectly, is controlled by the Corporation.

ARTICLE IX
LIMITED LIABILITY; INDEMNIFICATION

Section 9.1 Limitation of Personal Liability. No person who is or was a director of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted by the DGCL as the same exists or hereafter may be amended. If the DGCL is hereafter amended to authorize corporate action further limiting or eliminating the liability of directors, then the liability of a director to the Corporation or its stockholders shall be limited or eliminated to the fullest extent permitted by the DGCL, as so amended. Any repeal or amendment of this Section 9.1 by the stockholders of the Corporation or by changes in applicable law, or the adoption of any other provision of this Certificate inconsistent with this Section 9.1 will, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to further limit or eliminate the liability of directors) and shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or amendment or adoption of such inconsistent provision with respect to acts or omissions occurring prior to such repeal or amendment or adoption of such inconsistent provision.

Section 9.2 Indemnification.

(a) Right to Indemnification. Directors and executive officers of the Corporation, and any such persons who are serving at the request of the Corporation as directors or officers of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, shall be entitled to indemnification as provided under applicable law or in the Bylaws.

(b) Non-Exclusivity of Rights. The rights conferred on any person by this Section 9.2 shall not be exclusive of any other right which such person may have or hereafter acquire under applicable law, this Certificate, the Bylaws, any agreement, vote of stockholders or disinterested directors, or otherwise.

(c) Indemnification of Persons Other than Directors and Executive Officers. This Section 9.2 shall not limit the right of the Corporation, to the extent and in the manner authorized or permitted thereby, to indemnify and to advance expenses, pursuant to applicable law, the Bylaws, any agreement, vote of stockholders or disinterested directors, or otherwise, to persons other than directors or executive officers of the Corporation.

ARTICLE X
AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by this Certificate, the Bylaws or the DGCL; and except as set forth

in Article IX, all rights, preferences and privileges herein conferred upon stockholders, directors or any other persons by and pursuant to this Certificate in its present form or as hereafter amended are granted subject to the right reserved in this Article X.

ARTICLE XI
PROVISIONS BINDING

Section 11.1 Provisions Binding. Each holder of the Corporation's Equity Securities (as defined below) shall be deemed to be bound by, and shall hold such Equity Securities subject to, the terms and provisions of this Certificate and the Bylaws (including, without limitation, provisions restricting the Transfer (as defined in the Bylaws) of Equity Securities), as the same may be amended from time to time, as though such holder of Equity Securities is party to a separately executed shareholders agreement containing the provisions hereof and thereof. For purposes of this paragraph, "***Equity Securities***" shall mean (i) all shares of Common Stock or any other class of capital stock of the corporation, (ii) all options and warrants to purchase shares of capital stock of the Corporation, and the securities issued or issuable upon the exercise of such options or warrants, (iii) all other securities of the Corporation directly or indirectly convertible into or exchangeable for shares of Common Stock and (iv) any securities of the Corporation issued or issuable by the Corporation in respect of the forgoing upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event.

Section 11.2 Stockholders Agreement; Stock Certificate Legends. Shares of Common Stock that are held by parties to the Stockholder Agreement (as defined below) or by any Transferees of such shares shall be subject to the restrictions on Transfer set forth in the Stockholders Agreement. With respect to any shares of Common Stock that are subject to the ESOP Settlement Agreement (as defined below) or the Stockholders Agreement, or any of the restrictions set forth in the ESOP Settlement Agreement or the Stockholders Agreement, the Corporation is hereby authorized to cause each outstanding certificate representing such shares to bear such legends or endorsements as the Board, in its sole discretion, deems necessary or appropriate for the purpose of noting such restrictions. For purposes of this paragraph, (i) "***ESOP Settlement Agreement***" means that certain Agreement, dated ___, 2010, by and between the Corporation and Grandview Capital Strategies, Inc., in its capacity as Independent Fiduciary of The Newark Group, Inc. Employee Stock Ownership Plan, as amended, and (ii) "***Stockholders Agreement***" means that certain Stockholders' Agreement, dated as of ___, 2010, by and among the Corporation and the Stockholder Parties party thereto.

Section 11.3 Address for Notices to Stockholders. For purposes of any notice or communication required or permitted to be given by any person to any stockholder of the Corporation with respect to any matter related to the Corporation or any shares of Common Stock or other securities of the Corporation held by such stockholder, such notice or communication shall (unless the DGCL expressly provides otherwise) be deemed properly addressed if addressed to the stockholder to be so notified at the address set forth for such stockholder in the stock register for the Corporation's common stock.

IN WITNESS WHEREOF, I have executed this Certificate this __ day of _____, 2010.

THE NEWARK GROUP, INC.

By: _____
Name:
Title:

EXHIBIT K

AMENDED AND RESTATED BYLAWS

OF

THE NEWARK GROUP, INC.

a Delaware corporation

(the "***Corporation***")

(adopted as of ____, 2010)

TABLE OF CONTENTS

Page

ARTICLE I OFFICE AND RECORDS 1
Section 1.1 Delaware Office 1
Section 1.2 Other Offices 1
Section 1.3 Books and Records 1
Section 1.4 Fiscal Year 1

ARTICLE II STOCKHOLDERS 1
Section 2.1 Annual Meeting 1
Section 2.2 Special Meetings 1
Section 2.3 Notice of Meetings 2
Section 2.4 Quorum 2
Section 2.5 Voting 3
Section 2.6 Proxies 3
Section 2.7 Inspectors of Elections; Opening and Closing the Polls 3
Section 2.8 List of Stockholders 3
Section 2.9 Stockholder Action by Written Consent. 4
Section 2.10 Meeting Attendance via Remote Communication. 4

ARTICLE III DIRECTORS 4
Section 3.1 General Powers 4
Section 3.2 Number, Tenure and Qualifications 5
Section 3.3 Vacancies and Newly Created Directorships 5
Section 3.4 Resignation 5
Section 3.5 Removal 5
Section 3.6 Meetings 5
Section 3.7 Quorum and Voting 6
Section 3.8 Written Consent of Directors in Lieu of a Meeting 6
Section 3.9 Compensation 6
Section 3.10 Committees of the Board of Directors 6

ARTICLE IV OFFICERS 7
Section 4.1 Elected Officers 7
Section 4.2 Election and Term of Office 7
Section 4.3 Resignation and Removal 7
Section 4.4 Compensation and Bond 8
Section 4.5 Chairman of the Board 8
Section 4.6 President 8
Section 4.7 Vice Presidents 8
Section 4.8 Treasurer 8
Section 4.9 Secretary 8
Section 4.10 Assistant Treasurers 9
Section 4.11 Assistant Secretaries 9
Section 4.12 Delegation of Duties 9

ARTICLE V INDEMNIFICATION AND INSURANCE 9
Section 5.1 Right to Indemnification 9
Section 5.2 Right to Advancement of Expenses 10
Section 5.3 Right of Indemnitee to Bring Suit 10
Section 5.4 Non-Exclusivity of Rights 11
Section 5.5 Insurance 11
Section 5.6 Indemnification of Employees and Agents of the Corporation 11
Section 5.7 Contract Rights; Repeal or Modification 11

ARTICLE VI COMMON STOCK 11
Section 6.1 Certificates 11
Section 6.2 Transfers of Stock 11
Section 6.3 Lost, Stolen or Destroyed Certificates 12
Section 6.4 Stockholder Record Date 12

ARTICLE VII SEAL 13
Section 7.1 Seal 13

ARTICLE VIII WAIVER OF NOTICE 13
Section 8.1 Waiver of Notice 13

ARTICLE IX AMENDMENTS 13
Section 9.1 Amendments 13

AMENDED AND RESTATED BYLAWS

OF

THE NEWARK GROUP, INC.

ARTICLE I

Office and Records

Section 1.1 Delaware Office. The address of the Corporation's registered office in the State of Delaware shall be located in the City of Wilmington, County of New Castle, and the name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.

Section 1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors of the Corporation (the "***Board of Directors***") may designate or as the business of the Corporation may from time to time require.

Section 1.3 Books and Records. The books and records of the Corporation may be kept at the Corporation's principal executive offices or at such other locations, either within or without the State of Delaware, as may from time to time be designated by the Board of Directors.

Section 1.4 Fiscal Year. The fiscal year of the Corporation shall begin, unless otherwise fixed by a resolution of the Board of Directors, on the first day of May in each calendar year.

ARTICLE II

Stockholders

Section 2.1 Annual Meeting. The annual meeting of stockholders of the Corporation shall be held at such date, time and place within or without the State of Delaware as may be fixed by the Board of Directors.

Section 2.2 Special Meetings. Subject to the rights of the holders of any series of preferred stock of the Corporation (the "***Preferred Stock***"), or any other series or class of stock as set forth in the Certificate of Incorporation of the Corporation (as may be amended from time to time, the "***Certificate of Incorporation***") to elect additional directors under specified circumstances, a special meeting of the holders of stock of the Corporation entitled to vote on any business to be considered at any such meeting may be called, for any purpose or purposes, by the Chairman of the Board of Directors or the Chief Executive Officer of the Corporation, or shall be called by the Secretary of the Corporation (x) at the request of the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would at the time have if there were no vacancies (the "***Whole Board***") or (y) at the request in writing of stockholders holding shares representing a majority of the voting power of

the outstanding shares entitled to vote on the matter for which such meeting is to be called, and such special meeting shall be held at such place, on such date, and at such time as such person or the Board of Directors shall fix; provided, that the Board of Directors may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 2.10, and if no such designation is made, the place of meeting shall be the principal executive offices of the Corporation. For purposes of these Bylaws, "***person***" shall be interpreted broadly to include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust or unincorporated organization, or government or any agency or political subdivision thereof.

Section 2.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, unless notice is waived as provided in Section 8.1 of these Bylaws, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

Unless otherwise provided by law, and except as to any stockholder duly waiving notice, the written notice of any meeting shall be given personally or by mail, not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation. Any previously scheduled meeting of the stockholders may be postponed by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If, however, the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.4 Quorum. Except as otherwise provided by law or by the Certificate of Incorporation or by these Bylaws, at any meeting of stockholders the holders of a majority of the voting power of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "***Voting Stock***"), either present or represented by proxy, shall constitute a quorum for the transaction of any business at such meeting, except that when specified business is to be voted on by a class or series voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum for the transaction of such business. The chairman of the meeting or a majority of the voting power of the shares of Voting Stock so represented may adjourn the meeting from time to time, whether or not there is such a quorum (or in the case of specified business to be voted on as a class or series, the chairman or a majority of the shares of such class or series so represented may adjourn the meeting with respect to such specified business). No notice of the time and place of adjourned meetings need be given except as provided in the last paragraph of Section 2.3 of these Bylaws. The stockholders present at a

duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.5 Voting. Except as otherwise set forth in the Certificate of Incorporation with respect to the right of any holder of any series of Preferred Stock or any other series or class of stock to elect additional directors under specified circumstances, whenever directors are to be elected at a meeting, they shall be elected by a plurality of the votes cast at the meeting by the holders of stock entitled to vote. Whenever any corporate action, other than the election of directors, is to be taken by vote of stockholders at a meeting, it shall, except as otherwise required by law or by the Certificate of Incorporation or by these Bylaws, be authorized by a majority of the votes cast with respect thereto at the meeting (including abstentions) by the holders of stock entitled to vote thereon.

Except as otherwise provided by law, or by the Certificate of Incorporation, each holder of record of stock of the Corporation entitled to vote on any matter at any meeting of stockholders shall be entitled to one vote for each share of such stock standing in the name of such holder on the stock ledger of the Corporation on the record date for the determination of the stockholders entitled to vote at the meeting.

Upon the demand of any stockholder entitled to vote, the vote for directors or the vote on any other matter at a meeting shall be by written ballot, but otherwise the method of voting and the manner in which votes are counted shall be discretionary with the presiding officer at the meeting.

Section 2.6 Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. Every proxy shall be signed by the stockholder or by his duly authorized attorney. Such proxy must be filed with the Secretary of the Corporation or his or her representative at or before the time of the meeting.

Section 2.7 Inspectors of Elections; Opening and Closing the Polls. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware (the "***DGCL***"). The chairman of the meeting shall fix and announce at the meeting the time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

Section 2.8 List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of

stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this paragraph or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 2.9 Stockholder Action by Written Consent. Any action required by statute to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Section 2.10 Meeting Attendance via Remote Communication. If authorized by the Board of Directors in its sole discretion with respect to any meeting of stockholders, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such votes or other action shall be maintained by the Corporation.

ARTICLE III

Directors

Section 3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. In addition to the powers and

authorities by these Bylaws expressly conferred upon it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

Section 3.2 Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in the Certificate of Incorporation to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board, but shall consist of not more than seven (7) nor less than three (3) directors, and shall initially consist of five (5) directors. The directors shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the year following the year of their election, and until their successors are elected and qualified.

Section 3.3 Vacancies and Newly Created Directorships. Subject to that certain Stockholders Agreement, dated as of [___], 2010, among the Company and the Stockholder Parties party thereto (as may be amended from time to time, the "***Stockholders Agreement***") and the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in the Certificate of Incorporation to elect additional directors under specified circumstances, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

Section 3.4 Resignation. Any director may resign at any time upon written notice to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

Section 3.5 Removal. Subject to the Stockholders Agreement and the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in the Certificate of Incorporation to elect additional directors under specified circumstances, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, voting together as a single class.

Section 3.6 Meetings. Meetings of the Board of Directors, regular or special, may be held at any place within or without the State of Delaware. Members of the Board of Directors, or of any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. An annual meeting of the Board of Directors shall be held at the same

place and immediately following each annual meeting of stockholders, and no further notice thereof need be given other than this Bylaw. The Board of Directors may fix times and places for additional regular meetings of the Board of Directors and no further notice of such meetings need be given. A special meeting of the Board of Directors shall be held whenever called by the Chairman of the Board or by a majority of the Whole Board, at such time and place as shall be specified in the notice or waiver thereof. The person or persons authorized to call special meeting of the Board of Directors may fix the place and time of the meetings. Notice of any special meeting shall be given to each director at his or her business or residence in writing or by telegram or by telephone communication. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four hours before such meeting. If by facsimile transmission, such notice shall be transmitted at least twenty-four hours before such meeting. If by telephone, the notice shall be given at least twelve hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 9.1 of these Bylaws.

Section 3.7 Quorum and Voting. A whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if there be less than a quorum, a majority of the directors present may adjourn the meeting from time to time, and no further notice thereof need be given other than announcement at the meeting which shall be so adjourned. Except as otherwise provided by law, by the Certificate of Incorporation, or by these Bylaws, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.8 Written Consent of Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or of such committee.

Section 3.9 Compensation. Directors may receive compensation for services to the Corporation in their capacities as directors or otherwise in such manner and in such amounts as may be fixed from time to time by the Board of Directors.

Section 3.10 Committees of the Board of Directors. The Board of Directors may from time to time, by resolution passed by a majority of the Whole Board, designate one or more committees, each committee to consist of one or more directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The resolution of the Board of Directors may, in addition or alternatively, provide that in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the

place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it, except as otherwise provided by law. Unless the resolution of the Board of Directors expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Any such committee may adopt rules governing the method of calling and time and place of holding its meetings. Unless otherwise provided by the Board of Directors, a majority of any such committee (or the member thereof, if only one) shall constitute a quorum for the transaction of business, and the vote of a majority of the members of such committee present at a meeting at which a quorum is present shall be the act of such committee. Each such committee shall keep a record of its acts and proceedings and shall report thereon to the Board of Directors whenever requested so to do. Any or all members of any such committee may be removed, with or without cause, by resolution of the Board of Directors, passed by a majority of the Whole Board.

ARTICLE IV

Officers

Section 4.1 Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, a Secretary and a Treasurer, and may also include one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. All officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV, together with such other powers and duties as from time to time may be conferred by the Board of Directors or any committee thereof. The Chairman of the Board shall be chosen from among the directors. Any number of such offices may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. The Board of Directors may appoint, and may delegate power to appoint, such other officers, agents and employees as it may deem necessary or proper, who shall hold their offices or positions for such terms, have such authority and perform such duties as may from time to time be determined by or pursuant to authorization of the Board of Directors.

Section 4.2 Election and Term of Office. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Subject to Section 4.3 of these Bylaws, each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until such officer shall resign.

Section 4.3 Resignation and Removal. Any officer may resign at any time upon written notice to the Corporation. Any elected officer may be removed by a majority of the members of the Whole Board, with or without cause, at any time. The Board of Directors may delegate such power of removal as to officers, agents and employees not elected by the Board of

Directors. Such removal shall be without prejudice to a person's contract rights, if any, but the appointment of any person as an officer, agent or employee of the Corporation shall not of itself create contract rights.

Section 4.4 Compensation and Bond. The compensation of the officers of the Corporation shall be fixed by the Board of Directors, but this power may be delegated to any officer in respect of other officers under his or her control. The Corporation may secure the fidelity of any or all of its officers, agents or employees by bond or otherwise.

Section 4.5 Chairman of the Board. The Chairman of the Board shall preside at all meetings of stockholders and of the Board of Directors. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation, shall make reports to the Board of Directors and the stockholders and shall perform all duties incidental to such office which may be required by law and all such other duties as are properly required by the Board of Directors. Except where by law the signature of the President is required, the Chairman of the Board shall possess the same power as the President to sign all certificates, contracts and other instruments of the Corporation which may be authorized by the Board of Directors. The Chairman of the Board shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect.

Section 4.6 President. The President shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The President shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board of Directors. The President may sign, alone or with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, certificates, contracts and other instruments of the Corporation as authorized by the Board of Directors.

Section 4.7 Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board or the President may from time to time prescribe. In the absence or inability to act of the President, unless the Board of Directors shall otherwise provide, the Vice President who has served in that capacity for the longest time and who shall be present and able to act, shall perform all the duties and may exercise any of the powers of the President.

Section 4.8 Treasurer. The Treasurer shall have charge of all funds and securities of the Corporation, shall endorse the same for deposit or collection when necessary and deposit the same to the credit of the Corporation in such banks or depositaries as the Board of Directors may authorize. He or she may endorse all commercial documents requiring endorsements for or on behalf of the Corporation and may sign all receipts and vouchers for payments made to the Corporation. He or she shall have all such further powers and duties as generally are incident to the position of Treasurer or as may be assigned to him or her by the Chairman of the Board, the President or the Board of Directors.

Section 4.9 Secretary. The Secretary shall record all the proceedings of the meetings of the stockholders and directors in a book to be kept for that purpose and shall also

record therein all action taken by written consent of directors in lieu of a meeting. He or she shall attend to the giving and serving of all notices of the Corporation. He or she shall have custody of the seal of the Corporation and shall attest the same by his or her signature whenever required. He or she shall have charge of the stock ledger and such other books and papers as the Board of Directors may direct, but he or she may delegate responsibility for maintaining the stock ledger to any transfer agent appointed by the Board of Directors. He or she shall have all such further powers and duties as generally are incident to the position of Secretary or as may be assigned to him or her by the President or the Board of Directors.

Section 4.10 Assistant Treasurers. In the absence or inability to act of the Treasurer, any Assistant Treasurer may perform all the duties and exercise all the powers of the Treasurer. An Assistant Treasurer shall also perform such other duties as the Treasurer or the Board of Directors may assign to him or her.

Section 4.11 Assistant Secretaries. In the absence or inability to act of the Secretary, any Assistant Secretary may perform all the duties and exercise all the powers of the Secretary. An Assistant Secretary shall also perform such other duties as the Secretary or the Board of Directors may assign to him or her.

Section 4.12 Delegation of Duties. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may confer for the time being the powers or duties, or any of them, of such officer upon any other officer or upon any director.

ARTICLE V

Indemnification and Insurance

Section 5.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "***proceeding***"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, member, employee or agent of any other corporation or of a partnership, joint venture, limited liability company, trust or other enterprise, including service with respect to any employee benefit plan (hereinafter an "***indemnitee***"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, excise taxes or penalties under the Employee Retirement Income Security Act of 1974, as amended, and amounts paid or to be paid in settlement) reasonably incurred by such indemnitee in connection therewith; provided, however, that except as provided in Section 5.3 with respect to proceedings seeking to

enforce rights to indemnification, the Corporation shall indemnify any such indemnitee seeking indemnification in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors. To the extent that any director or officer of the Corporation is by reason of such position, or a position in which he or she is serving at the request of the Corporation as a director, officer, member, employee or agent of any other corporation or of a partnership, joint venture, limited liability company, trust or other enterprise, a witness in any proceeding, he or she shall be indemnified against all costs and expenses actually and reasonably incurred by him or her on his or her behalf in connection therewith.

Section 5.2 Right to Advancement of Expenses. The right to indemnification conferred in Section 5.1 shall include the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "***advancement of expenses***"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "***undertaking***"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "***final adjudication***") that such indemnitee is not entitled to be indemnified for such expenses under this Section 5.2 or otherwise.

Section 5.3 Right of Indemnitee to Bring Suit. If a claim under Section 5.1 or Section 5.2 is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right of an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is

not entitled to be indemnified, or to such advancement of expenses, under this Article V or otherwise shall be on the Corporation.

Section 5.4 Non-Exclusivity of Rights. The right to indemnification and the advancement of expenses conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, provision of these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 5.6 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to the advancement of expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article V with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 5.7 Contract Rights; Repeal or Modification. The rights to indemnification and to the advancement of expenses conferred in Section 5.1 and Section 5.2 shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any repeal or modification of this Article V shall only be prospective and shall not adversely affect the rights of any indemnitee hereunder with respect to the occurrence of any action or omission to act which is the cause of any proceeding against any indemnitee and which occurred prior to the time of such repeal or modification.

ARTICLE VI

Common Stock

Section 6.1 Certificates. Certificates for stock of the Corporation shall be in such form as shall be approved by the Board of Directors and shall be signed in the name of the Corporation by the Chairman of the Board, the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. Such certificates may be sealed with the seal of the Corporation or a facsimile thereof. Any of or all the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 6.2 Transfers of Stock. Transfers of stock shall be made only upon the books of the Corporation by the holder, in person or by duly authorized attorney, and on the

surrender of the certificate or certificates for the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require. The Board of Directors shall have the power to make all such rules and regulations, not inconsistent with the Certificate of Incorporation and these Bylaws and the DGCL, as the Board of Directors may deem appropriate concerning the issue, transfer and registration of certificates for stock of the Corporation. The Board of Directors may appoint one or more transfer agents or registrars of transfers, or both, and may require all stock certificates to bear the signature of either or both.

Section 6.3 Lost, Stolen or Destroyed Certificates. The Corporation may issue a new stock certificate in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate or his or her legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate. The Board of Directors may require such owner to satisfy other reasonable requirements as it deems appropriate under the circumstances.

Section 6.4 Stockholder Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than sixty nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

If no record date is fixed by the Board of Directors, then (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the date on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend or other distribution, or to exercise such rights in respect of any such change, conversion or exchange of stock, or to participate in such action, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any record date so fixed.

ARTICLE VII

Seal

Section 7.1 Seal. The seal of the Corporation shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board of Directors, the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE VIII

Waiver of Notice

Section 8.1 Waiver of Notice. Whenever notice is required to be given to any stockholder or director of the Corporation under any provision of the DGCL or the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. In the case of a stockholder, such waiver of notice may be signed by such stockholder's attorney or proxy duly appointed in writing. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE IX

Amendments

Section 9.1 Amendments. These Bylaws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided that notice of the proposed change was given in the notice of the meeting and, in the case of the Board of Directors, in a notice given no less than twenty-four hours prior to the meeting; provided, however, that, in the case of amendments by stockholders, notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of stock required by law, the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority of the voting power of the then outstanding shares of Voting Stock, either present or represented by proxy, voting together as a single class, shall be required to alter, amend or repeal any provision of these Bylaws.

EXHIBIT L

**Terms of Management Compensation and Employment
for Reorganized The Newark Group, Inc.**

The following sets forth the basic terms of employment and compensation of the executives of the Reorganized Company, including the members of the Current Management Group, from and after the Effective Date.

1. Employment Agreements: The Reorganized Company will enter into employment agreements with each of Robert Mullen and Joseph Byrne (each, a "Key Executive") effective as of the Effective Date.

a. Term — The term of each employment agreement will be 18 months from the Effective Date (with automatic renewal for one 12-month period, unless the Reorganized Company provides 45 days prior notice to the Key Executive of non-renewal).

b. Base Salary — The base salary of each Key Executive will be not less than the base salary of such Key Executive immediately prior to the Effective Date.

c. Bonus — Each Key Executive will be entitled to participate in The Newark Group, Inc. Bonus Plan for Executives and Managers, as described in Item 3 below, and in any successor incentive plan enacted as part of the Management Incentive Plan (as defined and described in Item 8 below).

d. Severance — Upon termination of employment by the Reorganized Company prior to the expiration of the then applicable term, other than for cause, or resignation by the Key Executive for good reason, such Key Executive will be entitled, subject to such Key Executive giving customary releases, to receive:

- a lump sum payment equal to the amount of such Executive's base salary for the longer of the length of the remaining term or six months;
- any accrued and unpaid bonus under any incentive bonus plan enacted as part of the Management Incentive Plan, pro rated through the date of termination, with appropriate clawback provisions in the event of an adjustment affecting EBITDA; and
- continued medical benefits, with the Reorganized Company paying COBRA premiums on behalf of such Key Executive for the severance period.

For purposes of the employment agreements, the definitions of "for cause" and "good reason" will be the

		same as those contained in the Warrant Agreement and the Deferred Compensation Agreement.
	e. Benefits	Subject to Item 9 below, after the Effective Date, each Key Executive will continue to participate in all benefit programs of The Newark Group in which such Key Executive participates immediately prior to the Effective Date.
2.	Other Newark Executives:	It is expected that the employment of all executives of the Reorganized Company, other than the Key Executives, will be continued after the Effective Date, subject to the other provisions set forth in this summary, on substantially the same terms as in effect immediately prior to the Effective Date.
3.	Incentive Bonus:	The Board of Directors of the Reorganized Company may, in its discretion, provide for an incentive bonus program for Fiscal Year 2011 providing for a bonus pool of not less than: ▪ $1 million, if EBITDA for the 4 fiscal quarters ending on the date of determination is greater than $70 million; ▪ $500,000, if EBITDA for the 4 fiscal quarters ending on the date of determination is greater than $60 million but less than or equal to $70 million; and ▪ $300,000, if EBITDA for the 4 fiscal quarters ending on the date of determination is greater than $50 million but less than or equal to $60 million. ▪ Zero, if EBITDA for the 4 fiscal quarters ending on the date of determination is less than or equal to $50 million. The Fiscal Year 2011 incentive bonus program will otherwise be on substantially the same terms as The Newark Group, Inc. Bonus Plan for Executives and Managers as in effect immediately prior to the Effective Date. Any incentive bonus program for any subsequent period may be enacted at the discretion of the Board of Directors of the Reorganized Company and will be set forth in the Management Incentive Plan.
4.	Management Warrants:	On the Effective Date, each member of the Current Management Group will be granted, pursuant to a Warrant Agreement, the percentage of the aggregate grant of Management Warrants to be granted on the Effective Date set forth opposite his or her name in column (A) of the table in Item 7 below. For further information regarding the Management Warrants, see Section v (H) (8) of the Disclosure Statement.
5.	Deferred Compensation:	On the Effective Date, each member of the Current Management

Group will be granted, pursuant to the Deferred Compensation Agreement, a share of the deferred compensation pool set forth opposite his or her name in column (B) of the table in Item 7 below. For further information regarding deferred compensation, see Section V (H) (9) of the Disclosure Statement.

6. Management Bonus: On the Effective Date, each member of the Current Management Group will be entitled to receive the amount of an aggregate management bonus payment of $500,000 set forth opposite his or her name in column (C) of the table in Item 7 below. For further information regarding the management bonus, see Section V (H) (10) of the Disclosure Statement.

7. Certain Awards Granted to the Current Management Group:

		(A)	(B)	(C)
Name	Position	% of 5% Management Warrants	% of Deferred Comp Pool	Management Bonus
Mullen	CEO	23%	23%	$115,000
Byrne	CFO	14%	14%	70,000
Harper	SVP Europe	10%	10%	50,000
Poppe	SVP Mills	10%	10%	50,000
Gold	SVP RFD	10%	10%	50,000
Jones	SVP Conv.	10%	10%	50,000
Carbine	VP BCI	10%	10%	50,000
Crook	VP HR	8%	8%	40,000
Herro	Corp Cont	5%	5%	25,000
Totals		100.0%	100%	$500,000

8. Management Incentive Plan: The Board of Directors of the Reorganized Company may, in its discretion, at any time after the Effective Date enact a

management incentive plan (as may be amended from time to time, the "Management Incentive Plan") under which additional Management Warrants and other cash and stock-based compensation and incentive awards may from time to time be granted to executive officers (including members of the Current Management Group, their successors in such positions and other executive officers) of the Reorganized Company.

9. Certain Benefit Programs: The Newark Group, Inc. Stock Appreciation Rights Plan, The Newark Group, Inc. Stock Option Plan and any other stock-based compensation plans in existence as of the Effective Date will be terminated as of the Effective Date; however, all accrued payments under those plans will be classified as general unsecured claims for purposes of the Plan. Other than as required by law, from and after the Effective Date, no new participants will be permitted to join The Newark Group, Inc. Salaried Employees' Pension Plan, The Newark Group, Inc. Non-Union Hourly Employee's Pension Plan or the ESOP and no allocations of shares of New Common Stock will be made to ESOP participant accounts. The Board of Directors of the Reorganized Company may, in its discretion, continue such other benefit programs or enact such replacement or additional benefit programs as it from time to time deems necessary or desirable. It is expected that all group benefit plans in effect immediately prior to the Effective Date will be continued on substantially the same terms, provided that the terms of such plans are deemed, in the discretion of the Board of Directors of the Reorganized Company, to be consistent with the terms of plans offered employers having a similar employee base and financial condition.

EXHIBIT M

INTERCREDITOR AGREEMENT

among

THE NEWARK GROUP, INC.,
as a Borrower,

NEWARK GROUP INTERNATIONAL B.V.,
as a Borrower,

CERTAIN DOMESTIC SUBSIDIARIES OF THE NEWARK GROUP, INC.,
as Borrowers

and

THE OTHER DOMESTIC SUBSIDIARIES OF THE NEWARK GROUP, INC.,
as Guarantors

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
successor by merger to Wachovia Bank, National Association
as the Working Capital Agent and the Working Capital Administrative Agent

and

ORIX FINANCE CORP.
as the Term Loan Agent and the Term Loan Administrative Agent

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
successor by merger to Wachovia Bank, National Association
ORIX FINANCE CORP.
each as the Control Agent as set forth herein

Dated as of _____ __, 2010

TABLE OF CONTENTS

SECTION 1	Definitions	3
1.1	Defined Terms.	3
1.2	Terms Generally.	15
SECTION 2	Lien Priorities	15
2.1	Scope of Collateral.	15
2.2	Priority.	15
2.3	Failure to Perfect.	16
2.4	Prohibition on Contesting Liens.	17
2.5	No New Liens.	17
2.6	Similar Liens and Agreements.	18
SECTION 3	Enforcement	18
3.1	Enforcement.	18
3.2	Actions Upon Breach.	22
SECTION 4	Payments	22
4.1	Application of Proceeds.	22
4.2	Payment Turnover.	23
SECTION 5	Other Agreements	23
5.1	Releases.	23
5.2	Insurance.	25
5.3	Control Agent for Perfection.	26
5.4	Access to Term Loan Priority Collateral.	28
5.5	Consent to Limited License.	29
SECTION 6	Insolvency or Liquidation Proceedings.	29
6.1	Use of Cash Collateral and Financing Issues.	29
6.2	Sale Issues.	30
6.3	Relief from the Automatic Stay.	30
6.4	Adequate Protection.	31
6.5	Separate Grants of Security and Separate Classification.	32
6.6	Post-Petition Claims.	33
6.7	Avoidance Issues.	33
6.8	Expense Claims.	33
6.9	Effectiveness in Insolvency or Liquidation Proceedings.	33
SECTION 7	Reliance; Waivers; Etc.	33
7.1	Non-Reliance	33
7.2	No Warranties or Liability.	34
7.3	No Waiver of Lien Priorities.	35
7.4	Obligations Unconditional.	36
7.5	Certain Notices.	37
SECTION 8	Miscellaneous.	37
8.1	Conflicts.	37

8.2 Effectiveness; Continuing Nature of this Agreement; Severability. 37
8.3 Amendments; Waivers. 38
8.4 Information Concerning Financial Condition of Company and its Subsidiaries. 38
8.5 Subrogation. 38
8.6 [Reserved] 39
8.7 SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. 39
8.8 Notices. 40
8.9 Further Assurances. 40
8.10 [Reserved]. 40
8.11 Binding on Successors and Assigns. 40
8.12 Specific Performance. 40
8.13 Headings. 40
8.14 Counterparts. 41
8.15 Authorization. 41
8.16 No Third Party Beneficiaries. 41
8.17 Provisions Solely to Define Relative Rights. 41

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT (the "Agreement"), dated as of _____, 2010, is entered into by and among THE NEWARK GROUP, INC., a New Jersey corporation (the "Company"), NEWARK GROUP INTERNATIONAL B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands and a wholly-owned subsidiary of the Company (the "Dutch Borrower"), those certain Domestic Subsidiaries of the Company from time to time party to the Working Capital Credit Documents as borrowers (together, with the Company and the Dutch Borrower, the "Borrowers"), those certain other Domestic Subsidiaries of the Company from time to time party to the Term Loan Credit Documents as guarantors (together, with the Borrowers, the "Grantors"), ORIX FINANCE CORP., in its capacity as administrative agent for the Term Loan Lenders referenced below (in such capacity, the "Term Loan Administrative Agent") and its capacity as collateral agent for the Term Loan Lenders referenced below (in such capacity, together with its successors and assigns, the "Term Loan Agent"), WACHOVIA BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Working Capital Lenders referenced below (in such capacity, the "Working Capital Administrative Agent") and its capacity as collateral agent for the Working Capital Lenders referenced below (in such capacity, together with its successors and assigns, the "Working Capital Agent") and WACHOVIA BANK, NATIONAL ASSOCIATION and ORIX FINANCE CORP., each in its capacity as control agent for the Working Capital Agent and the Term Loan Agent as set forth herein (in such capacity, together with their respective successors and assigns, each individually, a "Control Agent" and collectively, the "Control Agents").

RECITALS:

WHEREAS, the Company and NP Cogen, Inc., a California corporation, have commenced the Chapter 11 Cases (as hereinafter defined) and each has retained possession of its assets and is authorized under the Bankruptcy Code (as hereinafter defined) to continue the operation of its business as a debtor-in-possession;

WHEREAS, the Grantors, the financial institutions from time to time party thereto as lenders (collectively, the "Working Capital Lenders"), the Working Capital Administrative Agent and the Working Capital Agent are parties to that certain Loan and Security Agreement dated as of March 9, 2007 (as amended, restated, supplemented or modified from time to time, the "Initial Working Capital Credit Agreement"), pursuant to which the Working Capital Lenders have made a revolving credit facility available to the Borrowers secured by a first priority security interest in certain assets of the Grantors, a second priority security interest in certain other assets of the Grantors and a third priority security interest in certain other assets of the Grantors, which Initial Working Capital Credit Agreement is amended and restated on the date hereof pursuant to the Amended and Restated Loan and Security Agreement, dated of even date herewith (as amended, restated, supplemented or modified from time to time, the "Amended and Restated Working Capital Credit Agreement");

WHEREAS, certain of the Grantors, the financial institutions from time to time party thereto as lenders (collectively, the "Term Loan Lenders"), the Term Loan Administrative Agent and the Term Loan Agent are parties to that certain Loan and Security Agreement, dated of even date herewith (as amended, restated, supplemented or modified from time to time, the "Initial Term Loan Credit Agreement"), pursuant to which the Term Loan Lenders have made a term loan credit facility available to the Company secured by a first priority security interest in certain assets of such Grantors and a second priority security interest in certain other assets of such Grantors;

WHEREAS, the Working Capital Agent, for and on behalf of the Working Capital Claimholders and the Term Loan Agent, for and on behalf of the Term Loan Claimholders, desire to enter into this Agreement to (i) confirm the relative priorities of their respective security interests in the assets and properties of the Grantors as between the Working Capital Claimholders and the Term Loan Claimholders, and (ii) provide for the orderly sharing among them, in accordance with such priorities, of the proceeds of such assets and properties upon any foreclosure thereon or other disposition thereof; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained and other good and valuable consideration, the existence and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1

DEFINITIONS

1.1 Defined Terms. As used in the Agreement, the following terms shall have the following meanings:

"**Account**" means, as to each Grantor, all present and future rights of such Person to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a secondary obligation incurred or to be incurred, or (d) arising out of the use of a credit or charge card or information contained on or for use with the card.

"**Affiliate**" means, with respect to a specified Person, any other Person which directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person, and without limiting the generality of the foregoing, includes (a) any Person which beneficially owns or holds ten (10%) percent or more of any class of Voting Stock of such Person or other equity interests in such Person, (b) any Person of which such Person beneficially owns or holds ten (10%) percent or more of any class of Voting Stock or in which such Person beneficially owns or holds ten (10%) percent or more of the equity interests and (c) any director or executive officer of such Person. For the purposes of this definition, the term "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise.

"**Agent**" means the Working Capital Agent or the Term Loan Agent, as applicable.

"**Aggregate Principal Exposure**" means that the aggregate principal amount of, without duplication, any issued but undrawn letters of credit, any reimbursement obligations for drawn letters of credit, term loans, revolving loans, bonds, debentures, notes or similar instruments (excluding, in any event, Bank Product Debt) issued under the Working Capital Credit Documents or the Term Loan Credit Documents, as applicable.

"**Agreement**" means this Agreement, as amended, renewed, extended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Amended and Restated Working Capital Credit Agreement**" has the meaning set forth in the recitals hereto.

"**Attributable Indebtedness**" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"**Bank Products Agreement**" means any agreement pursuant to which a bank or other financial institution agrees to provide any of the following products, services or facilities extended to any Grantor by any Claimholder or any of its Affiliates: (a) Cash Management Services; (b) products under any Hedge Agreement and not for speculative purposes; (c) commercial credit card and merchant card services; and (d) other banking products or services as may be requested by any Grantor, other than letters of credit.

"**Bank Product Debt**" of any Person means any obligation of such Person pursuant to any Bank Products Agreement.

"**Bankruptcy Code**" means the United States Bankruptcy Code, being Title 11 of the United States Code (11 U.S.C. Sections 101-1330), as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all official rules and regulations thereunder.

"**Bankruptcy Court**" shall mean the United States Bankruptcy Court for the District of New Jersey.

"**Bankruptcy Law**" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"**Business Day**" means any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of North Carolina, and a day on which each Control Agent is open for the transaction of business.

"**Capital Lease**" means, as applied to any Person, any lease of (or any agreement conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee which in accordance with GAAP, is required to be reflected as a liability on the balance sheet of such Person.

"**Capital Lease Obligations**" means the capitalized lease obligations relating to a Capital Lease determined in accordance with GAAP.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock or partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such capital stock).

"**Cash Management Services**" means any services provided from time to time to the Grantors in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services.

"**Certificated Security**" has the meaning set forth in the UCC.

"**Chapter 11 Cases**" shall mean the Chapter 11 cases of the Company and the other Grantors (other than Dutch Borrower) under the Bankruptcy Code referred to as In re Newark Group, Inc., et al., Chapter 11 Case No. _____ (Jointly Administered), currently pending in the Bankruptcy Court.

"**Chattel Paper**" has the meaning set forth in the UCC.

"**CL Cap Amount**" has the meaning set forth in the definition of Term Loan Obligations.

"**CL Cash Collateral**" shall mean the Net Cash Proceeds (as such term is defined in the Term Loan Credit Agreement) that are deposited into a cash collateral account (at a depository institution satisfactory to the Term Loan Agent) pursuant to [Section 2.5(b)(ii)-(vii)] of the Term Loan Credit Agreement as cash collateral for the Term Loan Obligations on terms reasonably acceptable to the Term Loan Agent; provided that any interest or investment income with respect to such cash collateral account shall be for the benefit of the Company and the Term Loan Agent shall upon the Company's direction invest the cash collateral in Cash Equivalents (as such term is defined in the Term Loan Credit Agreement).

"**CL Deposit Account** " means that certain segregated Deposit Account of the Company created **[on or after the date hereof]** with **[Wells Fargo Bank, N. A.]** to hold the proceeds of Term Loan Priority Collateral, together with any replacement or similar deposit account created to serve such purpose.

"**Claimholders**" means the Term Loan Claimholders and the Working Capital Claimholders.

"**Collateral**" means all of the assets and property of any Grantor, whether tangible or intangible, constituting both Working Capital Collateral and Term Loan Collateral.

"**Commercial Tort Claim**" has the meaning set forth in the UCC.

"**Company**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Control Agents**" shall mean (i) with respect to the Control Collateral constituting Working Capital Priority Collateral, Wachovia Bank, National Association, in its capacity as collateral agent with respect to such Working Capital Priority Collateral under Section 5.3 hereof, together with any successor in such capacity appointed by the Term Loan Agent and the Working Capital Agent and (ii) with respect to the Control Collateral constituting Term Loan Priority Collateral, Orix Finance Corp., in its capacity as collateral agent with respect to such Term Loan Priority Collateral under Section 5.3 hereof, together with any successor in such capacity appointed by the Term Loan Agent and the Working Capital Agent; each sometimes individually referred to herein as a "Control Agent".

"**Control Collateral**" means any Collateral consisting of any Certificated Security, Instrument, Investment Property, Deposit Accounts, tangible Chattel Paper and cash.

"**Controlled Account**" means those certain Deposit Accounts of any Grantor required to be subject to deposit account control agreements pursuant to the terms of the Working Capital Collateral Documents and the Term Loan Collateral Documents.

"**Credit Documents**" means the Term Loan Credit Documents and the Working Capital Credit Documents.

"**Customer Contracts**" means all contracts for the provision of goods or services by any Grantor to any Person or by any Person to any Grantor.

"**Deposit Accounts**" has the meaning set forth in the UCC.

"**DIP Financing**" has the meaning set forth in Section 6.1.

"**Discharge of Obligations**" means a Discharge of Term Loan Obligations or a Discharge of Working Capital Obligations, as applicable.

"**Discharge of Term Loan Obligations**" means (i) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such interest is, or would be, allowed in such Insolvency or Liquidation Proceeding) and premium, if any, on all Indebtedness outstanding under the Term Loan Credit Documents and termination of all commitments to lend or otherwise extend credit under the Term Loan Credit Documents, and (ii) payment in full in cash of all other Term Loan Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (including legal fees and other expenses, costs or charges accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such fees, expenses, costs or charges is, or would be, allowed in such Insolvency or Liquidation Proceeding), and (iii) termination or cash collateralization (in an amount reasonably satisfactory to the Term Loan Administrative Agent at the direction of the Required Lenders) of any Bank Products Agreement (to the extent obligations under such Bank Products Agreement constitute Term Loan Obligations) and the payment in full in cash of all Bank Product Debt (to the extent such Bank Product Debt constitutes Term Loan Obligations), subject, with respect to the aggregate amount of the items set forth in the foregoing clauses (i) through (iii), to the limitations set forth in the definition of CL Cap Amount.

"**Discharge of Working Capital Obligations**" means (i) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such interest is, or would be, allowed in such Insolvency or Liquidation Proceeding) and premium, if any, on all Indebtedness outstanding under the Working Capital Credit Documents and termination of all commitments to lend or otherwise extend credit under the Working Capital Credit Documents, (ii) payment in full in cash of all other Working Capital Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (including legal fees and other expenses, costs or charges accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such fees, expenses, costs or charges is, or would be, allowed in such Insolvency or Liquidation Proceeding), (iii) termination, cancellation or cash collateralization (in an amount reasonably satisfactory to the Working Capital Administrative Agent) of, all letters of credit issued under the Working Capital Credit Documents and (iv) termination or cash collateralization (in an amount reasonably satisfactory to the Working Capital Administrative Agent) of any Bank Products Agreement (to the extent that the obligations under such Bank Products Agreement constitutes Working Capital Obligations) and the payment in full in cash of all Bank Product Debt (to the extent such Bank Product Debt constitutes Working Capital Obligations), subject, with respect to the aggregate amount of the items set forth in the foregoing clauses (i) through (iii), to the limitations set forth in the definition of Maximum Working Capital Obligations.

"**Documents**" has the meaning set forth in the UCC.

"**Domestic Subsidiaries**" shall mean, with respect to any Person, any Subsidiary of such Person which is incorporated or organized under the laws of any state of the United States or the District of Columbia.

"**Equipment**" has the meaning set forth in the UCC, including all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal property (other than Inventory), and all parts, accessories and special tools therefor, and accessions thereto.

"**Financial Asset**" has the meaning set forth in the UCC.

"**Fixture**" has the meaning set forth in the UCC.

"**GAAP**" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"**General Intangible**" has the meaning set forth in the UCC.

"**Goods**" has the meaning set forth in the UCC.

"**Grantors**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Guaranty Obligations**" means, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting security therefor, (b) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (c) to lease or purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (d) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"**Hedge Agreement**" means an agreement that is a rate swap agreement, basis swap, forward rate agreement, commodity swap, interest rate option, forward foreign exchange agreement, spot foreign exchange agreement, rate cap agreement rate, floor agreement, rate collar agreement, currency swap agreement, cross-currency rate swap agreement, currency option, any other similar agreement (including any option to enter into any of the foregoing or a master agreement for any the foregoing together with all supplements thereto) for the purpose of protecting against or managing exposure to fluctuations in interest or exchange rates, currency valuations or commodity prices; sometimes being collectively referred to herein as "Hedge Agreements".

"**Indebtedness**" means, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (other than an account payable to a trade creditor (whether or not an Affiliate) incurred in the ordinary course of business of such Person and payable in accordance with customary trade practices); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial

condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) all obligations, liabilities and indebtedness of such Person (marked to market) arising under swap agreements, cap agreements and collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values; (i) all obligations owed by such Person under license agreements with respect to non-refundable, advance or minimum guarantee royalty payments; (j) indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent that the terms of such indebtedness expressly provide that such Person is not liable therefor or such Person has no liability therefor as a matter of law and (k) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP.

"**Initial Term Loan Credit Agreement**" has the meaning set forth in the recitals hereto.

"**Initial Working Capital Credit Agreement**" has the meaning set forth in the recitals hereto.

"**Insolvency or Liquidation Proceeding**" means any case or proceeding (including, without limitation, the Chapter 11 Cases) commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other Bankruptcy Law or insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors.

"**Instrument**" has the meaning set forth in the UCC.

"**Investment Property**" has the meaning set forth in the UCC.

"**Inventory**" has the meaning set forth in the UCC, including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in the Grantors' business (but excluding Equipment).

"**Letter of Credit Rights**" has the meaning set forth in the UCC.

"**Lien**" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"**Maximum Working Capital Obligations**" has the meaning set forth in the definition of Working Capital Obligations.

"**Non-Priority Agent**" means, (a) with respect to the Working Capital Priority Collateral, the Term Loan Agent and (b) with respect to the Term Loan Priority Collateral, the Working Capital Agent.

"**Non-Priority Claimholders**" means, (a) with respect to the Working Capital Priority Collateral, the Term Loan Claimholders and (b) with respect to the Term Loan Priority Collateral, the Working Capital Claimholders.

"**Obligations**" means Term Loan Obligations or the Working Capital Obligations, as applicable.

"**Ordinary Course of Business**" means the ordinary course of business of the Company or Subsidiaries, consistent with past practices and undertaken in good faith (and not for the purpose of evading any provision of a Credit Document).

"**Payment Intangibles**" has the meaning set forth in the UCC.

"**Person**" means any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Internal Revenue Code of 1986), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

"**Priority Agent**" means, (a) with respect to the Working Capital Priority Collateral, the Working Capital Agent and (b) with respect to the Term Loan Priority Collateral, the Term Loan Agent.

"**Priority Claimholders**" means, (a) with respect to the Working Capital Priority Collateral, the Working Capital Claimholders and (b) with respect to the Term Loan Priority Collateral, the Term Loan Claimholders.

"**Priority Collateral**" means, as applicable, (a) with respect to the Working Capital Agent and the other Working Capital Claimholders, the Working Capital Priority Collateral and (b) with respect to the Term Loan Agent and the other Term Loan Claimholders, the Term Loan Priority Collateral.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"**Proceeds**" has the meaning set forth in the UCC.

"**Recovery**" has the meaning set forth in Section 6.7.

"**Refinance**" means, in respect of any Indebtedness, to refinance, replace or repay, or to issue other Indebtedness, in exchange or replacement for, such indebtedness. "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Required Lenders**" has the meaning set forth in the Working Capital Credit Agreement or the Term Loan Credit Agreement, as applicable.

"**Subsidiary**" means, with respect to any Person, any corporation, limited liability company, limited liability partnership or other limited or general partnership, trust, association or other business

entity of which an aggregate of at least a majority of the outstanding Capital Stock or other interests entitled to vote in the election of the board of directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency), managers, trustees or other controlling persons, or an equivalent controlling interest therein, of such Person is, at the time, directly or indirectly, owned by such Person and/or one or more subsidiaries of such Person.

"**Supporting Obligations**" has the meaning set forth in the UCC.

"**Synthetic Lease Obligation**" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of Property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"**Term Loan Administrative Agent**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Term Loan Agent**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Term Loan Claimholders**" means, at any relevant time, the holders of Term Loan Obligations at such time, including without limitation the Term Loan Lenders and any agent under the Term Loan Credit Agreement.

"**Term Loan Collateral**" means all of the assets and property of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Term Loan Obligations.

"**Term Loan Collateral Disposition**" has the meaning set forth in Section 5.1(a)(ii).

"**Term Loan Collateral Documents**" means the Security Documents (as defined in the Term Loan Credit Agreement as amended, restated, supplemented and/or modified from time to time) and any other agreement, document or instrument pursuant to which a Lien is granted securing any Term Loan Obligations or under which rights or remedies with respect to such Liens are governed.

"**Term Loan Collateral Exercise of Remedies**" has the meaning set forth in Section 5.1(a)(i).

"**Term Loan Credit Agreement**" means (i) the Initial Term Loan Credit Agreement, as amended, restated, supplemented and/or modified from time to time and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any indebtedness or other financial accommodation that has been incurred to extend, increase (subject to the limitations set forth herein), or Refinance in whole or in part the indebtedness and other obligations outstanding under the (x) Initial Term Loan Credit Agreement or (y) any subsequent Term Loan Credit Agreement (as amended, restated, supplemented or modified from time to time), unless such agreement or instrument expressly provides that it is not intended to be and is not a Term Loan Credit Agreement hereunder. Any reference to the Term Loan Credit Agreement hereunder shall be deemed a reference to any Term Loan Credit Agreement then in existence.

"**Term Loan Credit Documents**" means the Term Loan Credit Agreement, the Term Loan Collateral Documents and the other Financing Agreements (as defined in the Term Loan Credit Agreement as amended, restated, supplemented and/or modified from time to time) and each of the other agreements, documents and instruments providing for or evidencing any other Term Loan Obligation, and

any other document or instrument executed or delivered at any time in connection with any Term Loan Obligations, including any intercreditor or joinder agreement among holders of Term Loan Obligations, to the extent such are effective at the relevant time, as each may be modified from time to time.

"**Term Loan Lenders**" means any "Lender", "Hedging Agreement Provider" or "Bank Product Provider" as each term is defined in the Term Loan Credit Agreement.

"**Term Loan Obligations**" means any and all loans, letter of credit obligations and all other obligations, liabilities and indebtedness of every kind, nature and description owing by any Grantor, whether incurred before, during or after the commencement of an Insolvency or Liquidation Proceeding with respect to any of the Grantors, under (i) the Term Loan Credit Agreement, (ii) the other Term Loan Credit Documents and (iii) Bank Products Agreements with the Term Loan Agent, the Term Loan Administrative Agent, any Term Loan Lender or any Affiliate of a Term Loan Lender; provided that the aggregate principal amount of, without duplication, any letter of credit commitment, undrawn letters of credit, term loans, bonds, debentures, notes or similar instruments (excluding, in any event, any Bank Product Debt, and any capitalized interest, fees, costs and other charges) issued under the Term Loan Credit Agreement or any other Term Loan Credit Document (or any Refinancing thereof) in excess of $130,000,000 (the "**CL Cap Amount**"), shall not constitute Term Loan Obligations for purposes of this Agreement. "Term Loan Obligations" shall include (x) all interest accrued or accruing (or which would, absent commencement of an Insolvency or Liquidation Proceeding, accrue) in accordance with the rate specified in the relevant Term Loan Credit Document and (y) all fees, costs and charges incurred in connection with the Term Loan Credit Documents and provided for thereunder, in the case of each of clause (x) and clause (y) whether before or after commencement of an Insolvency or Liquidation Proceeding and irrespective of whether any claim for such interest, fees, costs or charges is allowed as a claim in such Insolvency or Liquidation Proceeding.

"**Term Loan Priority Collateral**" means all of the present and future assets and Property of the Company and any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Term Loan Obligations, that do not constitute Working Capital Priority Collateral, including without limitation:

(a) all of the Capital Stock of each of the present and future Subsidiaries of the Company;

(b) all of the following present and future Property of the Company and each other Grantor:

(i) all present and future patents and patent license rights, trademarks and trademark license rights, copyrights and copyright license rights, trade secrets and processes and other intellectual property;

(ii) all present and future machinery and other Equipment, Goods, real Property (whether owned or leased), Fixtures, Financial Assets, Investment Property and Commercial Tort Claims;

(iii) the CL Deposit Account (to the extent any Grantor has rights therein) and all cash from time to time on deposit in the CL Deposit Account (to the extent any Grantor has rights therein);

(iv) Chattel Paper, Documents and Instruments (other than to the extent relating to Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral));

(v) the CL Cash Collateral and any deposit or investment account established by any Grantor and/or the Term Loan Agent to hold the CL Cash Collateral;

(vi) General Intangibles and other contract rights, including any indemnification rights;

(vii) all present and future claims, rights, interests, assets and properties to the extent arising from, in connection with, or related to the Term Loan Priority Collateral recovered by or on behalf of any Grantor, or any successor or assignor of such Grantor, including, without limitation, any trustee of any Grantor (whether in a Chapter 11 Case or any subsequent case to which any Chapter 11 Case is converted), including, without limitation, all claims by or on behalf of Grantor against any officer, director or other person or party for acts of negligence, misconduct or malfeasance, including, without limitation, breach of fiduciary duty, breach of the duty of loyalty, waste, mismanagement or misconduct of any kind, nature or description, including, a breach of the terms and conditions of any of the Term Loan Credit Documents; and

(c) all Proceeds (including, without limitation, insurance proceeds) and products of the Property and assets described in the foregoing clauses (a) and (b).

"**UCC**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"**Voting Stock**" means, with respect to any Person, (a) one (1) or more classes of Capital Stock of such Person having general voting powers to elect at least a majority of the board of directors, managers or trustees of such Person, irrespective of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency, and (b) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (a) of this definition.

"**Working Capital Administrative Agent**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Working Capital Agent**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Working Capital Claimholders**" means, at any relevant time, the holders of Working Capital Obligations at such time, including without limitation the Working Capital Lenders and any agent under the Working Capital Credit Agreement, and including, in the case of Bank Products Agreements, Affiliates of Working Capital Lenders who are parties to Bank Products Agreements with any Grantor.

"**Working Capital Collateral**" means all of the assets and property of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Working Capital Obligations (other than Working Capital Excluded Collateral).

"**Working Capital Collateral Disposition**" has the meaning set forth in Section 5.1(d)(ii).

"**Working Capital Collateral Documents**" means the Security Documents (as defined in the Working Capital Credit Agreement as amended or amended and restated from time to time) and any other agreement, document or instrument pursuant to which a Lien is granted securing any Working Capital Obligations or under which rights or remedies with respect to such Liens are governed.

"**Working Capital Collateral Exercise of Remedies**" has the meaning set forth in Section 5.1(d)(i).

"**Working Capital Credit Agreement**" means (i) the Amended and Restated Working Capital Credit Agreement, as amended, restated, supplemented and/or modified from time to time and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any indebtedness or other financial accommodation that has been incurred to extend, increase (subject to the limitations set forth herein), or Refinance in whole or in part the indebtedness and other obligations outstanding under the (x) Amended and Restated Working Capital Credit Agreement or (y) any subsequent Working Capital Credit Agreement (as amended, restated, supplemented, amended and restated or modified from time to time), unless such agreement or instrument expressly provides that it is not intended to be and is not a Working Capital Credit Agreement hereunder. Any reference to the Working Capital Credit Agreement hereunder shall be deemed a reference to any Working Capital Credit Agreement then in existence.

"**Working Capital Credit Documents**" means the Working Capital Credit Agreement, Working Capital Collateral Documents and the other Financing Agreements (as defined in the Working Capital Credit Agreement as amended, restated, supplemented, amended and restated or modified from time to time) and each of the other agreements, documents and instruments providing for or evidencing any other Working Capital Obligation, and any other document or instrument executed or delivered at any time in connection with any Working Capital Obligations, including any intercreditor or joinder agreement among holders of Working Capital Obligations, to the extent such are effective at the relevant time, as each may be modified from time to time.

"**Working Capital Excluded Collateral**" means the real Property (whether owned or leased) of the Grantors whether now owned or hereafter acquired.

"**Working Capital Lenders**" means any "Lender", "Hedge Agreement Provider" or "Bank Product Provider" as each term is defined in the Working Capital Credit Agreement.

"**Working Capital Obligations**" means any and all loans, letter of credit obligations and all other obligations, liabilities and indebtedness of every kind, nature and description owing by any Grantor, whether incurred before, during or after the commencement of an Insolvency or Liquidation Proceeding with respect to any of the Grantors, under (i) the Working Capital Credit Agreement, (ii) the other Working Capital Credit Documents and (iii) Bank Products Agreements with the Working Capital Agent, the Working Capital Administrative Agent, the Working Capital Lenders or any Affiliate of the Working Capital Lenders; provided that the aggregate principal amount of, without duplication, any revolving credit commitments, revolving credit loans, letters of credit, term loans, bonds, debentures, notes or similar instruments (excluding, in any event, Bank Product Debt) issued under the Working Capital Credit Agreement or any other Working Capital Credit Document (or any Refinancing thereof) in excess of [$95,000,000] (the "**Maximum Working Capital Obligations**"), shall not constitute Working Capital Obligations for purposes of this Agreement. "Working Capital Obligations" shall include (x) all interest accrued or accruing (or which would, absent commencement of an Insolvency or Liquidation Proceeding, accrue) in accordance with the rate specified in the relevant Working Capital Credit Document and (y) all fees, costs and charges incurred in connection with the Working Capital Credit Documents and provided for thereunder, in the case of each of clause (x) and clause (y) whether before or after commencement of an Insolvency or Liquidation Proceeding and irrespective of whether any claim for such interest, fees, costs or charges is allowed as a claim in such Insolvency or Liquidation Proceeding.

"**Working Capital Priority Collateral**" means

(a) all of the following present and future Property of the Company and each other Grantor:

(i) Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral);

(ii) Inventory;

(iii) Chattel Paper, Instruments, Documents and Payment Intangibles, in each case only to the extent relating to Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral) or Inventory;

(iv) Deposit Accounts (other than the CL Deposit Account or any deposit or investment account established to hold the CL Cash Collateral);

(v) cash (other than cash which is CL Cash Collateral, cash in the CL Deposit Account, cash proceeds of Term Loan Priority Collateral required to be paid to the Term Loan Agent pursuant to Section 4.2(b) below or identifiable cash proceeds of Term Loan Priority Collateral);

(vi) Letter-of-Credit Rights and Supporting Obligations in respect of Inventory or Accounts (other than Accounts or other payment obligations constituting the proceeds of Term Loan Priority Collateral);

(vii) (A) all present and future claims, rights, interests, assets and properties to the extent arising from, in connection with, or related to the Working Capital Priority Collateral recovered by or on behalf of any Grantor, or any successor or assignor of such Grantor, including, without limitation, any trustee of any Grantor (whether in a Chapter 11 Case or any subsequent case to which any Chapter 11 Case is converted); (B) all present and future claims, rights, interests, assets and properties arising from, in connection with, or related to the Working Capital Priority Collateral recovered by or on behalf of any Grantor, or any successor or assignor of such Grantor, including, without limitation, any trustee of any Grantor, in a Chapter 11 Case or any subsequent case to which any Chapter 11 Case is converted, including, without limitation, all such property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to the Bankruptcy Code, applicable law, or otherwise, including without limitation, Sections 542, 545, 547, 548, 549, 550, 552 and 553 of the U.S. Bankruptcy Code, except for property recovered from such avoided transfers or obligations or actions that constitute Term Loan Priority Collateral, including property or payments recovered as a result of transfers or obligations avoided or actions maintained from transfers of Term Loan Priority Collateral; and (C) all present and future claims, rights, interests, assets and properties to the extent arising from, in connection with, or related to the Working Capital Priority Collateral recovered by or on behalf of any Grantor, or any successor or assignor of such Grantor, including, without limitation, any trustee of any Grantor (whether in a Chapter 11 Case or any subsequent case to which any Chapter 11 Case is converted), including, without limitation, all claims by or on behalf of Grantor against any officer, director or other person or party for acts of negligence, misconduct or malfeasance, including, without limitation, breach of fiduciary duty, breach of the duty of loyalty, waste, mismanagement or misconduct of any kind, nature or description,

including, a breach of the terms and conditions of any of the Working Capital Credit Documents;

(viii) books and records and accounting systems relating to Accounts or Inventory;

(ix) Customer Contracts;

(x) tax refunds;

(xi) any Bank Products Agreements consisting of Hedge Agreements; and

(b) all Proceeds (including, without limitation, insurance proceeds) and products of the Property described in the foregoing clause (a).

1.2 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified, (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Exhibits or Sections shall be construed to refer to Exhibits or Sections of this Agreement and (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2

LIEN PRIORITIES

2.1 Scope of Collateral. Each Agent hereby acknowledges, for itself and on behalf of the applicable Claimholders, that:

(a) Working Capital Agent, for and on behalf of the Working Capital Claimholders, has been granted Liens upon all of the Collateral pursuant to the Working Capital Credit Documents to secure the Working Capital Obligations; and

(b) Term Loan Agent, for and on behalf of the Term Loan Claimholders, has been granted Liens upon all of the Collateral and the Working Capital Excluded Collateral (other than the real property of the Dutch Borrower) pursuant to the Term Loan Credit Documents to secure the Term Loan Obligations.

2.2 Priority.

(a) Notwithstanding the order or time of attachment, or the order, time or manner of perfection, or the order or time of filing or recordation of any document or instrument, or other method of perfecting a Lien in favor of any Claimholder in any Working Capital Priority

Collateral, and notwithstanding any conflicting terms or conditions which may be contained in any of the Credit Documents, subject to Section 2.2(c), the Liens upon the Working Capital Priority Collateral securing the Working Capital Obligations shall have priority over the Liens upon the Working Capital Priority Collateral securing the Term Loan Obligations and such Liens upon the Working Capital Priority Collateral securing the Term Loan Obligations are and shall be junior and subordinate to the Liens upon the Working Capital Priority Collateral securing the Working Capital Obligations in all respects.

(b) Notwithstanding the order or time of attachment, or the order, time or manner of perfection, or the order or time of filing or recordation of any document or instrument, or other method of perfecting a Lien in favor of any Claimholder in any Term Loan Priority Collateral, and notwithstanding any conflicting terms or conditions which may be contained in any of the Credit Documents, subject to Section 2.2(d) and (e), as applicable, the Liens upon the Term Loan Priority Collateral securing the Term Loan Obligations shall have priority over the Liens upon the Term Loan Priority Collateral securing the Working Capital Obligations and such Liens upon the Term Loan Priority Collateral securing the Working Capital Obligations are and shall be junior and subordinate to the Liens upon the Term Loan Priority Collateral securing the Term Loan Obligations in all respects.

(c) Notwithstanding the foregoing clauses (a) and (b) or anything else in this Agreement to the contrary, the Aggregate Principal Exposure of extensions of credit made by the Working Capital Lenders to any of the Grantors that exceed the Maximum Working Capital Obligations, shall not be considered Working Capital Obligations for purposes of the Lien priority set forth in Section 2.2(a) above or Section 2.3 below with respect to the Working Capital Priority Collateral. To the extent provided under the Working Capital Credit Documents, all such extensions of credit in excess of the Maximum Working Capital Obligations shall continue to be secured by the Collateral (including without limitation the Working Capital Priority Collateral); provided, that the Liens on the Working Capital Priority Collateral securing such extensions of credit in excess of the Maximum Working Capital Obligations shall be junior and subordinate to the Liens on the Working Capital Priority Collateral securing the Term Loan Obligations.

(d) Notwithstanding the foregoing clauses (a) and (b) or anything else in this Agreement to the contrary, the Aggregate Principal Exposure of extensions of credit made by Term Loan Lenders to any of the Grantors that exceed the CL Cap Amount, shall not be considered Term Loan Obligations for purposes of the Lien priority set forth in Section 2.2(b) above or Section 2.3 below with respect to the Term Loan Priority Collateral. To the extent provided under the Term Loan Credit Documents, all such extensions of credit in excess of the CL Cap Amount shall continue to be secured by the Term Loan Collateral (including without limitation the Term Loan Priority Collateral); provided, that the Liens on the Term Loan Priority Collateral securing such extensions of credit in excess of the CL Cap Amount shall be junior and subordinate to the Liens on the Term Loan Priority Collateral securing the Working Capital Obligations.

2.3 Failure to Perfect. Subject to Section 2.2(c), the Liens upon the Working Capital Priority Collateral securing the Working Capital Obligations shall be and remain senior in all respects and prior to the Liens on the Working Capital Priority Collateral securing the Term Loan Obligations, and, subject to Section 2.2(d), the Liens on the Term Loan Priority Collateral securing the Term Loan Obligations shall be and remain senior in all respects and prior to the Liens on the Term Loan Priority Collateral securing the Working Capital Obligations, notwithstanding any failure of any Claimholder to perfect its security interest in its respective Priority Collateral, the subordination of its Lien on such

Priority Collateral to any Lien securing any other obligation of any Grantor, or the avoidance, invalidation or lapse of its Lien on such Priority Collateral.

2.4 Prohibition on Contesting Liens. Each of the Working Capital Agent, for itself and on behalf of each Working Capital Claimholder, and the Term Loan Agent, for itself and on behalf of each Term Loan Claimholder, agrees that it shall not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the priority, validity or enforceability of a Lien held by or on behalf of any of the other Claimholders in any Collateral or Working Capital Excluded Collateral, as the case may be; provided that nothing in this Agreement shall be construed to prevent or impair the rights of any such party to enforce this Agreement, including the priority of the Lien held by it or for its benefit on its respective Priority Collateral as provided in Sections 2.2 and 3.1.

2.5 No New Liens.

(a) Limitation on Collateral for Working Capital Claimholders. Until the Discharge of Term Loan Obligations shall have occurred, (i) the Working Capital Agent agrees that neither the Working Capital Agent nor any other Working Capital Claimholder shall acquire or hold any Lien on any assets of any Grantor (or any Subsidiary thereof) to secure any Working Capital Obligations which assets are not also subject to the Lien of the Term Loan Agent under the Term Loan Credit Documents, and (ii) each Grantor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien on any of its assets, in favor of the Working Capital Agent or the other Working Capital Claimholders unless it, or such Subsidiary, has granted a similar Lien on such assets in favor of the Term Loan Agent or the other Term Loan Claimholders. If any Working Capital Claimholder shall (nonetheless and in breach hereof) acquire any Lien on any assets of any Grantor or any of its Subsidiaries to secure the Working Capital Obligations, which assets are not also subject to a Lien in favor of the Term Loan Agent to secure the Term Loan Obligations, then such Working Capital Claimholder shall, without the need for any further consent of any other Person and notwithstanding anything to the contrary in any Working Capital Credit Document (x) also hold and be deemed to have held such Lien and security interest for the benefit of the Term Loan Agent as security for the Term Loan Obligations, subject to the priorities set forth herein, with any amounts received in respect thereof subject to distribution and turnover under Section 4, or (y) release such Lien.

(b) Limitation on Collateral for Term Loan Claimholders. Until the Discharge of Working Capital Obligations shall have occurred, (i) the Term Loan Agent agrees that neither the Term Loan Agent nor any Term Loan Claimholder shall acquire or hold any Lien on any assets of any Grantor (or any Subsidiary thereof) to secure any Term Loan Obligations which assets are not also subject to the Lien of the Working Capital Agent under the Working Capital Credit Documents (other than the Working Capital Excluded Collateral), and (ii) each Grantor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien on any of its assets (other than the Working Capital Excluded Collateral), in favor of the Term Loan Agent or the other Term Loan Claimholders unless it, or such subsidiary, has granted a similar Lien on such assets in favor of the Working Capital Agent or the other Working Capital Claimholders. If any Term Loan Claimholder shall (nonetheless and in breach hereof) acquire any Lien on any assets of any Grantor or any of its Subsidiaries to secure any Term Loan Obligations, which assets (other than the Working Capital Excluded Collateral) are not also subject to a Lien of the Working Capital Agent to secure the Working Capital Obligations, then such Term Loan Claimholder shall, without the need for any further consent of any other Person and notwithstanding anything to the contrary in any Term Loan Credit Document, (x) also hold and be deemed to have held such Lien and security interest for the benefit of the Working Capital

Agent as security for the Working Capital Obligations subject to the priorities set forth herein, with any amounts received in respect thereof subject to distribution and turnover under Section 4, or (y) release such Lien.

2.6 Similar Liens and Agreements. The parties hereto agree that it is their intention that the Working Capital Collateral and the Term Loan Collateral be identical except that the Working Capital Collateral shall not include the Working Capital Excluded Collateral. In furtherance of the foregoing and of Section 8.9, the parties hereto agree, subject to the other provisions of this Agreement:

(a) upon request by the Working Capital Agent or the Term Loan Agent, to cooperate in good faith (and to direct their counsel to cooperate in good faith) from time to time in order to determine the specific items included in the Working Capital Collateral and the Term Loan Collateral and the steps taken to perfect their respective Liens thereon and the identity of the respective parties obligated under the Working Capital Credit Documents and the Term Loan Credit Documents; and

(b) that the documents and agreements creating or evidencing the Liens in Working Capital Collateral and the Term Loan Collateral securing the Working Capital Obligations and the Term Loan Obligations shall be in all material respects the same forms of documents other than with respect to the priority of the Liens contemplated hereunder.

SECTION 3

ENFORCEMENT

3.1 Enforcement.

(a) So long as the Discharge of Working Capital Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against Company or any other Grantor:

(i) each of the Term Loan Agent and the Term Loan Claimholders:

(A) will not exercise or seek to exercise any rights or remedies (including any right of set-off or recoupment) with respect to any Working Capital Priority Collateral (including, without limitation, the exercise of any right under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which the Term Loan Agent or any Term Loan Claimholder is a party) or institute or commence (or join with any other Person in commencing) any enforcement, collection, execution, levy or foreclosure action or proceeding (including, without limitation, any Insolvency or Liquidation Proceeding) with respect to any Lien on the Working Capital Priority Collateral held by it under the Term Loan Credit Documents or otherwise; and

(B) will not contest, protest or object to any foreclosure proceeding or action brought by the Working Capital Agent or any Working Claimholder with respect to the Working Capital Priority Collateral, or any other exercise by the Working Capital Agent or any other Working Capital Claimholder, of any rights and remedies relating to the Working Capital Priority Collateral under the Working Capital Credit Documents or otherwise; provided that the respective

interests of the Term Loan Claimholders attach to the proceeds thereof, subject to the relative priorities described in Section 2 and Section 4; and

(C) will not object to the forbearance by the Working Capital Agent or the other Working Capital Claimholders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Working Capital Priority Collateral; and

(ii) subject to Section 5.1, the Working Capital Agent and the other Working Capital Claimholders shall have the exclusive right to enforce rights, exercise remedies (including set-off and the right to credit bid their debt) and make determinations regarding the release, disposition, or restrictions with respect to the Working Capital Priority Collateral without any consultation with or the consent of the Term Loan Agent or any other Term Loan Claimholder; provided, that

(A) in any Insolvency or Liquidation Proceeding commenced by or against Company or any other Grantor, the Term Loan Administrative Agent or the Term Loan Agent may file a claim or statement of interest with respect to the Term Loan Obligations, as applicable,

(B) the Term Loan Agent may take any action (not adverse to the Liens on the Working Capital Priority Collateral securing the Working Capital Obligations, or the rights of the Working Capital Agent or the other Working Capital Claimholders to exercise remedies in respect thereof) in order to preserve or protect its Lien on the Working Capital Priority Collateral,

(C) the Term Loan Claimholders shall be entitled to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Term Loan Claimholders, including without limitation any claims secured by the Working Capital Priority Collateral, if any, in each case in accordance with the terms of this Agreement,

(D) in any Insolvency or Liquidation Proceeding, the Term Loan Claimholders shall be entitled to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors arising under either Bankruptcy Law or applicable non-bankruptcy law, in each case in accordance with the terms of this Agreement,

(E) in any Insolvency or Liquidation Proceeding, the Term Loan Claimholders shall be entitled to vote on any plan of reorganization, except to the extent inconsistent with the provisions hereof, and

(F) the Term Loan Agent or any Term Loan Claimholder may exercise any of its rights or remedies with respect to the Term Loan Priority Collateral consistent with the terms of this Agreement.

(b) So long as the Discharge of Term Loan Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against Company or any other Grantor:

(i) the Working Capital Agent and the Working Capital Claimholders:

(A) will not exercise or seek to exercise any rights or remedies (including any right of set-off or recoupment) with respect to any Term Loan Priority Collateral (including, without limitation, the exercise of any right under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which the Working Capital Agent or any Working Capital Claimholder is a party) or institute or commence (or join with any other Person in commencing) any enforcement, collection, execution, levy or foreclosure action or proceeding (including, without limitation, any Insolvency or Liquidation Proceeding) with respect to any Lien on the Term Loan Priority Collateral held by it under the Working Capital Credit Documents or otherwise; and

(B) will not contest, protest or object to any foreclosure proceeding or action brought by the Term Loan Agent or any Term Loan Claimholder with respect to the Term Loan Priority Collateral, or any other exercise by the Term Loan Agent or any other Term Loan Claimholder, of any rights and remedies relating to the Term Loan Priority Collateral under the Term Loan Credit Documents, as applicable, or otherwise; provided that the respective interests of the Working Capital Claimholders attach to the proceeds thereof, subject to the relative priorities described in Section 2 and Section 4; and

(C) will not object to the forbearance by the Term Loan Agent or the other Term Loan Claimholders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Term Loan Priority Collateral; and

(ii) subject to Section 5.1, the Term Loan Agent and the other Term Loan Claimholders shall have the exclusive right to enforce rights, exercise remedies (including set-off and the right to credit bid their debt) and make determinations regarding the release, disposition, or restrictions with respect to the Term Loan Priority Collateral without any consultation with or the consent of the Working Capital Agent or any other Working Capital Claimholder; provided, that

(A) in any Insolvency or Liquidation Proceeding commenced by or against Company or any other Grantor, the Working Capital Administrative Agent or the Working Capital Agent may file a claim or statement of interest with respect to the Working Capital Obligations,

(B) the Working Capital Agent may take any action (not adverse to the Liens on the Term Loan Priority Collateral securing the Term Loan Obligations, or the rights of the Term Loan Agent or the other Term Loan Claimholders to exercise remedies in respect thereof) in order to preserve or protect its Lien on the Term Loan Priority Collateral,

(C) the Working Capital Claimholders shall be entitled to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Working Capital Claimholders, including without limitation any claims secured by the Term Loan

Priority Collateral, if any, in each case in accordance with the terms of this Agreement,

(D) in any Insolvency or Liquidation Proceeding, the Working Capital Claimholders shall be entitled to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors arising under either Bankruptcy Law or applicable non-bankruptcy law, in each case in accordance with the terms of this Agreement,

(E) in any Insolvency or Liquidation Proceeding, the Working Capital Claimholders shall be entitled to vote on any plan of reorganization, except to the extent inconsistent with the provisions hereof, and

(F) the Working Capital Agent or any Working Capital Claimholder may exercise any of its rights or remedies with respect to the Working Capital Priority Collateral consistent with the terms of this Agreement.

(c) In exercising rights and remedies with respect to its or their Priority Collateral, the applicable Priority Agent and the Priority Claimholders may enforce the provisions of their respective Credit Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by the applicable Priority Agent and Priority Claimholders to sell or otherwise dispose of such Priority Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured creditor under the UCC of any applicable jurisdiction and of a secured creditor under Bankruptcy Laws of any applicable jurisdiction.

(d) Each Agent, on behalf of itself and Claimholders for which it acts as Agent, agrees that it will not take or receive any Collateral or any proceeds of Collateral in connection with the exercise of any right or remedy (including set-off or recoupment) with respect to any Collateral, except to the extent such Collateral, or proceeds thereof, constitutes its Priority Collateral, and that any such Collateral or proceeds thereof taken or received by it that does not constitute its Priority Collateral will be paid over to the applicable Priority Agent pursuant to Section 4.2, unless and until the Discharge of Obligations of the Priority Claimholders has occurred, except as expressly provided in Section 6.4. Without limiting the generality of the foregoing, (i) unless and until the Discharge of Working Capital Obligations has occurred, the sole right of the Term Loan Agent and the Term Loan Claimholders with respect to the Working Capital Priority Collateral is to hold a Lien on the Working Capital Priority Collateral pursuant to the Term Loan Credit Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of Working Capital Obligations has occurred in accordance with the terms of the Working Capital Credit Documents and applicable law, and (ii) unless and until the Discharge of Term Loan Obligations has occurred, the sole right of the Working Capital Agent and the Working Capital Claimholders with respect to the Term Loan Priority Collateral is to hold a Lien on the Term Loan Priority Collateral pursuant to the Working Capital Credit Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of Term Loan Obligations has occurred in accordance with the terms of the Term Loan Credit Documents and applicable law.

(e) Subject to the proviso in clause (ii) of Section 3.1(a) or Section 3.1(b), as applicable, each Agent, for itself and on behalf of the Claimholders for which it acts as Agent, (i) agrees that neither it nor such Claimholders will take any action that would hinder, delay or

impede any exercise of remedies by the other Agent and other Claimholders under the other Agreements with respect to such other Claimholders' respective Priority Collateral, including any sale, lease, exchange, transfer or other disposition of such Priority Collateral, whether by foreclosure or otherwise, and (ii) hereby waives any and all rights it or the Claimholders for which it acts as Agent may have as a junior lien creditor or otherwise to object to the manner or order in which the Priority Agent or the other Priority Claimholders seek to enforce the Liens granted in their respective Priority Collateral.

3.2 Actions Upon Breach.

(a) If any Claimholder commences or participates in any action or proceeding against Company, any other Grantor or the Collateral and/or Working Capital Excluded Collateral in violation of this Agreement, the Agent for the other group of Claimholders may interpose in the name of such other Claimholders or in the name of Company or such Grantor the making of this Agreement as a defense or dilatory plea.

(b) Should any Claimholder in any way take, or attempt or threaten to take, contrary to this Agreement, any action with respect to Collateral and/or Working Capital Excluded Collateral, or fail to take any action required by this Agreement, the Agent for the other group of Claimholders (in its own name or in the name of a Grantor) may obtain relief against such offending Claimholder by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by all of the Claimholders that (i) the damages from such actions may be difficult to ascertain and may be irreparable, and (ii) the offending Claimholder waives any defense that the other group of Claimholders cannot demonstrate damage or be made whole by the awarding of damages.

SECTION 4

PAYMENTS

4.1 Application of Proceeds.

(a) So long as the Discharge of Term Loan Obligations have not occurred, any proceeds of Term Loan Priority Collateral received in connection with the sale or other disposition of such Term Loan Collateral, or collection on such Term Loan Collateral upon the exercise of remedies, shall be applied by the Term Loan Agent to the Term Loan Obligations in such order as specified in the relevant Term Loan Credit Documents. Upon the Discharge of Term Loan Obligations, the Term Loan Agent shall deliver to the Working Capital Agent any proceeds of Term Loan Priority Collateral held by it in the same form as received, with any necessary endorsements or, as a court of competent jurisdiction may otherwise direct, to be applied by the Working Capital Agent to the Working Capital Obligations in such order as specified in the Working Capital Credit Documents.

(b) So long as the Discharge of Working Capital Obligations has not occurred, any proceeds of Working Capital Priority Collateral received in connection with the sale or other disposition of such Collateral, or collection on such Collateral upon the exercise of remedies, shall be applied by the Working Capital Agent to the Working Capital Obligations in such order as specified in the relevant Working Capital Credit Documents. Upon the Discharge of Working Capital Obligations and prior to the Discharge of Term Loan Obligations, the Working Capital Agent shall deliver to the Term Loan Agent any proceeds of Working Capital Priority Collateral held by it in the same form as received, with any necessary endorsements or, as a court of

competent jurisdiction may otherwise direct, to be applied by the Term Loan Agent to the Term Loan Obligations in such order as specified in the Term Loan Credit Documents.

(c) Except as set forth in this Section 4.1(c), nothing in this Agreement shall require either Agent or any Claimholder to determine the source or priority of funds received by it and applied to its Obligations. Subject to Section 4.2 and Section 6.7, in the absence of fraudulent conduct, willful misconduct or gross negligence, the sole remedy of any Agent or Claimholder for the tender and application of proceeds of its Priority Collateral to the Obligations of the Non-Priority Claimholders shall be to proceed directly against the Grantors unless, prior to the application of such proceeds to the Obligations of the Non-Priority Claimholders, the Agent for the Non-Priority Claimholders shall have a received a written notice that such proceeds are (or will be) the proceeds of the Priority Claimholders' Priority Collateral with such notice to contain the following information: (i) a description of the Priority Claimholders' Priority Collateral that is being sold, transferred or otherwise disposed of to generate the proceeds, (ii) a description of the transaction generating the proceeds and (iii) the actual or anticipated date of such transaction.

4.2 Payment Turnover.

(a) So long as the Discharge of Working Capital Obligations has not occurred, any Working Capital Priority Collateral or proceeds thereof (together with assets or proceeds subject to Liens referred to in Section 6.4) received by the Term Loan Agent or any other Term Loan Claimholders in connection with the exercise of any right or remedy (including set-off or recoupment) in respect of the Working Capital Priority Collateral shall be segregated and held in trust and forthwith paid over to the Working Capital Agent for the benefit of the Working Capital Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The Working Capital Agent is hereby authorized to make any such endorsements as agent for the Term Loan Agent or any such Term Loan Claimholders. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

(b) So long as the Discharge of Term Loan Obligations has not occurred, any Term Loan Priority Collateral or proceeds thereof (together with assets or proceeds subject to Liens referred to in Section 6.4) received by the Working Capital Agent or any other Working Capital Claimholders in connection with the exercise of any right or remedy (including set-off or recoupment) in respect of the Term Loan Priority Collateral shall be segregated and held in trust and forthwith paid over, if prior to the Discharge of Term Loan Obligations, to the Term Loan Agent for the benefit of the Term Loan Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The Term Loan Agent is hereby authorized to make any such endorsements as agent for the Working Capital Agent or any such Working Capital Claimholders. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

SECTION 5

OTHER AGREEMENTS

5.1 Releases.

(a) If, in connection with:

(i) the exercise of any Term Loan Agent's remedies in respect of the Term Loan Priority Collateral, including any sale, lease, exchange, transfer or other disposition of any such Term Loan Priority Collateral (a "**Term Loan Collateral Exercise of Remedies**"); or

(ii) any sale, lease, exchange, transfer or other disposition of any Term Loan Priority Collateral permitted or otherwise consented to under the terms of the Term Loan Credit Documents (whether or not an event of default thereunder, and as defined therein, has occurred and is continuing) (a "**Term Loan Collateral Disposition**");

the Term Loan Agent, for itself or on behalf of any of the Term Loan Claimholders, releases any of its Liens on any part of the Term Loan Priority Collateral other than in connection with or after the Discharge of Term Loan Obligations, then the Liens, if any, of the Working Capital Agent, for itself or for the benefit of the Working Capital Claimholders, on such Term Loan Priority Collateral, shall be automatically, unconditionally and simultaneously released (the "**Term Collateral Second Lien Release**") and the Working Capital Agent, for itself or on behalf of any such Working Capital Claimholders, promptly shall execute and deliver to the Term Loan Agent or such Grantor such termination statements, releases and other documents as the Term Loan Agent or such Grantor may request to effectively confirm such release; provided, however, that the Term Collateral Second Lien Release shall not occur without the consent of the Working Capital Agent, in the case of a Term Loan Collateral Exercise of Remedies, as to any Term Loan Priority Collateral the net proceeds of the disposition of which will not be applied to repay (and, to the extent applicable, to reduce permanently commitments with respect to) the Term Loan Obligations or to preserve or protect the Term Loan Priority Collateral or enhance the likelihood, or maximize the amount, of repayment by Grantors of the Term Loan Obligations.

(b) (i) Until the Discharge of Term Loan Obligations occurs, the Working Capital Agent, for itself and on behalf of the Working Capital Claimholders, hereby irrevocably constitutes and appoints the Term Loan Agent and any officer or agent of the Term Loan Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Working Capital Agent or such holder or in the Term Loan Agent's own name, from time to time in the Term Loan Agent's discretion, for the purpose of carrying out the terms of Section 5.1(a), to take any and all appropriate action and to execute any and all documents and instruments which may be necessary to accomplish the purposes of Section 5.1(a), including any endorsements or other instruments of transfer or release. The foregoing authorizations are coupled with an interest and are irrevocable until such time as this Agreement is terminated in accordance with its terms.

(c) Until the Discharge of Term Loan Obligations occurs, to the extent that the Term Loan Agent for itself and on behalf of the Term Loan Claimholders has released any Lien on Term Loan Priority Collateral and any such Liens are later reinstated or the Term Loan Agent, on behalf of the Term Loan Claimholders, obtain any new Liens from Grantors, then the Working Capital Agent for itself and on behalf of the Working Capital Claimholders shall be granted a Lien on any such Term Loan Priority Collateral or have its Lien reinstated, as the case may be, subject to the priorities set forth in Section 2.

(d) If, in connection with:

(i) the exercise of any Working Capital Agent's remedies in respect of the Working Capital Priority Collateral, including any sale, lease, exchange, transfer or other disposition of any such Collateral (a "**Working Capital Collateral Exercise of Remedies**"); or

(ii) any sale, lease, exchange, transfer or other disposition of any Working Capital Priority Collateral permitted or otherwise consented to under the terms of the Working Capital Credit Documents (whether or not an event of default thereunder, and as defined therein, has occurred and is continuing) (a "**Working Capital Collateral Disposition**");

the Working Capital Agent, for itself or on behalf of any of the Working Capital Claimholders, releases any of its Liens on any part of the Working Capital Priority Collateral other than in connection with or after the Discharge of Working Capital Obligations, then the Liens, if any, of the Term Loan Agent, for itself or for the benefit of the Term Loan Claimholders, on such Working Capital Priority Collateral, shall be automatically, unconditionally and simultaneously released (the "**Working Capital Collateral Second Lien Release**") and the Term Loan Agent, for itself or on behalf of any such Term Loan Claimholders, promptly shall execute and deliver to the Working Capital Agent or such Grantor such termination statements, releases and other documents as the Working Capital Agent or such Grantor may request to effectively confirm such release; provided, however, that the Working Capital Collateral Second Lien Release shall not occur without the consent of the Term Loan Agent, in the case of a Working Capital Collateral Exercise of Remedies, as to any Working Capital Priority Collateral, the net proceeds of the disposition of which will not be applied to repay the Working Capital Obligations or to preserve or protect the Working Capital Priority Collateral or enhance the likelihood, or maximize the amount, of repayment by Grantors of the Working Capital Obligations.

(e) Until the Discharge of Working Capital Obligations occurs, the Term Loan Agent, for itself and on behalf of the Term Loan Claimholders, hereby irrevocably constitute and appoint the Working Capital Agent and any officer or agent of the Working Capital Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Term Loan Agent or such holder or in the Working Capital Agent's own name, from time to time in the Working Capital Agent's discretion, for the purpose of carrying out the terms of Section 5.1(d), to take any and all appropriate action and to execute any and all documents and instruments which may be necessary to accomplish the purposes of Section 5.1(d), including any endorsements or other instruments of transfer or release. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

(f) Until the Discharge of Working Capital Obligations occurs, to the extent that the Working Capital Agent for itself and on behalf of the Working Capital Claimholders has released any Lien on Working Capital Priority Collateral and any such Liens are later reinstated or the Working Capital Agent, on behalf of the Working Capital Claimholders, obtain any new Liens from Grantors, then the Term Loan Agent, for itself and on behalf of the Term Loan Claimholders, shall be granted a Lien on any such Working Capital Priority Collateral or have its Lien reinstated, as the case may be, subject to the priorities set forth in Section 2.

5.2 Insurance. The Working Capital Agent and the Term Loan Agent shall be named as additional insureds and the Control Agents shall be named as loss payee with respect to the applicable

Priority Collateral (on behalf of the Working Capital Agent, the Working Capital Claimholders, the Term Loan Agent and the Term Loan Claimholders, as their interests may appear) under any insurance policies maintained from time to time by any Grantor. As between the Working Capital Agent and the Working Capital Claimholders, on the one hand, and the Term Loan Agent and the Term Loan Claimholders, on the other, the applicable Priority Agent and the applicable Priority Claimholders shall have the sole and exclusive right, in accordance with the terms of the applicable Credit Documents, (a) to adjust or settle any insurance policy or claim in the event of any loss with respect to their respective Priority Collateral and (b) to approve any award granted in any condemnation or similar proceeding affecting their respective Priority Collateral. All proceeds of any such policy and any such award in respect of any such Priority Collateral that are payable to the Agents shall be paid to the applicable Priority Agent for the benefit of the applicable Priority Claimholders to the extent required under their respective Credit Documents and thereafter to the Non-Priority Agent for the benefit of the Non-Priority Claimholders to the extent required under their respective Credit Documents and then to the owner of the subject property or as a court of competent jurisdiction may otherwise direct. If any Claimholder shall, at any time, receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the applicable Priority Agent in accordance with the terms of Section 4.2.

5.3 Control Agent for Perfection.

(a) The Term Loan Agent, on behalf of itself and the Term Loan Claimholders, and the Working Capital Agent, on behalf of itself and the Working Capital Claimholders, each hereby appoint (i) with respect to the Control Collateral constituting Term Loan Priority Collateral, Orix Finance Corp., as its collateral agent for the limited purpose of acting as the collateral agent on behalf of the Term Loan Agent (on behalf of itself and the Term Loan Claimholders) and the Working Capital Agent (on behalf of itself and the Working Capital Claimholders) with respect to such Control Collateral and (ii) with respect to the Control Collateral constituting Working Capital Priority Collateral, Wachovia Bank, National Association, as its collateral agent for the limited purpose of acting as the collateral agent on behalf of the Term Loan Agent (on behalf of itself and the Term Loan Claimholders) and the Working Capital Agent (on behalf of itself and the Working Capital Claimholders) with respect to such Control Collateral. Each Control Agent accepts such appointment and agrees to hold its applicable Control Collateral in its possession or control (or in the possession or control of its agents or bailees) as a Control Agent for the benefit of the Term Loan Agent (on behalf of itself and the Term Loan Claimholders) and the Working Capital Agent (on behalf of itself and the Working Capital Claimholders) and any permitted assignee of any thereof solely for the purpose of perfecting the security interest granted to such parties in such Control Collateral, subject to the terms and conditions of this Section 5.3. The Term Loan Agent and the Working Capital Agent hereby acknowledge that the applicable Control Agent shall obtain "control" under the UCC over each Controlled Account as contemplated by the Term Loan Documents and the Working Capital Collateral Documents for the benefit of each of the Term Loan Agent (on behalf of itself and the Term Loan Claimholders) and the Working Capital Agent (on behalf of itself and the Working Capital Claimholders) pursuant to a control agreements relating to a Controlled Account if requested by the Working Capital Agent and the Term Loan Agent.

(b) The Control Agents, the Term Loan Agent, on behalf of itself and the Term Loan Claimholders, and the Working Capital Agent, on behalf of itself and the Working Capital Claimholders, each hereby agrees that the applicable Priority Agent shall have the sole and exclusive right and authority to give instructions to, and otherwise direct, the applicable Control Agent in respect of the Control Collateral constituting such Priority Agent's Priority Collateral or any control agreement with respect to any Control Collateral constituting such Priority Agent's

Priority Collateral until the date upon which the Discharge of Obligations shall have occurred with respect to the Obligations owed to Claimholders for whom the Priority Agent acts as Agent, and none of the Non-Priority Claimholders will impede, hinder, delay or interfere with the exercise of such rights by the Priority Agent in any respect. The Grantors hereby jointly and severally agree to pay, reimburse, indemnify and hold harmless the Control Agents to the same extent and on the same terms that the Grantors are required to do so for the Working Capital Agent in accordance with the Working Capital Credit Agreement and for the Term Loan Agent in accordance with the Term Loan Credit Agreement. The Working Capital Claimholders and the Term Loan Claimholders hereby jointly and severally agree to pay, reimburse, indemnify and hold harmless the Control Agents to the same extent and on the same terms that the Working Capital Claimholders are required to do so for the Working Capital Agent in accordance with the Working Capital Credit Agreement and the Term Loan Claimholders are required to do so for the Term Loan Agent in accordance with the Term Loan Credit Agreement.

(c) Except as set forth below, the Control Agents shall have no obligation whatsoever to the Agents or any other Claimholder including, without limitation, any obligation to assure that the Control Collateral is genuine or owned by any Grantor or one of their respective Subsidiaries or to preserve rights or benefits of any Person except as expressly set forth in this Section 5.3. In acting on behalf of the Agents and other Claimholders, the duties or responsibilities of each of the Control Agents under this Section 5.3 shall be limited solely to (i) physically holding the Control Collateral delivered to such Control Agent (and otherwise constituting Priority Collateral with respect to the Control Agent in its capacity as an Agent) by any Grantor, any Agent or any Claimholder as agent for the Term Loan Agent (on behalf of itself and the Term Loan Claimholders) and the Working Capital Agent (on behalf of itself and the Working Capital Claimholders) for purposes of perfecting the Lien held by the Term Loan Agent and the Working Capital Agent therein and (ii) delivering such collateral as set forth in Section 5.3(e) and (iii) complying with the control agreements to which it is a party in such capacity, including, without limitation, delivering notices or instructions from the applicable Priority Agent to the depository institution party thereto in accordance with the provisions thereof.

(d) The Control Agents shall not have, by reason of this Agreement or any other document, a fiduciary relationship in respect of the Term Loan Agent or any Term Loan Claimholder or the Working Capital Agent or any Working Capital Claimholder.

(e) Upon the Discharge of Obligations with respect to the Obligations owed to any group of Claimholders (other than in connection with a Refinancing of such Obligations), the Control Agents shall deliver any Control Collateral constituting Priority Collateral of such Claimholders in the possession of the Control Agents to the Agent to which such Control Collateral then constitutes Priority Collateral together with any necessary endorsements (or otherwise allow the Agent for such other Claimholders to obtain control of such Control Collateral) or as a court of competent jurisdiction may otherwise direct and such Agent shall accept and succeed to the role of the Control Agent as the agent for perfection on such Control Collateral.

(f) Each of the Control Agents shall have an unfettered right to resign as Control Agent upon 30 days notice to the Term Loan Agent and the Working Capital Agent. If upon the effective date of such resignation no successor to the applicable Control Agent(s) has been appointed by the Term Loan Agent and the Working Capital Agent, the resigning Control Agent(s) shall deliver the Control Collateral in its possession (or arrange for the control of its Control Collateral to be assigned or transferred) to the Agent to which such Collateral constitutes

Priority Collateral together with any necessary endorsements or as a court of competent jurisdiction may otherwise direct and such Priority Agent shall accept and succeed to the role of the Control Agent as the agent for perfection with respect to such Control Collateral.

5.4 Access to Term Loan Priority Collateral.

(a) In the event the Term Loan Agent shall acquire control or possession of any of the Term Loan Priority Collateral or shall, through the exercise of remedies under the Term Loan Credit Documents or otherwise, sell any of the Term Loan Priority Collateral to any third party (a "Third Party Purchaser"), the Term Loan Agent shall, to the extent permitted by law, permit the Working Capital Agent (or shall require as a condition of such sale to the Third Party Purchaser that the Third Party Purchaser agree to permit the Working Capital Agent), at the Working Capital Agent's option: (i) to enter any of the premises of any Grantor (or Third Party Purchaser) constituting such Term Loan Priority Collateral under such control or possession (or sold to a Third Party Purchaser) in order to inspect, remove or take any action with respect to the Working Capital Priority Collateral or to enforce the Working Capital Agent's rights with respect thereto, including, but not limited to, the examination and removal of Working Capital Priority Collateral and the examination and duplication of any Collateral (to the extent not Working Capital Priority Collateral) under such control or possession (or sold to a Third Party Purchaser) consisting of books and records of any Grantor related to the Working Capital Priority Collateral; (ii) to use the Collateral for the purpose of manufacturing or processing raw materials or work-in-process into finished inventory; (iii) to use any of the Collateral under such control or possession (or sold to a Third Party Purchaser) consisting of computers or other data processing equipment related to the storage or processing of records, documents or files pertaining to the Working Capital Priority Collateral and use any Collateral under such control or possession (or sold to a Third Party Purchaser) consisting of other equipment to handle, deal with or dispose of any Working Capital Priority Collateral pursuant to the Working Capital Agent's rights as set forth in the Working Capital Credit Documents, the UCC of any applicable jurisdiction and other applicable law, and (iv) to use any of the Collateral consisting of intellectual property rights owned or controlled by the Term Loan Agent or the other Term Loan Claimholders as is or may be necessary for the Working Capital Agent to liquidate the Working Capital Priority Collateral. Such use by Working Capital Agent of the Collateral and Working Capital Excluded Collateral shall not be on an exclusive basis.

(b) The Working Capital Agent hereby acknowledges, for itself and on behalf of the other Working Capital Claimholders that, during the period any Working Capital Priority Collateral shall be under control or possession of Term Loan Agent, the Term Loan Agent shall not be obligated to take any action to protect or to procure insurance with respect to such Working Capital Priority Collateral, it being understood that Term Loan Agent shall have no responsibility for loss or damage to the Working Capital Priority Collateral (other than as a result of the gross negligence or willful misconduct of the Term Loan Agent or its agents, as determined by a final non-appealable judgment of a court of competent jurisdiction) and that all the risk of loss or damage to the Working Capital Priority Collateral shall remain with the Working Capital Claimholders; provided, that to the extent insurance obtained by Term Loan Agent provides coverage for risks relating to access to or use of Working Capital Priority Collateral, the Working Capital Agent will be made an additional named insured thereunder.

(c) The rights of Working Capital Agent set forth in Section 5.4(a)(i)-(iii) above shall continue until the later of (i) 180 days after the date Working Capital Agent receives written notice from Term Loan Agent that Term Loan Agent has control or possession of the Term Loan Priority Collateral at issue and (ii) the sale or other disposition of such Priority Collateral by Term

Loan Agent or the other Term Loan Claimholders. Such time period shall be tolled during the pendency of any Insolvency Proceeding of any Grantor or other proceedings pursuant to which the Working Capital Claimholders and the Term Loan Claimholders are effectively stayed from enforcing their rights against the Working Capital Priority Collateral. In no event shall any Term Loan Claimholder take any action to interfere, limit or restrict the rights of Working Capital Agent or the exercise of such rights by Working Capital Agent to have access to or to use any of such Collateral pursuant to Section 5.4(a) prior to the expiration of such period.

(d) During the actual occupation by Working Capital Agent, its agents or representatives, of any real property constituting Term Loan Priority Collateral during the access and use period permitted by Section 5.4(a) above, the Working Capital Claimholders shall be obligated to pay to Term Loan Claimholders (or to any Third Party Purchaser) any rent payable to third parties (other than any Third Party Purchaser in its capacity as such) and all utilities, taxes and other maintenance and operating costs of such real property during any such period of actual occupation by Working Capital Agent, but only to the extent Term Loan Claimholders are required to pay or are otherwise paying any such rent, utilities, taxes or other maintenance and operating costs during the actual occupation of such real property by Working Capital Agent, its agents or representatives.

5.5 Consent to Limited License. Each of the Term Loan Agent, for itself and on behalf of the other Term Loan Claimholders, (a) acknowledges and consents to the grant to the Working Capital Agent by the Company (and the other Grantors, as applicable) on the date hereof of a limited, non-exclusive royalty-free license in the form of Exhibit A hereto (the "**Closing Date License**") and (b) agrees that, until the Discharge of Working Capital Obligations, its Liens in the Term Loan Priority Collateral shall be subject to the Closing Date License; provided, that, after the end of the 180 day period set forth in Section 5.4(d) above, the Closing Date License shall not apply to any inventory, which is not on hand, but is purchased or otherwise acquired by any Grantor, Working Capital Agent or any Working Capital Claimholder after the expiration of such 180 day period Furthermore, Term Loan Agent agrees that, in connection with any foreclosure sale conducted by the Term Loan Agent in respect of Term Loan Priority Collateral of the type described in the Closing Date License (the "**IP Collateral**"), (x) any notice required to be given by the Term Loan Agent in connection with such foreclosure shall contain an acknowledgement that the Term Loan Agent's Lien is subject to the Closing Date License until the Discharge of Working Capital Obligations, (y) the Term Agent shall deliver a copy of the Closing Date License to any purchaser at such foreclosure and provide written notice to such purchaser that the Term Loan Agent's Lien and the purchaser's rights in the transferred IP Collateral are subject to the Closing Date License until the Discharge of Working Capital Obligations and (z) the purchaser shall acknowledge in writing that it purchased the IP Collateral subject to the Closing Date License until the Discharge of Working Capital Obligations.

SECTION 6

INSOLVENCY OR LIQUIDATION PROCEEDINGS

6.1 Use of Cash Collateral and Financing Issues.

(a) As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, if Company or any other Grantor shall be subject to any Insolvency or Liquidation Proceeding and the Priority Agent shall desire to permit the use of cash collateral which constitutes such Priority Agent's Priority Collateral or to permit Company or any other Grantor to obtain financing secured by such Priority Collateral (and not by any Collateral which does not constitute such Priority Agent's Priority

Collateral), from one or more of the Claimholders for whom such Priority Agent acts as Agent, under Section 363 or Section 364 of the Bankruptcy Code or any similar Bankruptcy Law (the aggregate principal amount of any such financing, not to exceed the Maximum Working Capital Obligations or the CL Cap Amount, respectively, a "**DIP Financing**"), then (i) the Non-Priority Agent, on behalf of itself and the Non-Priority Claimholders, (A) agrees that it will raise no objection to such use of cash collateral or DIP Financing nor support any other Person objecting to, such sale, use, or lease of cash collateral or DIP Financing and will not request any form of adequate protection or any other relief in connection therewith (except as agreed by the Priority Agent or to the extent expressly permitted by Section 6.4) and, to the extent the Liens securing the Priority Obligations are subordinated to or pari passu with the Liens securing such DIP Financing, the Non-Priority Agent will subordinate its Liens in the Priority Agent's Priority Collateral to (1) the Liens securing such DIP Financing (and all Obligations relating thereto), (2) any adequate protection Liens provided to the Priority Claimholders and (3) any "carve-out" for professional or United States Trustee fees agreed to by the Priority Agent; and (B) agrees that notice received two (2) calendar days prior to the entry of an order approving such usage of cash collateral or approving such DIP Financing shall be adequate notice; provided that the foregoing shall not prohibit the Non-Priority Agent or the Non-Priority Claimholders from objecting solely to any provisions in any agreement regarding the use of cash collateral or any DIP Financing relating to, describing or requiring any provision or content of a plan of reorganization other than any provisions requiring that the DIP Financing be paid in full in cash, and (ii) the Priority Agent shall maintain a senior lien in its Priority Collateral (unless Priority Agent and the Priority Claimholders agree otherwise, in their sole discretion).

(b) Each of the Term Loan Administrative Agent and the Term Loan Agent, each on behalf of itself and the Term Loan Lenders, agrees that it shall not, directly or indirectly, seek to provide DIP Financing secured by Liens equal or senior to the Liens of Working Capital Agent on the Working Capital Priority Collateral, without the written consent of the Working Capital Agent and Working Capital Administrative Agent.

(c) Each of the Working Capital Agent and the Working Capital Administrative Agent, each on behalf of itself and the Working Capital Lenders, agrees that it shall not, directly or indirectly, seek to provide DIP Financing secured by Liens equal or senior to the Liens of Term Loan Agent on the Term Loan Priority Collateral, without the written consent of, in the case of the Liens of Term Loan Agent, the Term Loan Administrative Agent and the Term Loan Agent.

6.2 Sale Issues. As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, each Agent, on behalf of itself and the Claimholders for whom it acts as Agent, agrees that it will raise no objection to or oppose a sale or other disposition of any Collateral which does not constitute its Priority Collateral free and clear of its Liens or other claims under Section 363 of the Bankruptcy Code if the Priority Agent has consented to such sale or disposition of such assets so long as the interests of the such Agent and the Claimholders for whom it acts as Agent in such Collateral (and/or Working Capital Excluded Collateral, as applicable) attach to the proceeds thereof, subject to the terms of this Agreement. If requested by the Priority Agent in connection therewith, the Non-Priority Agent shall affirmatively consent to such a sale or disposition.

6.3 Relief from the Automatic Stay. As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, each Agent, on behalf of itself and the Claimholders for whom it acts as Agent, agrees that none of them shall (i) seek relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of any Collateral (and/or Working Capital Excluded Collateral, as applicable) which does not constitute its Priority Collateral, without the prior written consent of the Priority Agent, or (ii) oppose any request by the Priority Agent or any Priority Claimholder

to seek relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of their respective Priority Collateral.

6.4 Adequate Protection.

(a) As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, each Agent, on behalf of itself and the Claimholders for whom it acts as Agent, may seek adequate protection of its interest in its respective Priority Collateral and the other Agent, on behalf of itself and the Claimholders for whom it acts as Agent, agrees that none of them shall contest (or support any other person contesting) (i) any such request for adequate protection by the Priority Agent or (ii) any objection by the Priority Agent or the Priority Claimholders to any motion, relief, action or proceeding based on the Priority Agent or the Priority Claimholders claiming a lack of adequate protection of their interests in their respective Priority Collateral. As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, each Agent acknowledges and agrees that any superpriority administrative expense claim granted to such Agent or arising under 11 U.S.C. § 507(b) as adequate protection of its interest in its respective Priority Collateral shall be pari passu with any superpriority administrative expense claim granted to the *other* Agent as adequate protection of its interest in *its* respective Priority Collateral, except that any superpriority administrative expense claim granted to Working Capital Agent and the Working Capital Claimholders in connection with permitting the use of cash collateral pursuant to 11 U.S.C. § 363 or providing DIP Financing pursuant to 11 U.S.C. § 364 with respect to the Working Capital Priority Collateral shall be senior to any superpriority administrative expense claim granted Term Loan Agent pursuant to 11 U.S.C. § 507(b).

(b) As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, each Agent on behalf of itself and the Claimholders for whom it acts as Agent, may seek adequate protection of its junior interest in Collateral, subject to the provisions of this Agreement, only if (A) the Priority Agent is granted adequate protection in the form of a replacement Lien on post-petition collateral of the same type as the Priority Collateral, and (B) such additional protection requested by such Agent is in the form of a replacement Lien on such post-petition collateral of the same type as the Priority Collateral, which Lien, if granted, will be subordinated to the adequate protection Liens granted in favor of the Priority Agent on such post-petition collateral and the Liens securing any DIP financing (and all Obligations relating thereto) secured by such Priority Collateral on the same basis as the Liens of the Non-Priority Agent on such Priority Collateral are subordinated to the Liens of the Priority Agent on such Priority Collateral under this Agreement. As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, in the event an Agent, on behalf of itself or any of the Claimholders for whom it acts as Agent, seeks or requests (or is otherwise granted) adequate protection of its junior interest in Collateral in the form of a replacement Lien on additional collateral in any form, then such Agent, on behalf of itself and the Claimholders for whom it acts as Agent, agrees that the Priority Agent shall also be granted a replacement Lien on such additional collateral as adequate protection of its senior interest in Collateral (and/or Working Capital Excluded Collateral, as applicable) and that such Agent's replacement Lien shall be subordinated to the replacement Lien of the Priority Agent. As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, if any Agent or Claimholder receives as adequate protection a Lien on post-petition assets of the same type as its pre-petition Priority Collateral, then such post-petition assets shall also constitute

Priority Collateral of such Person to the extent of any allowed claim secured by such adequate protection Lien. No Agent or Claimholder shall seek disgorgement from any other Agent or Claimholder of any payments (in the form of adequate protection or otherwise) made to such Agent or Claimholder in respect of any Obligations, which payments are made after the entry of an approval order by the Bankruptcy Court (or any other court with jurisdiction thereof) during any Insolvency Proceeding and prior to the effective date of confirmation of any plan in such Insolvency Proceeding.

(c) As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, each Agent on behalf of itself and the Claimholders for whom it acts as Agent, may seek and receive additional adequate protection of its junior interest in Collateral, subject to the provisions of this Agreement, in the form of a superpriority administrative expense claim, including a claim arising under 11 U.S.C. § 507(b), which superpriority administrative expense claim shall be junior in all respects to any superpriority administrative expense claim granted to the Priority Claimholders with respect to such Collateral constituting their Priority Collateral. As between the Term Loan Agent and the other Term Loan Claimholders, on the one hand, and the Working Capital Agent and the Working Capital Claimholders, on the other hand, in the event an Agent, on behalf of itself and the Claimholders for whom it acts as Agent, seeks or receives protection of its junior interest in Collateral and is granted a superpriority administrative expense claim, including a claim arising under 11 U.S.C. § 507(b), then such Agent, on behalf of itself and the Claimholders for whom it acts as Agent, agrees that the Priority Claimholders shall receive a superpriority administrative expense claim which shall be senior in all respects to the superpriority administrative expense claim granted to such Agent with respect to such Collateral. Such superpriority administrative expense claim of Term Loan Agent (on behalf of the Term Loan Claimholders) arising under 11 U.S.C. § 507(b) shall be junior and subordinate to the superpriority administrative expense claims of Working Capital Agent (on behalf of the Working Capital Claimholders) in connection with permitting the use of cash collateral or providing DIP Financing in accordance with Section 6.4(a) herein.

6.5 Separate Grants of Security and Separate Classification. Each of the Grantors and each of the Claimholders acknowledges and agrees with respect to each class of Priority Collateral that (i) the grants of Liens pursuant to the Working Capital Collateral Documents and the Term Loan Collateral Documents constitute three separate and distinct grants of Liens and (ii) because of, among other things, their differing rights in the Collateral (and Working Capital Excluded Collateral), the Working Capital Obligations and the Term Loan Obligations are fundamentally different from one another and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the Working Capital Claimholders and the Term Loan Claimholders in respect of any Priority Collateral, constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the Priority Claimholders shall be entitled to receive, in addition to amounts distributed to them from, or in respect of, their Priority Collateral in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest, fees, costs and other charges, irrespective of whether a claim for such amounts is allowed or allowable in such Insolvency or Liquidation Proceeding, before any distribution from, or in respect of, any such Priority Collateral is made in respect of the claims held by the Non-Priority Claimholders, with the Non-Priority Claimholders hereby acknowledging and agreeing to turn over to the Priority Claimholders amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Non-Priority Claimholders.

6.6 Post-Petition Claims. No Agent, nor any of the Claimholders for which they act as Agent, shall oppose or seek to challenge (a) any claim by the Priority Agent or any Priority Claimholder for allowance in any Insolvency or Liquidation Proceeding of Obligations consisting of post-petition interest, fees, costs, charges or expenses to the extent of the value of the lien of the Priority Agent in such Priority Agent's Priority Collateral, without regard to the existence of the Lien of the other Agent in such Collateral and/or Working Capital Excluded Collateral, or (b) any claim by the Non-Priority Agent or any Junior Claimholder for allowance in any Insolvency or Liquidation Proceeding of Obligations consisting of post-petition interest, fees, costs, charges or expenses to the extent of the value of the lien of the Non-Priority Agent in such Collateral.

6.7 Avoidance Issues. If any Priority Claimholder is required in any Insolvency or Liquidation Proceeding, or otherwise, to turn over or otherwise pay to the estate of any Borrower or any Subsidiary of any Borrower any amount in respect of any Working Capital Obligation or any Term Loan Obligation, as applicable (a "Recovery"), then such Claimholders shall be entitled to a reinstatement of their Obligations with respect to all such recovered amounts. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement. Priority Collateral or proceeds thereof received by the Non-Priority Agent or any other Non-Priority Claimholder after a Discharge of the Obligations of the Priority Claimholders and prior to the reinstatement of such Obligations shall be delivered to the Priority Agent upon such reinstatement in accordance with Section 4.2.

6.8 Expense Claims. Each Agent, for itself and on behalf of the Claimholders for whom it acts as Agent, agrees that it will not (i) contest the payment of fees, expenses or other amounts to the Priority Agent or any Priority Claimholder under Section 506(b) of the Bankruptcy Code or otherwise to the extent of the value of the lien of the Priority Agent in such Priority Agent's Priority Collateral and to the extent provided for in the applicable Credit Agreement or (ii) assert or enforce any claim under Section 506(c) of the Bankruptcy Code senior to or on parity with the Lien of the Priority Agent for costs or expenses of preserving or disposing of the other Agent's Priority Collateral.

6.9 Effectiveness in Insolvency or Liquidation Proceedings. This Agreement, which the parties hereto expressly acknowledge is a "subordination agreement" under Section 510(a) of the Bankruptcy Code, shall be effective before, during and after the commencement of an Insolvency or Liquidation Proceeding. All references in this Agreement to any Grantor shall include such Person as a debtor-in-possession (together with its successor upon conclusion of such Insolvency or Liquidation Proceeding) and any receiver or trustee for such Person in any Insolvency or Liquidation Proceeding .

SECTION 7

RELIANCE; WAIVERS; ETC.

7.1 Non-Reliance

(a) The consent by the Working Capital Claimholders to the execution and delivery of the Term Loan Credit Documents and the grant to the Term Loan Agent on behalf of the Term Loan Claimholders of a Lien on the Working Capital Priority Collateral and all loans and other extensions of credit made or deemed made on and after the date hereof by the Working Capital Claimholders to the Grantors (and the amendment and restatement of the Working Capital Credit Documents contemplated to occur at the conclusion of the Chapter 11 Cases) shall be deemed to have been given and made in reliance upon this Agreement. Each of the Term Loan Agent and the Term Loan Administrative Agent, on behalf of themselves and the other Term Loan

Claimholders, acknowledge that they and the Term Loan Claimholders have, independently and without reliance on the Working Capital Agent or any other Working Capital Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into, as applicable, the Term Loan Credit Agreement, the other Term Loan Credit Documents, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under, as applicable, the Term Loan Credit Agreement, the other Term Loan Credit Documents, or this Agreement.

(b) The consent by the Term Loan Claimholders to the execution and delivery of the Working Capital Credit Documents and the grant to the Working Capital Agent on behalf of the Working Capital Claimholders of a Lien on the Term Loan Priority Collateral (other than Working Capital Excluded Collateral) and all loans and other extensions of credit made or deemed made on and after the date hereof by the Term Loan Claimholders to the Grantors (and the restructuring of the Term Loan Obligations contemplated to occur at the conclusion of the Chapter 11 Cases) shall be deemed to have been given and made in reliance upon this Agreement. The Working Capital Agent and the Working Capital Administrative Agent, on behalf of themselves and the other Working Capital Claimholders, acknowledge that they and the Working Capital Claimholders have, independently and without reliance on the Term Loan Agent or any other Term Loan Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into the Working Capital Credit Agreement, the other Working Capital Credit Documents, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under the Working Capital Credit Agreement, the other Working Capital Credit Documents or this Agreement.

7.2 No Warranties or Liability. The Working Capital Agent, on behalf of itself and the Working Capital Claimholders, acknowledges and agrees that each of the Term Loan Agent and the Term Loan Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Term Loan Credit Documents, the ownership of any Collateral (and/or Working Capital Excluded Collateral) or the perfection or priority of any Liens thereon. The Term Loan Claimholders will be entitled to manage and supervise their respective loans, letters of credit and extensions of credit under the Term Loan Credit Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Term Loan Agent, on behalf of itself and the Term Loan Claimholders, acknowledges and agrees that the Working Capital Agent and the Working Capital Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Working Capital Credit Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. The Working Capital Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the Working Capital Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Term Loan Agent and the Term Loan Claimholders shall have no duty to the Working Capital Agent or any of the Working Capital Claimholders, and the Working Capital Agent and the Working Capital Claimholders shall have no duty to the Term Loan Agent or any of the Term Loan Claimholders, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with Company or any Grantor (including the Working Capital Credit Documents and the Term Loan Credit Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 No Waiver of Lien Priorities.

(a) No right of the Working Capital Agent and the Working Capital Claimholders, the Term Loan Agent and the Term Loan Claimholders, the Control Agents or any of them to enforce any provision of this Agreement or their respective Credit Documents shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Company or any other Grantor or by any act or failure to act by such party, or by any noncompliance by any Person with the terms, provisions and covenants of this Agreement or their respective Credit Documents, regardless of any knowledge thereof which such party may have or be otherwise charged with.

(b) Without in any way limiting the generality of the foregoing paragraph (but subject to the rights of Company and the other Grantors under the applicable Credit Documents), the Working Capital Agent and the Working Capital Claimholders, and the Term Loan Agent and the Term Loan Claimholders, and any of them may, at any time and from time to time in accordance with their respective Credit Documents or applicable law, without the consent of, or notice to, the other Claimholders and without incurring any liabilities to the other Claimholders and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of the other Claimholders is affected, impaired or extinguished thereby) do any one or more of the following:

(i) make loans and advances to any Grantor or issue, guaranty or obtain letters of credit for account of any Grantor or otherwise extend credit to any Grantor, in any amount and on any terms, whether pursuant to a commitment or as a discretionary advance and whether or not any default or event of default or failure of condition is then continuing (subject, in each case, to any limitations expressly set forth in this Agreement);

(ii) subject to the provisions of this Agreement, change the manner, place or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase or alter, the terms of any of their respective Obligations or guaranty thereof or any liability of Company or any other Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of their respective Obligations, without any restriction as to the amount, tenor or terms of any such increase or extension, subject to any limitations expressly set forth in this Agreement) or, subject to the provisions of this Agreement, otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by such Agent or such Claimholders, their respective Obligations or any of their respective Credit Documents; provided, however, the foregoing shall not prohibit the other Agent and the other Claimholders from enforcing, consistent with the other terms of this Agreement, any right arising under their respective Credit Agreement as a result of any Grantor's violation of the terms hereof;

(iii) subject to the provisions of this Agreement, sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the Collateral (and/or, as applicable, the Working Capital Excluded Collateral) or any liability of Company or any other Grantor to such Claimholders or such Agent, or any liability incurred directly or indirectly in respect thereof;

(iv) subject to the provisions hereof, settle or compromise their respective Obligations or any portion thereof or any other liability of Company or any other Grantor

or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including their respective Obligations) in any manner or order;

(v) subject to the restrictions set forth in this Agreement, exercise or delay in or refrain from exercising any right or remedy against Company or any security or any other Grantor or any other Person, elect any remedy and otherwise deal freely with Company, any other Grantor or any Collateral (and/or, as applicable, the Working Capital Excluded Collateral) and any security and any guarantor or any liability of Company or any other Grantor to such Claimholders or any liability incurred directly or indirectly in respect thereof;

(vi) take or fail to take any Lien securing their respective Obligations or any other collateral security for such Obligations or take or fail to take any action which may be necessary or appropriate to ensure that any Lien securing such Obligations or any other Lien upon any property is duly enforceable or perfected or entitled to priority as against any other Lien, provided that Liens taken in violation of Section 2.5 shall be subject to the provisions of Section 2.5; or

(vii) without limiting the duties or obligations, if any, that the Agent may have to the Claimholders for which it is acting as Agent, otherwise release, discharge or permit the lapse of any or all Liens securing their respective Obligations or any other Liens upon any property at any time securing any such Obligations.

(c) Each Agent, on behalf of itself and the Claimholders for which it acts as Agent, also agrees that the Priority Agent and the Priority Claimholders shall have no liability to such Agent or the Claimholders for which it acts as Agent, and such Agent on behalf of itself and the Claimholders for which it acts as Agent, hereby waives all claims against the Priority Agent and the Priority Claimholders, arising out of any and all actions which the Priority Agent or the Priority Claimholders may take or permit or omit to take with respect to their Priority Collateral. Each Agent, on behalf of itself and the Claimholders for which it acts as Agent, agrees that the Priority Agent and Priority Claimholders shall have no duty to them in respect of the maintenance or preservation of the Priority Agent's Priority Collateral.

(d) Each Agent, on behalf of itself and the Claimholders for which it acts as Agent, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to Collateral (and/or the Working Capital Excluded Collateral) that does not constitute its Priority Collateral or any other similar rights a junior secured creditor may have under applicable law.

7.4 Obligations Unconditional. All rights, interests, agreements and obligations of the Working Capital Agent and the Working Capital Claimholders, and the Term Loan Agent and the Term Loan Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any Working Capital Credit Documents or any Term Loan Credit Documents or any setting aside or avoidance of any Lien;

(b) except as otherwise set forth in the Agreement, any change in the time, manner or place of payment of, or in any other terms of, all or any of the Working Capital Obligations or

Term Loan Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any Working Capital Credit Document or any Term Loan Credit Document;

(c) except as otherwise set forth in the Agreement, any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Working Capital Obligations or Term Loan Obligations or any guarantee thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of Company or any other Grantor; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, Company or any other Grantor in respect of the Working Capital Obligations or the Term Loan Obligations.

7.5 Certain Notices.

(a) Promptly upon Discharge of Working Capital Obligations, the Working Capital Agent shall deliver written notice confirming same to the Term Loan Agent; provided that the failure to give any such notice shall not result in any liability of the Working Capital Agent or the other Working Capital Claimholders hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder. Promptly upon Discharge of Term Loan Obligations, the Term Loan Agent shall deliver written notice confirming same to the Working Capital Agent; provided that the failure to give any such notice shall not result in any liability of the Term Loan Agent or the other Term Loan Claimholders hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder.

(b) No later than five (5) days prior to the commencement by such Priority Agent of any enforcement action or the exercise of any remedy with respect to its Priority Collateral (including by way of a public or private sale of such Priority Collateral), such Priority Agent shall notify the other Agents of such intended action; provided that the failure to give any such notice shall not result in any liability of such Priority Agent or the other Priority Claimholders hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder.

SECTION 8

MISCELLANEOUS

8.1 Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of the Term Loan Credit Documents or the Working Capital Credit Documents, the provisions of this Agreement shall govern and control. The parties hereto acknowledge that the terms of this Agreement are not intended to negate any specific rights granted to Company in the Term Loan Credit Documents or the Working Capital Credit Documents.

8.2 Effectiveness; Continuing Nature of this Agreement; Severability. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination and the Working Capital Claimholders and Term Loan Claimholders may each continue, at any time and without notice to the other Claimholders, to extend credit and other financial accommodations and lend monies to or for the benefit of Company or any Grantor constituting Working Capital Obligations or Term Loan Obligations, as applicable in reliance hereof. The terms of this

Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. All references to Company or any other Grantor shall include Company or such Grantor as debtor and debtor-in-possession and any receiver or trustee for Company or any other Grantor (as the case may be) in any Insolvency or Liquidation Proceeding. This Agreement shall terminate and be of no further force and effect upon the earliest to occur of the Discharge of Term Loan Obligations (in accordance with the provisions hereof) or the Discharge of Working Capital Obligations (in accordance with the provisions hereof).

8.3 Amendments; Waivers. No amendment, modification or waiver of any of the provisions of this Agreement by the Working Capital Agent or the Term Loan Agent shall be deemed to be made unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Notwithstanding the foregoing, Company shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except to the extent its rights or obligations are directly affected.

8.4 Information Concerning Financial Condition of Company and its Subsidiaries.

(a) The Term Loan Agent and the Term Loan Claimholders, and the Working Capital Agent and the Working Capital Claimholders, shall each be responsible for keeping themselves informed of (a) the financial condition of Company and its Subsidiaries and all endorsers or guarantors of the Term Loan Obligations or the Working Capital Obligations, as applicable, and (b) all other circumstances bearing upon the risk of nonpayment of the Term Loan Obligations or the Working Capital Obligations, as applicable. No Agent or Claimholder shall have a duty to advise any other Agent or Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event that any Agent or any Claimholder, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to any other Agent or Claimholder, it or they shall be under no obligation (w) to make, and such party shall not be deemed to make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided, (x) to provide any additional information or to provide any such information on any subsequent occasion, (y) to undertake any investigation or (z) to disclose any information which, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

(b) The Grantors agree that any information provided to the Control Agent, any Term Loan Claimholder or any Working Capital Claimholder may be shared by such Person with the Control Agent, any Term Loan Claimholder and any Working Capital Claimholder notwithstanding any request or demand by such Grantor that such information be kept confidential; provided, that such information shall otherwise be subject to the respective confidentiality provisions in the Working Capital Credit Agreement and the Term Loan Credit Agreement, as applicable.

8.5 Subrogation. Each Agent, for itself and on behalf of the Claimholders for which it acts as Agent, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of Obligations has occurred with respect to the other group of Claimholders.

8.6 [Reserved]

8.7 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Agreement and the other Credit Documents (except as otherwise provided therein) and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York.

(b) The parties hereto irrevocably consent and submit to the non-exclusive jurisdiction of the courts of the State of New York sitting in New York County, New York and the United States District Court of the Southern District of New York, whichever the Agents may elect, and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Credit Document or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Credit Documents or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that the Agents and the Claimholders shall have the right to bring any action or proceeding against any Grantor or its or their property in the courts of any other jurisdiction which such Agent or Claimholder deems necessary or appropriate in order to realize on the Collateral (and/or the Working Capital Excluded Collateral, as applicable) or to otherwise enforce its rights against any Grantor or its or their property).

(c) Each Grantor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at the Agents' option, by service upon any Grantor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, such Grantor shall appear in answer to such process, failing which such Grantor shall be deemed in default and judgment may be entered by the Agents against such Grantor for the amount of the claim and other relief requested.

(d) EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER CREDIT DOCUMENTS OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. EACH PARTY HERETO HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) None of the Agents or any Claimholders shall have any liability to any Grantor (whether in tort, contract, equity or otherwise) for losses suffered by such Grantor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this

Agreement, or any act, omission or event occurring in connection herewith, unless, with respect to a particular Agent or Claimholder, it is determined by a final and non-appealable judgment or court order binding on such Agent and/or Claimholder that the losses were the result of acts or omissions constituting gross negligence or willful misconduct of such Agent and/or Claimholder. In any such litigation, the Agents and the Claimholders shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement. Each Grantor: (i) certifies that neither the Agents, the Claimholders nor any representative, agent or attorney acting for or on behalf of the Agents or the Claimholders has represented, expressly or otherwise, that the Agents and the Claimholders would not, in the event of litigation, seek to enforce any of the waivers provided for in this Agreement or any of the other Credit Documents and (ii) acknowledges that in entering into this Agreement and the other Credit Documents, the Agents and the Claimholders are relying upon, among other things, the waivers and certifications set forth in this Section 8.7 and elsewhere herein and therein.

8.8 Notices. All notices to the Control Agent, the Term Loan Claimholders and the Working Capital Claimholders permitted or required under this Agreement shall also be sent to the Working Capital Agent and the Term Loan Agent, respectively. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, electronically mailed or sent by courier service or U.S. mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of electronic mail or four Business Days after deposit in the U.S. mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

8.9 Further Assurances. The Working Capital Agent, on behalf of itself and the Working Capital Claimholders, the Term Loan Agent, on behalf of itself and the Term Loan Claimholders, and Company, agree that each of them shall take such further action and shall execute and deliver such additional documents and instruments (in recordable form, if requested) as the Working Capital Agent or the Term Loan Agent may reasonably request to effectuate the terms of and the lien priorities contemplated by this Agreement.

8.10 [Reserved]

8.11 Binding on Successors and Assigns. This Agreement shall be binding upon the Working Capital Agent, the other Working Capital Claimholders, the Term Loan Agent, the other Term Loan Claimholders, the Control Agent and their respective successors and assigns.

8.12 Specific Performance. Each of the Working Capital Agent and the Term Loan Agent may demand specific performance of this Agreement. The Working Capital Agent, on behalf of itself and the other Working Capital Claimholders under its Working Capital Credit Documents, and the Term Loan Agent, on behalf of itself and the other Term Loan Claimholders, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by the Working Capital Agent or the Term Loan Agent, as the case may be.

8.13 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

8.14 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any document or instrument delivered in connection herewith by telecopy or other electronic method of transmission shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

8.15 Authorization. By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

8.16 No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of each of the Working Capital Agent, the other Working Capital Claimholders, the Term Loan Agent, the other Term Loan Claimholders, the Control Agent and the Company. No other Person shall have or be entitled to assert rights or benefits hereunder.

8.17 Provisions Solely to Define Relative Rights. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights as between the Working Capital Claimholders and the Term Loan Claimholders. Nothing in this Agreement is intended to or shall impair the rights of Company or any other Grantor, or the obligations of Company or any other Grantor, which are absolute and unconditional, to pay the Working Capital Obligations, and the Term Loan Obligations as and when the same shall become due and payable in accordance with their terms.

8.18 Complete Agreement. This Agreement is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Working Capital Agent,

By:_____
Name:
Title:

Notice Address:

Wachovia Bank, National Association, as Working Capital Agent
12 East 49th Street
New York, New York 10017
Attention: Portfolio Manager - Newark Group
Telecopier: (212) 545-4420
Telephone: (212) 545-4535

ORIX FINANCE CORP.,
as Term Loan Agent,

By:_____
Name:
Title:

Notice Address:

Orix Finance Corp., as Term Loan Agent

_____
_____
Attention: _____
Telecopier: _____
Telephone: _____

ORIX FINANCE CORP.,
as a Control Agent,

By:_____
Name:
Title:

Notice Address:

Orix Finance Corp., as Control Agent
_____
_____
Attention: _____
Telecopier: _____
Telephone: _____

WACHOVIA BANK, NATIONAL ASSOCIATION,
as a Control Agent,

By:_____
Name:
Title:

Notice Address:

Wachovia Bank, National Association, as Control Agent
12 East 49th Street
New York, New York 10017
Attention: Portfolio Manager - Newark Group
Telecopier: (212) 545-4420
Telephone: (212) 545-4535

THE NEWARK GROUP, INC.,
a New Jersey corporation

By: _____
Name:
Title

NEWARK GROUP INTERNATIONAL B.V.,
a private company with limited liability with
its corporate seat in Amsterdam, the Netherlands

By: _____
Name:
Title:

NP COGEN, INC.,
a California corporation

By: _____
Name:
Title:

Notice Address:

The Newark Group, Inc.
20 Jackson Drive
Cranford, New Jersey 07016
Attention: Mr. Joseph E. Byrne, Vice President – Planning & Finance
Telecopier: (908) 276-2888
Telephone: (908) 276-4000

with a copy to:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068
Attention: Daniel J. Barkin
Telecopier: (973) 597-2400
Telephone: (973 597-2500

EXHIBIT A

Closing Date License

LICENSE TO USE INTELLECTUAL PROPERTY RIGHTS

For the purpose of enabling Wachovia Bank, National Association, as Collateral Agent ("Collateral Agent") under that certain Amended and Restated Loan and Security Agreement dated as of _____ __, 2010 (as the same now exists and may be amended, restated, renewed, replaced, supplemented or otherwise modified from time to time, the "Loan Agreement") among The Newark Group, Inc., a New Jersey corporation (the "Company"), Newark Group International B.V., a private company with limited liability with its corporate seat in Amsterdam, the Netherlands and a wholly-owned subsidiary of the Company (the "Dutch Borrower"), those certain Domestic Subsidiaries of the Company from time to time party to the Credit Documents as borrowers (together, with the Company and the Dutch Borrower, the "Borrowers"), those certain other Domestic Subsidiaries of the Company from time to time party to the Credit Documents as guarantors (together, with the Borrowers, the "Grantors"), Wachovia Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent") and as Collateral Agent and the lenders from time to time party thereto (collectively, the "Lenders"), to enforce any Lien held by the Collateral Agent upon any of the Collateral and to the extent appropriate, in the good faith opinion of Collateral Agent, to process, ship, produce, store, complete, supply, lease, sell, or otherwise dispose of any of the Collateral or to collect or otherwise realize upon any Accounts, at such time as Collateral Agent shall be lawfully entitled to exercise such rights and remedies, Grantors hereby grant to the Collateral Agent, for the benefit of Collateral Agent, the Collateral Agent, and the Lenders, and only to the extent set forth above, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Grantors) to use, license, or sublicense any intellectual property rights now owned or hereafter acquired by the Grantors (except to the extent the terms of any of the agreements granting the foregoing rights prohibit such grant to the Collateral Agent), and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. Grantors agree and acknowledge that no further performance is required of the Collateral Agent under the terms of the license granted pursuant hereto and that this license shall not constitute an executory contract. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Loan Agreement.

THIS LICENSE TO USE INTELLECTUAL PROPERTY RIGHTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Dated: _____ __, 2010

Remainder of Page Intentionally Blank.
Signature Page to Follow.

THE NEWARK GROUP, INC.,
a New Jersey corporation

By: _____
Name:
Title

NEWARK GROUP INTERNATIONAL B.V.,
a private company with limited liability with
its corporate seat in Amsterdam, the Netherlands

By: _____
Name:
Title:

NP COGEN, INC.,
a California corporation

By: _____
Name:
Title:

EXHIBIT N

THE NEWARK GROUP, INC.

and

[_____],

as Warrant Agent

WARRANT AGREEMENT

Dated as of _____, 2010

Warrants to Purchase Common Stock, par value $.01 per share

TABLE OF CONTENTS

Page

ARTICLE I ISSUANCE OF WARRANTS; EXECUTION AND DELIVERY OF WARRANT CERTIFICATES....2

Section 1.01 Issuance of Warrants....2
Section 1.02 Execution and Delivery of Warrant Certificates....2
Section 1.03 Issuance of Warrant Certificates....3

ARTICLE II WARRANT PRICE, DURATION AND EXERCISE OF WARRANTS....3

Section 2.01 Exercise Price....3
Section 2.02 Duration of Warrants....3
Section 2.03 Exercise of Warrants....4
Section 2.04 Reservation of Warrant Shares....9
Section 2.05 Vesting....10

ARTICLE III OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT....12

Section 3.01 No Rights as Stockholder Conferred by Warrants or Warrant Certificates....12
Section 3.02 Lost, Mutilated, Stolen or Destroyed Warrant Certificates....12
Section 3.03 General Information to be Provided by the Company....13
Section 3.04 Notice of Certain Events....13
Section 3.05 Conditional Exercise – Registration Rights; Tag-Along....13

ARTICLE IV EXCHANGE AND TRANSFER....15

Section 4.01 Exchange and Transfer....15
Section 4.02 Restrictions on Transfer; Restrictive Legend....16
Section 4.03 Treatment of Holders of Warrant Certificates....18
Section 4.04 Cancellation of Warrant Certificates....18

ARTICLE V ADJUSTMENT OF WARRANT PRICE AND NUMBER OF WARRANT SECURITIES....18

Section 5.01 Adjustments Generally....18
Section 5.02 Stock Dividends; Stock Splits....18
Section 5.03 Aggregation of Shares....18
Section 5.04 Adjustments in Exercise Price....19
Section 5.05 Reclassification or Reorganization....19
Section 5.06 Cash Dividends; Extraordinary Transactions....19
Section 5.07 Notices of Changes in Warrant....19

Section 5.08 No Fractional Shares.....20
Section 5.09 Form of Warrant. 20
Section 5.10 De Minimis Adjustments. 20
ARTICLE VI CONCERNING THE WARRANT AGENT.....20
Section 6.01 Warrant Agent.....20
Section 6.02 Conditions of Warrant Agent's Obligations. 20
Section 6.03 Resignation and Appointment of Successor. 22
ARTICLE VII MISCELLANEOUS.....23
Section 7.01 Amendment.....23
Section 7.02 Notices and Demands to the Company and Warrant Agent. 24
Section 7.03 Notices -- Address for Notice. 24
Section 7.04 Applicable Law; Waiver of Jury Trial. 24
Section 7.05 Headings. 24
Section 7.06 Counterparts. 24
Section 7.07 Inspection of Agreement. 24
Section 7.08 Notices – Manner of Notice. 24

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (the "Agreement"), dated as of _____, 2010 (the "Effective Date") between THE NEWARK GROUP, INC., a Delaware corporation (the "Company"), and [_____], a [ ] duly [incorporated] and existing under the laws of [ ], as Warrant Agent (the "Warrant Agent[1]").

W I T N E S S E T H :

WHEREAS, The Newark Group, Inc., a New Jersey corporation and the predecessor to the Company ("Old TNG") and its domestic subsidiaries filed voluntary petitions for reorganization in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), in In re The Newark Group, Inc. et al., Case No.: 10-[____] (the "Bankruptcy Cases"), under chapter 11 of title 11 of the United States Code §§ 101-1330, and in connection therewith filed the Joint Prepackaged Plan of Reorganization of The Newark Group, Inc., et al., dated as of [_____], 2010 (the "Plan"); and

WHEREAS, the Bankruptcy Court confirmed the Plan and the Effective Date under the Plan occurred on the date first written above (the "Effective Date"); and

WHEREAS, on the Effective Date, Old TNG merged with and into a newly-formed Delaware corporation ("Merger Sub"), a wholly-owned subsidiary of Old TNG, with Merger Sub as the surviving corporation, and upon completion of such merger, Merger Sub changed its name to The Newark Group, Inc.; and

WHEREAS, the Plan provides that the Company shall issue to [the holders of interests in Old TNG common stock][2] / [certain members of the Company's management] (collectively, the "Initial Holders") Series A Warrants of the Company (collectively, the "Warrants") entitling the registered holders thereof to purchase shares of the Company's common stock, par value $0.01 per share (the "Common Stock"); and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company in connection with the issuance, transfer, exchange, exercise and replacement of the certificates representing the Warrants (the "Warrant Certificates"), and in this Agreement wishes to set forth, among other things, the form and provisions of the Warrant Certificates and the terms and conditions on which they may be issued, transferred, exchanged, exercised and replaced;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

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[1] The Warrant Agent may be the Company.

[2] The Company will have two separate Warrant Agreements: (i) one for the warrants issued to holders of interests in Old TNG common stock ("Old Equity Warrants") and (ii) one for the warrants issued to certain members of the Company's management ("Management Warrants"). The two agreements will be substantially identical except that Management Warrants will be subject to the time-based vesting conditions set forth in Section 2.05.

ARTICLE I
ISSUANCE OF WARRANTS; EXECUTION AND DELIVERY OF WARRANT CERTIFICATES

Section 1.01 Issuance of Warrants. The Warrants shall be evidenced by Warrant Certificates. Each outstanding Warrant shall represent the right, subject to the provisions contained herein and therein, to purchase one share of Common Stock (each, a "Warrant Share"). The Company shall issue and deliver (or cause to be issued and delivered), as of the date hereof, to each Initial Holder, a duly executed Warrant Certificate registered in the name of such Initial Holder for the number of Warrant Shares such Initial Holder is entitled to receive as a distribution under the Plan. The Warrants shall entitle the Holders (as defined below) to collectively purchase up to [___][3] Warrant Shares, in the aggregate, as such amount may be adjusted from time to time pursuant to this Agreement.

Section 1.02 Execution and Delivery of Warrant Certificates.

(a) Each Warrant Certificate shall be issued in substantially the form set forth in Exhibit A hereto, shall be dated and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the officers of the Company executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law, including applicable rules and regulations made pursuant to any such law. The Warrant Certificates shall be signed on behalf of the Company by the chairman of the Board of Directors of the Company (the "Board of Directors"), the chief financial officer, the president, any vice president, any assistant vice president, the treasurer or any assistant treasurer of the Company, and each Warrant Certificate may but need not be attested by the Company's secretary or one of its assistant secretaries. Such signatures may be manual or facsimile signatures of such authorized officers and may be imprinted or otherwise reproduced on the Warrant Certificates.

(b) No Warrant Certificate shall be valid for any purpose, and no Warrant evidenced thereby shall be exercisable, until such Warrant Certificate has been countersigned by the Warrant Agent by manual signature. Such signature by the Warrant Agent upon any Warrant Certificate executed by the Company shall be conclusive evidence, and the only evidence, that the Warrant Certificate so countersigned has been duly issued hereunder.

(c) In case any officer of the Company who shall have signed any of the Warrant Certificates (either manually or by facsimile signature) shall cease to hold such officer position before the Warrant Certificates so signed shall have been countersigned and delivered by the Warrant Agent as provided herein, such Warrant Certificates may be countersigned and delivered by the Warrant Agent notwithstanding that the person who signed such Warrant

[3] The Company currently contemplates that 28,730,100 shares of Common Stock will be distributed under the Plan as of the Effective Date, in which case the Old Equity Warrants would be exercisable for an aggregate of 5,070,018 shares of Common Stock and the Management Warrants would be exercisable for an aggregate of 1,778,954 shares of Common Stock, all at the Exercise Price set forth in Section 2.01.

Certificates has ceased to hold such officer position with the Company, and any Warrant Certificate may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Warrant Certificate, hold such officer positions with the Company, although at the date of the execution of this Agreement any such person did not hold such officer position.

(d) The term "Holder," when used with respect to any Warrant Certificate or any Warrant evidenced thereby, shall mean any person in whose name such Warrant Certificate is, at the time of such determination, registered upon the books to be maintained by the Warrant Agent for that purpose. As used in this Agreement, "person" means an individual, partnership, corporation, unincorporated organization, joint stock company, limited liability company, trust, joint venture or other legal entity, or a governmental agency or political subdivision thereof.

Section 1.03 Issuance of Warrant Certificates.

(a) Warrant Certificates evidencing Warrants shall (except to the extent provided otherwise in Sections 2.03, 3.02 and 4.01) be executed by the Company in the manner set forth in Section 1.02 and delivered to the Warrant Agent. Warrant Certificates evidencing the Warrants to be issued to the Initial Holders under the Plan shall be so executed by the Company and delivered to the Warrant Agent upon or promptly following the execution of this Agreement. The Warrant Agent shall, upon receipt of Warrant Certificates duly executed on behalf of the Company, countersign each such Warrant Certificate and shall deliver such Warrant Certificates to or upon the order of the Company. Subsequent to the original issuance of Warrant Certificates to the Initial Holders, the Warrant Agent shall countersign a Warrant Certificate only if the Warrant Certificate is issued in exchange or substitution for one or more previously countersigned Warrant Certificates or in connection with their transfer as hereinafter provided.

ARTICLE II
WARRANT PRICE, DURATION AND EXERCISE OF WARRANTS

Section 2.01 Exercise Price. The initial exercise price for each Warrant shall be $[5.48][4] per Warrant Share (the "Exercise Price"), subject to adjustment as provided herein.

Section 2.02 Duration of Warrants. Subject to the provisions of this Agreement, Warrants may be exercised at any time prior to the Expiration Date, as specified herein, on any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close (a "Business Day") prior to 5:00 p.m. New York City time, at the offices of the Warrant Agent at _____ (the "Warrant Agent Office") on _____, 2015[5] (such date

[4] Exercise Price based on there being, as currently contemplated, 28,730,100 shares of Common Stock distributed under the Plan as of the Effective Date, and an equity value of $157.5 million for the Company.

[5] The Expiration Date will be 5 years from the issuance date.

and such time, the "Expiration Date"). Each Warrant not exercised at or before the Expiration Date shall thereupon become void, and at such time all rights, under this Agreement and the applicable Warrant Certificate, of the Holder of any such Warrant shall automatically cease, with respect to any such Warrant.

Section 2.03 Exercise of Warrants.

(a) Warrants may be exercised, at the option of the Holder, in whole or in part, at any time or from time to time, by presentation of the Warrant Certificate evidencing such Warrants, duly executed by the Holder, to the Warrant Agent and simultaneous payment of the Exercise Price to the Company; provided that no Holder shall (subject to waiver by the Board of Directors, in its sole discretion, on a case-by-case basis) be entitled to exercise less than all of the Warrants represented by any Warrant Certificate if such partial exercise would result in the issuance of a number of Warrant Shares that is less than 1% of the total number of shares of Common Stock outstanding immediately prior to such exercise. Payment of the Exercise Price shall be made, at the option of the Holder, (i) in United States dollars by certified or official bank check payable to the Company, or by wire transfer to an account specified in writing by the Company or the Warrant Agent to such Holder, in either case in immediately available funds in an amount equal to the aggregate Exercise Price for such Warrant Shares or (ii) at any time after the Valuation Date (as defined below), any Holder may exercise all (but not less than all) of its Warrants by Cashless Exercise (as defined and in the manner set forth in Section 2.03(d)). In addition, upon consummation of a Triggering Event (as defined below), the Warrants shall be exercised by Cashless Exercise in the manner set forth below. With respect to any Triggering Event: (i) the Company shall give or cause to be given written notice of such Triggering Event to each Holder, at the last address set forth for such Holder in the register books of the Warrant Agent, not less than ten (10) days prior to consummation of such Triggering Event, provided that the Company's failure to give such notice, or any defect therein, shall not affect the legal effect or validity of such Triggering Event; (ii)(x) if the Triggering Event Price Per Share exceeds the Exercise Price, then upon consummation of such Triggering Event all Warrants then outstanding shall automatically be exercised by way of Cashless Exercise (as defined and in the manner set forth in Section 2.03(d)) and (y) if the Triggering Event Price Per Share is less than or equal to the Exercise Price, then upon consummation of such Triggering Event all Warrants then outstanding shall automatically be terminated and cancelled without payment and the Company shall have no further obligation in respect of the Warrants, provided that, for the avoidance of doubt, this clause (ii) shall not restrict the right of any Holder to exercise all of its Warrants via payment of the Exercise Price in cash pursuant to clause (i) of the immediately preceding sentence, at any time prior to consummation of any Triggering Event; and (iii) in the event of any Cashless Exercise of Warrants pursuant to a Triggering Event that is not a Qualified Public Offering (as defined below), each Holder shall receive, in lieu of each Warrant Share that such Holder would otherwise receive pursuant to such Cashless Exercise, the per-share consideration for which outstanding shares of Common Stock are exchanged (or into which such shares are converted) in connection with such Triggering Event.

(b) As used herein, a "Triggering Event" shall mean any of the following: (i) a firm commitment underwritten public offering of shares of Common Stock of the Company to the public that results in gross proceeds to the Company of at least $150 million, is led by a nationally recognized investment bank, and results in shares of Common Stock being

listed on a national securities exchange (a "Qualified Public Offering"), (ii) a merger, consolidation, or other similar transaction or series of transactions to which the Company is a party and pursuant to which (a) the Company is not the surviving person in such transaction or (b) if the Company is the surviving person, the holders of shares of Common Stock outstanding immediately prior to consummation of such transaction represent less than 75% of the shares of Common Stock outstanding immediately following consummation of such transaction, and (iii) the sale or other disposition of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole; provided, that, in the case of (ii) or (iii), shares of Common Stock are converted into or exchanged for cash, other securities or assets of the Company or another person in connection with such Triggering Event. As used herein, "Triggering Event Price Per Share" means (i) with respect to any Triggering Event that is a Qualified Public Offering, the per-share price (net of any applicable underwriter discounts or commissions) at which shares of Common Stock are sold to the public in such offer and (ii) with respect to any Triggering Event that is not a Qualified Public Offering, the per share fair market value of the consideration being paid by the third party in connection with such Triggering Event, as determined by adding (a) the per share cash consideration, (b) for consideration in the form of publicly traded securities where the per share valuation of such securities is set forth in the definitive agreement entered into in connection with such transaction, such per share valuation, (c) for consideration in the form of publicly traded securities where the per share valuation of such securities is not set forth in the definitive agreement entered into in connection with such transaction, the average closing price for the ten (10) consecutive trading days ending on the second (2nd) Business Day prior to the consummation of the transaction, and (d) the per share fair market value of consideration in the form of any other securities or assets as determined in good faith by an the Board of Directors based on information reasonably available to it; provided, that with respect to any Triggering Event that is a merger in which shares of Common Stock are converted into or exchanged for voting equity securities of another entity, the Triggering Event Price Per Share shall be determined by an independent valuation firm selected by the Board of Directors, taking into account the expected synergies (net of the expected cost of achieving such synergies) to be realized by the combined entity following the consummation of such Triggering Event.

(c) As promptly as practicable after the Valuation Date, the Board of Directors shall direct an independent valuation firm (the "Valuation Firm") selected by the Board of Directors to determine the Company Equity Value (as defined below) as of such Valuation Date, together with the per share value of the Common Stock calculated based upon the Company Equity Value of the Company as of the Valuation Date (the "Per Share Equity Value"). The Company shall require the Valuation Firm to provide to the Company, within thirty (30) days following the Valuation Date, a written report (the "Valuation Report") that sets forth its determination of Company Equity Value and the Per Share Equity Value. The Company shall notify the Holders of such determination of the Company Equity Value as of the Valuation Date, together with the Per Share Equity Value as of the Valuation Date, together with a synopsis of the Valuation Report, not later than the 30th day prior to the Expiration Date, which shall be final and binding on the Company and the Holders. The Company shall bear all expenses of the Valuation Firm. For purposes of this Agreement, "Valuation Date" means the 90th day prior to the Expiration Date. For purposes of this Agreement, "Company Equity Value" means the total equity value of the company, as determined by using substantially the same methodologies and assumptions as Jeffries & Company, Inc. used to determine that $157.5 million was the mid-point of the range of the total equity value of the Company for purposes of the Plan, and taking

into account the Company's net debt as of the date when such value is being measured; provided, that if the Valuation Firm determines the Company Equity Value within a given range, the Company Equity Value for all purposes of this Agreement shall be deemed to be the mid-point of such range.

(d) In lieu of paying the aggregate Exercise Price by certified or official bank check or by wire transfer, any Holder may, at any time after the Valuation Date, elect to exercise Warrants by authorizing the Company to withhold from issuance a number of Warrant Shares issuable pursuant to the Warrant Certificate evidencing the Warrants being exercised which, when multiplied by the Per Share Equity Value , is equal to the aggregate Exercise Price of all Warrants being exercised, and such withheld Warrant Shares shall thereupon no longer be issuable under the Warrant (a "Cashless Exercise"). The formula for determining the number of Warrant Shares to be issued in a Cashless Exercise is as follows:

$$X = \frac{(A-B) \times C}{A}$$

where:

X = the number of Warrant Shares issuable upon exercise of the Warrant pursuant to this subsection (d).

A = the Per Share Equity Value .

B = the Exercise Price.

C = the number of Warrant Shares as to which a Warrant is then being exercised including the withheld Warrant Shares.

If, with respect to any purported or attempted Cashless Exercise of Warrants, the foregoing calculation results in a negative number, then no Warrant Shares shall be issuable via such purported or attempted Cashless Exercise. With respect to any Cashless Exercise in connection with a Triggering Event, the formula set forth above shall be used to determine the number of Warrant Shares issuable pursuant to such Cashless Exercise, except that "A" shall mean the Triggering Event Price Per Share instead of the Per Share Equity Value.

(e) The date on which payment in full of the Exercise Price is received by the Warrant Agent (or deemed to be received in the case of a Cashless Exercise) shall, subject to receipt of the Warrant Certificate as aforesaid, be deemed to be the date on which the Warrant is exercised. The Warrant Agent shall promptly deposit all funds received by it in payment for the exercise of Warrants in an account of the Company maintained with it (or in such other account as may be designated by the Company) and shall advise the Company, by telephone or by facsimile transmission or other form of electronic communication available to both parties, at the end of each day on which a payment for the exercise of Warrants is received of the amount so deposited to its account. The Warrant Agent shall promptly confirm such advice to the Company in writing.

(f) Upon surrender of the underlying Warrant Certificate and payment of the Exercise Price (or the deemed payment of the Exercise Price in connection with a Cashless Exercise) in connection with the exercise (other than a Cashless Exercise pursuant to any Triggering Event that is not a Qualified Public Offering) of Warrants by any Holder, the Warrant Agent shall requisition from the transfer agent for the Common Stock (the "Transfer Agent[6]") for issuance and delivery to or upon the written order of the Holder of such Warrant Certificate and in such name or names as the Holder may designate, a certificate or certificates for the Warrant Shares issuable upon the exercise of the Warrants evidenced by such Warrant Certificate, less any Warrant Shares withheld in connection with a Cashless Exercise, if applicable. Upon receipt thereof, the Company shall, as promptly as practicable, and in any event within three (3) Business Days thereafter, cause to be issued to the Holder the aggregate number of whole Warrant Shares (rounded down to the nearest whole share) issuable upon such exercise and deliver to the Holder written confirmation that such Warrant Shares have been duly issued and recorded on the books of the Company as hereinafter provided. The Warrant Shares so issued shall be registered in the name of the Holder or such other name as shall be designated in the order delivered by the Holder. The certificate or certificates for such Warrant Shares shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become the holder of record of such Warrant Shares as of the date of surrender of such Warrant Certificate at the Warrant Agent Office duly executed by the Holder thereof and upon payment of the Exercise Price or the deemed payment of the Exercise Price in connection with a Cashless Exercise. Notwithstanding any other provision contained in this Agreement, (i) the Company may, in its sole discretion, refuse to register Warrant Shares (x) in the name of any person who acquired any Warrant or any Warrant Shares otherwise than in accordance with this Agreement or (y) in the name of any Competitor (as defined below), and (ii) no Warrant Share shall be registered in the name of any person other than the Holder of the underlying Warrant, if such registration would result in any class of equity securities of the Company being held of record by more than three hundred (300) persons or otherwise result in circumstances that the Board of Directors, in its sole discretion, determines could require the Company to file reports under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), if the Company is not then otherwise subject to such requirements. As used in this Agreement, (a) "Competitor" means any entity (other than the Company or a controlled Affiliate thereof) engaged in the business of producing recycled paper and paperboard products in North America and/or Europe, or any controlled Affiliate of such an entity and (b) "Affiliate" means, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person (for purposes of such definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing).

(g) Upon surrender of any Warrant Certificate evidencing Warrants exercised via Cashless Exercise in connection with a Triggering Event other than a Qualified Public Offering, the Warrant Agent shall promptly notify the Company of such surrender and

[6] The Transfer Agent may be the Company.

provide such information and reasonable assistance as the Company may request in connection with the distribution to such Holder of the consideration to be received by such Holder, pursuant to Section 2.03(a), in lieu of the Warrant Shares that such Holder would otherwise have received pursuant to such exercise.

(h) In the event that any Holder makes a partial exercise of the Warrants evidenced by any Warrant Certificate, the Warrant Agent shall issue and deliver to such Holder or its registered assigns a new Warrant Certificate evidencing a number of Warrants equal to the number of Warrants represented by the Warrant Certificate immediately prior to such partial exercise minus the number of Warrants exercised in such partial exercise.

(i) Any exercise of a Warrant pursuant to the terms of this Agreement shall be irrevocable and shall constitute a binding agreement between the Holder and the Company, enforceable in accordance with its terms, except to the extent that Section 3.05 provides otherwise with respect to any Holder's conditional exercise of Warrants following receipt of a Piggyback Registration Notice.

(j) The Warrant Agent shall:

(i) examine the Warrant Certificates evidencing all exercised Warrants and all other documents delivered to it by or on behalf of Holders as contemplated hereunder to ascertain whether or not, on their face, such exercised Warrant Certificates and any such other documents have been executed and completed in accordance with their terms and the terms hereof;

(ii) where the Warrant Certificates evidencing an exercised Warrant or other document appears on its face to have been improperly completed or executed or some other irregularity in connection with the exercise of the Warrants exists, the Warrant Agent shall endeavor to inform the appropriate parties (including the person submitting such instrument) of the need for fulfillment of all requirements, specifying those requirements which appear to be unfulfilled;

(iii) inform the Company of and cooperate with and assist the Company in resolving any reconciliation problems between exercised Warrants received and delivery of Warrants to the Warrant Agent's account;

(iv) advise the Company no later than three (3) Business Days after receipt of any Warrant Certificate evidencing an exercised Warrant, of (i) the receipt of such Warrant Certificate and the number of Warrants evidenced thereby that have been exercised in accordance with the terms and conditions of this Agreement and (ii) such other information as the Company shall reasonably require; and

(k) All questions as to the validity, form and sufficiency (including time of receipt) of any exercised Warrant or the Warrant Certificate evidencing any exercised Warrant will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the right to reject any and all exercised Warrants not in proper

form or for which any corresponding agreement by the Company to exchange would, in the opinion of the Company, be unlawful. Such determination by the Company shall be final and binding on the Holders, absent manifest error. Moreover, the Company reserves the absolute right to waive any of the conditions to the exercise of Warrants or defects in the exercise thereof with regard to any particular exercise of Warrants. Neither the Company nor the Warrant Agent shall be under any duty to give notice to the Holders of the Warrants of any irregularities in any exercise of Warrants, nor shall it incur any liability for the failure to give such notice.

(l) With respect to the exercise of any Warrant at any time while the Stockholders Agreement (as defined below) is still in effect, the Holder of such Warrant shall, as a condition precedent to the issuance of Warrant Shares pursuant to such exercise (unless such Holder is already a party to the Stockholders Agreement), execute a joinder agreement in substantially the form attached as Exhibit A to the Stockholders Agreement (or such other documentation as is agreed by the Company and such Holder) to become a party to the Stockholders Agreement and confirm that such Holder takes the Warrant Shares subject to all the terms and conditions of the Stockholders Agreement and agrees to be bound by all of the terms and conditions thereof. As used in this Agreement, "Stockholders Agreement" means the Stockholders Agreement, dated as of the date hereof, among the Company and the Stockholder Parties party thereto, as may be amended from time to time.

(m) Prior to the delivery of any Warrant Shares upon the exercise of a Warrant, the Holder shall pay, or make adequate provision acceptable to the Company for the satisfaction of, the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, at the Holder's option with respect to any exercise after the Valuation Date or in connection with any Triggering Event, by having the Company withhold from the number of Warrant Shares otherwise deliverable in connection with such exercise, a number of Warrant Shares which, when multiplied by the Per Share Equity Value or the Triggering Event Price Per Share, as applicable, is equal to the amount of such federal and state tax and other withholding obligations, and such withheld Warrant Shares shall no longer be issuable under the Warrant.

Section 2.04 Reservation of Warrant Shares

(a) For the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the Company will at all times through the Expiration Date, reserve and keep available out of its aggregate authorized but unissued or treasury shares of Common Stock, a number of shares equal to the number of Warrant Shares deliverable upon the exercise of all outstanding Warrants, and the Company's Transfer Agent is hereby irrevocably authorized and directed at all times to reserve such number of authorized and unissued or treasury shares of Common Stock as shall be required for such purpose. The Company will keep a copy of this Agreement on file with the Transfer Agent. The Warrant Agent is hereby irrevocably authorized to requisition from time to time from such Transfer Agent stock certificates evidencing Warrant Shares issuable upon exercise of outstanding Warrants, and the Company will supply such Transfer Agent with duly executed stock certificates for such purpose.

(b) The Company covenants that all Warrant Shares issued upon exercise of the Warrants will, upon issuance in accordance with the terms of this Agreement, be fully paid and nonassessable and free from all taxes, liens, charges and security interests created by or imposed upon the Company with respect to the issuance thereof.

Section 2.05 Vesting[7]

(a) Vesting Percentage. Notwithstanding Section 2.03, a Warrant Certificate may only be exercised for that number of shares equal to the number of Warrant Shares evidenced by such Warrant Certificate multiplied by the Vested Percentage. With respect to any Holder, the "Vested Percentage" (i) shall be 100%, upon and following any such termination, if such Holder terminates his or her employment with the Company for Good Reason (as defined below), or if Company terminates his or her employment with the Company without Cause (as defined below), (ii) shall be 100% immediately prior to and following any Triggering Event, and (iii) shall otherwise be:[8]

- 0%, if such a termination of employment is prior to _____, 2011;
- 33 1/3%, if such a termination of employment is on or after _____, 2011 but prior to _____, 2012;
- 66 2/3%, if such a termination of employment is on or after _____, 2012 but prior to _____, 2013;
- 100%, if such a termination of employment is on or after _____, 2013.

In the event that any Holder dies or becomes disabled prior to _____, 2013, and while in the employ of the Company, the Vested Percentage for such Holder shall include partial vesting for the annual vesting period in which such death or disability occurs, based on the number of days in such vesting period that precede the date of death or disability. Except to the extent set forth in this Section 2.05(a) and Section 2.05(b), no termination of employment shall otherwise affect any Holder's right to exercise any Warrants held by such Holder.

(b) Forfeiture; Repurchase. In the event that any Holder's employment with the Company terminates for any reason at a time when such Holder's Vesting Percentage is less than 100% (including any vesting that occurs as a result of such termination), then (i) the unvested portion of the Warrants then held by such Holder shall automatically be forfeited to the Company, without payment, and the Holder shall thereupon cease to have any further rights with respect to any such forfeited Warrants and (ii) the Company shall have the right, but not the obligation, at any time during the forty-five (45) day period following the date of such termination, to purchase all or any portion of the Warrants held by such Holder following such forfeiture, at a per-Warrant purchase price equal to the difference between (x) the per-share fair market value of the Common Stock, as determined by the Board on the basis of such quotations

[7] This Section 2.05 will only be included in the Warrant Agreement for Management Warrants.

[8] Dates specified below will be anniversaries of the Effective Date.

or other information as it in good faith considers appropriate minus (y) the Exercise Price per Warrant. For purposes of this paragraph, the "unvested portion" of the Warrants held by any Holder shall be equal to (x) the number of Warrants held by such Holder immediately prior to the termination of his or her employment with the Company multiplied by (y) the difference (expressed as a decimal) between 1.0 and such Holder's Vested Percentage (expressed as a decimal).

(c) Definitions.

(i) "Cause" (meaning a termination by the Company of the Holder's employment for Cause) shall mean:

(A) in connection with the Holder's employment by the Company, the commission by the Holder of any act involving gross negligence, intentional dishonesty of a material nature or fraud; or

(B) any conduct, action or behavior by the Holder involving moral turpitude, or willful misconduct, that has or may reasonably be expected to have a negative effect on the reputation or interests of the Company; or

(C) The Holder shall have been convicted of, or have entered a plea of nolo contendere or the equivalent in respect of a charge of, any criminal act (x) constituting a felony under the laws of the United States or any state or political subdivision thereof or (y) that has or may reasonably be expected to have a negative effect on the Company, monetarily or otherwise; or

(D) any act or omission that constitutes a material breach by the Holder of any of his or her obligations under this Agreement or any written policy of the Company, including, without limitation, the willful and continued failure or refusal of the Holder to substantially perform the duties reasonably required of him as an employee of the Company

For purposes hereof, an act or omission shall not be deemed to be willful if taken or omitted in the good faith belief that such was in, or not opposed to, the best interests of the Company.

(ii) "Good Reason" shall mean the occurrence of any of the following without the Holder's prior written consent:

(A) a reduction in the Holder's then current base salary (other than a reduction of 5% or less that is made in connection with reductions to salaries of the Company's other senior executives), the elimination of health insurance benefits, or the failure to make any base salary payment within 30 days of the date such payment is due;

(B) a material diminution of the Holder's job title or duties or responsibilities;

(C) relocation of the Holder's own principal office to a location more than 50 miles from Cranford, New Jersey; or

(D) the Board knowingly directs or asks the Holder to carry out any action or activity that is illegal.

Anything herein to the contrary notwithstanding, the Holder's employment shall not be deemed to be terminated for Good Reason within the meaning of clauses (i) - (iv) above unless the Holder provides written notice to the Company within thirty (30) days of the initial occurrence of the event or condition constituting Good Reason stating the basis of such termination and the Company fails to cure such event or condition within thirty (30) days of receipt of such notice.

ARTICLE III
OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT

Section 3.01 No Rights as Stockholder Conferred by Warrants or Warrant Certificates. No Warrant Certificate or Warrant evidenced thereby shall, and nothing contained in this Agreement shall be construed to, entitle the Holder or any beneficial owner thereof to any of the rights of a registered holder or beneficial owner of shares of Common Stock, including, without limitation, the right to receive any dividends or distributions paid with respect to shares of Common Stock, the right to vote or to consent or to receive notice as a stockholder of the Company with respect to the election of directors of the Company or any other matter with respect to which stockholders of the Company are entitled to vote or consent or receive notice, or any other rights whatsoever as stockholders of the Company.

Section 3.02 Lost, Mutilated, Stolen or Destroyed Warrant Certificates. Upon receipt by the Warrant Agent of evidence reasonably satisfactory to it and the Company of the ownership of and the loss, mutilation, theft or destruction of any Warrant Certificate and of such security or indemnity as may be required by the Company and the Warrant Agent to hold each of them and any agent of them harmless and, in the case of mutilation of a Warrant Certificate, upon surrender thereof to the Warrant Agent for cancellation, then, in the absence of notice to the Company or the Warrant Agent that such Warrant Certificate has been acquired by a bona fide purchaser, the Company shall execute, and an authorized officer of the Warrant Agent shall manually countersign and deliver, in exchange for or in lieu of the lost, mutilated, stolen or destroyed Warrant Certificate, a new Warrant Certificate of the same tenor and evidencing a like number of Warrants. Upon the issuance of any new Warrant Certificate under this Section 3.02, the Company may require the payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Warrant Agent) in connection therewith. Every substitute Warrant Certificate executed and delivered pursuant to this Section 3.02 in lieu of any lost, mutilated, stolen or destroyed Warrant Certificate shall represent an additional contractual obligation of the Company, whether or not the lost, stolen or destroyed Warrant Certificate shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Agreement equally and proportionately with any and all other Warrant Certificates duly executed and delivered hereunder. The provisions of this Section 3.02 are exclusive and shall preclude (to the

extent lawful) all other rights and remedies with respect to the replacement of lost, mutilated, stolen or destroyed Warrant Certificates.

Section 3.03 General Information to be Provided by the Company. The Company shall provide to each Holder that is not a Competitor the same information and reports to which holders of shares of Common Stock are entitled pursuant to Section 6.1 of the Stockholders Agreement, subject, in the case of each Holder, to such Holder's execution and delivery to the Company of an appropriate confidentiality agreement, which shall be at least as restrictive, in all material respects, as the confidentiality restrictions set forth in Section 6.4 of the Stockholder Agreement and shall otherwise be, in form and substance, reasonably satisfactory to the Company.

Section 3.04 Notice of Certain Events. The Company shall provide at least ten (10) days prior written notice to each Holder of any record date relating to the payment by the Company of a cash dividend on the Common Stock. In the event that the Company receives a Tag-Along Notice (as defined in the Stockholders Agreement) from any party to the Stockholders Agreement with respect to any Proposed Sale (as defined in the Stockholders Agreement) of shares that constitute more than 25% of the total outstanding shares of Common Stock, it shall provide to each Holder a copy of such Tag-Along Notice, within three (3) Business Days after such receipt. In the event that the Company provides a Piggyback Registration Notice (as defined in the Stockholders Agreement) to stockholders pursuant to the Stockholders Agreement, it shall concurrently provide to each Holder a copy of such Piggyback Registration Notice. Each Tag-Along Notice or Piggyback Registration Notice delivered by the Company to any Holder pursuant to this Section 3.04 shall be accompanied by notice of (i) the deadline (the "Conditional Exercise Deadline") for Holders to conditionally exercise Warrants in connection with the proposed sale to which the Tag-Along Notice relates (the "Tag-Along Sale") or, as applicable, the registered offering to which such Piggyback Registration Notice relates (the "Registered Offering") and (ii) the manner in which the Company shall determine the date (the "Conditional Exercise Trigger Date") on which all conditionally exercised Warrants shall be deemed exercised.

Section 3.05 Conditional Exercise – Registration Rights; Tag-Along.

(a) Any Holder shall be entitled, at any time following the Company's delivery of a Piggyback Registration Notice pursuant to Section 3.04 and prior to the applicable Conditional Exercise Deadline, to conditionally exercise all or any portion of the Warrants held by such Holder, subject to the occurrence of the applicable Conditional Exercise Trigger Date. With respect to any Holder's conditional exercise Warrants pursuant to this paragraph, (i) if the Conditional Exercise Trigger Date does not occur by the earlier of (x) the sixtieth (60th) day following the date of the Piggyback Registration Notice (which the Company may, in its sole discretion, extend by providing written notice of such extension to the Holders) or (y) the date of written notice from the Company that it has abandoned the Registered Offering, then such conditional exercise shall be null and void and such Holder shall continue to hold such Warrants with all rights related thereto and (ii) if the Conditional Exercise Trigger Date occurs, such Warrants shall thereupon be deemed exercised and such Holder shall not have any rights with respect to the Warrant Shares issuable pursuant to such exercise unless and until such Holder has paid, in full, the aggregate Exercise Price for such Warrant Shares; provided, that if such Holder

has duly exercised its piggyback registration rights (as set forth below) to sell any such Warrant Shares in the Registered Offering, then at any time prior to the Conditional Exercise Trigger Date such Holder may elect (subject to such written or oral agreements, terms and conditions as the Company in its discretion may reasonably require as a condition to such election) to cause the Exercise Price to be paid out of the net proceeds from the sale of such Warrant Shares in the Registered Offering. Any Holder conditionally exercising Warrants pursuant to this paragraph shall be entitled to exercise "piggyback" registration rights with respect to the Warrant Shares to be issued pursuant to such conditional exercise, as if such Holder were an "Other Stockholder Party" and such Warrant Shares were "Registrable Securities" under the Stockholders Agreement (and subject to all of the terms and conditions set forth in the Stockholders Agreement with respect to piggyback registration rights), notwithstanding that such Warrant Shares will not be outstanding at the time such piggyback rights are exercised. For the avoidance of doubt, any Holder who receives Warrant Shares pursuant to the exercise of Warrants and becomes a party to the Stockholders Agreement pursuant to Section 2.03(j) hereof shall thereafter be entitled to the "piggyback" registration rights of an Other Stockholder Party under the Stockholder Agreement with respect to such Warrant Shares, subject to the terms and conditions set forth in the Stockholders Agreement.

(b) Any Holder shall be entitled, at any time following the Company's delivery of a Tag-Along Notice pursuant to Section 3.04 and prior to the applicable Conditional Exercise Deadline, to conditionally exercise such number of the Warrants held by such Holder, subject to the occurrence of the applicable Conditional Exercise Trigger Date, as would result in the issuance of a number of Warrant Shares equal to the Tag-Along Portion (as defined below) for such Holder. Any Holder conditionally exercising Warrants pursuant to the immediately preceding sentence shall be entitled to (and shall, as a condition to such conditional exercise) exercise "tag-along" rights under Section 5.2 of the Stockholders Agreement with respect to the Warrant Shares issuable upon exercise of all such conditionally exercised Warrants, as if such Holder were a "Tagging Stockholder" and such Warrant Shares were "Shares" under the Stockholders Agreement (and subject to all of the terms and conditions set forth in the Stockholders Agreement with respect to the rights of Tagging Stockholders), notwithstanding that such Warrant Shares will not be outstanding at the time such tag-along rights are exercised. With respect to any Holder's conditional exercise of Warrants pursuant to this paragraph, (i) if the Conditional Exercise Trigger Date does not occur by the earlier of (x) the thirtieth (30th) day following the date of the Tag-Along Notice (which the Company may, in its sole discretion, extend by providing written notice of such extension to the Holders) or (y) the date of written notice from the Company that the Tag-Along Sale has been abandoned, then such conditional exercise shall be null and void and such Holder shall continue to hold such Warrants with all rights related thereto and (ii) if the Conditional Exercise Trigger Date occurs, all Warrants conditionally exercised pursuant to the first sentence of this paragraph shall thereupon be deemed exercised and such Holder shall not have any rights with respect to the Warrant Shares issuable pursuant to such exercise unless and until such Holder has paid, in full, the aggregate Exercise Price for such Warrant Shares; provided, that at any time prior to the Conditional Exercise Trigger Date such Holder may elect (subject to such written or oral agreements, terms and conditions as the Company in its discretion may reasonably require as a condition to such election) to cause the Exercise Price to be paid out of the net proceeds from the sale of such Warrant Shares in the Tag-Along Sale. As used in this paragraph, "Tag-Along Portion" shall mean, with respect to any Holder conditionally exercising Warrants in connection with any Tag-

Along Sale, a number of Shares (as defined in the Stockholders Agreement), rounded down to the nearest whole Share (as defined in the Stockholders Agreement), equal to (i) the total number of Shares proposed to be Transferred (as defined in the Stockholders Agreement) by the Proposed Seller (as defined in the Stockholders Agreement) in such Tag-Along Sale multiplied by (ii) a fraction the numerator of which is the total number of Shares held by such Holder (including the Warrant Shares issuable upon exercise of all Warrants held by such Holder) immediately prior to such Transfer and the denominator of which is the total number of Shares outstanding immediately prior to such Transfer (including the Warrant Shares issuable upon exercise of all Warrants collectively held by all Holders conditionally exercising Warrants in connection with such Tag-Along Sale).

ARTICLE IV
EXCHANGE AND TRANSFER

Section 4.01 Exchange and Transfer.

(a) Upon surrender at the Warrant Agent Office, Warrant Certificates evidencing Warrants may be exchanged for Warrant Certificates in other authorized denominations evidencing such Warrants or the transfer thereof may be registered in whole or in part; provided, however, that such other Warrant Certificates shall evidence the same aggregate number of Warrants as the Warrant Certificates so surrendered.

(b) The Warrant Agent shall keep, at the Warrant Agent Office, books in which, subject to such reasonable regulations as it may prescribe, it shall register Warrant Certificates and exchanges and transfers of outstanding Warrant Certificates upon surrender of such Warrant Certificates to the Warrant Agent at the Warrant Agent Office for exchange or registration of transfer, properly endorsed.

(c) No service charge shall be made for any exchange or registration of transfer of Warrant Certificates, but the Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in connection with any such exchange or registration of transfer.

(d) Whenever any Warrant Certificates, are so surrendered for exchange or registration of transfer, an authorized officer of the Warrant Agent shall manually countersign and deliver to the person or persons entitled thereto a Warrant Certificate or Warrant Certificates, duly authorized and executed by the Company, as so requested. The Warrant Agent shall not effect any exchange or registration of transfer which will result in the issuance of a Warrant Certificate evidencing a fraction of a Warrant or a number of full Warrants and a fraction of a Warrant.

(e) All Warrant Certificates, issued upon any exchange or registration of transfer of Warrant Certificates shall be the valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrant Certificates surrendered for such exchange or registration or transfer. For the avoidance of doubt, notwithstanding anything contained in this Section 4.01, no Warrant or Warrant Certificate shall

be Transferred pursuant to any Transfer that does not fully comply with all of the restrictions on Transfer set forth in Section 4.02.

Section 4.02 Restrictions on Transfer; Restrictive Legend

(a) Transfer Restrictions. Warrants shall not be Transferred (as defined below), in whole or in part, other than pursuant to (i) Transfers to the Company, to any Holder, or to any holder of shares of Common Stock, (ii) Transfers by any Holder who is an individual to any member of such Holder's immediate family or any estate or trust in which such Holder is the settlor or otherwise by will or the laws of descent or distribution or (iii) Transfers by any Holder that is not an individual to any Affiliate of such Holder; provided, that any such transfer shall be subject to full compliance with all of the conditions and restrictions on transfer set forth in this Section 4.02, and in no event shall any Warrant be Transferred to any Competitor without the prior written consent of the Company, which consent may be given or withheld in the Company's sole discretion. As used herein, "Transfer" means, with respect to any Warrant or other security, to directly or indirectly sell, exchange, transfer, hypothecate, negotiate, gift, bequeath, convey in trust, pledge, mortgage, grant a security interest in, assign, encumber, or otherwise dispose of all or any portion of such security, including by recapitalization, merger, consolidation, liquidation, dissolution, dividend, distribution or otherwise; provided, however, that a pledge or grant of a security interest in any Warrant to secure a "bona fide" loan shall in no event be deemed a Transfer for any purpose of this Agreement so long as (i) written notice is provided to the Company identifying the pledgee or person to whom a security interest in such Warrant is granted and (ii) such pledgee's interest in such Warrant is limited to an actual or contingent economic interest, it being understood and agreed that the pledge or grant of a security interest in Warrants does not grant such pledgee the rights of a Holder under this Agreement; provided, further, that any foreclosure, transfer in lieu of foreclosure or other enforcement of such pledge or security interest shall be deemed to constitute a Transfer hereunder and shall be subject to the rights of the Company set forth in this Agreement. "Transferable", "Transferred", "Transferor" and "Transferee" shall have the correlative meanings.

(b) Notice and Confirmation. In order to effect the restrictions on Transfer and other limitations set forth in this Section 4.02, each Holder shall (i) provide advance written notice of any proposed Transfer of Warrants, including the terms of such Transfer and the identity of the proposed Transferee and (ii) unless waived in writing by the Company, refrain from consummating any such Transfer unless and until the Company (in its sole discretion) expressly confirms in writing that such proposed Transfer would not violate the terms of this Section 4.02, such confirmation to be provided within ten (10) business days from the date of the Company's receipt of the notification of the proposed Transfer.

(c) Conditions Precedent and other Restrictions. In no event shall any Warrant be Transferred, pursuant to clauses (i), (ii) or (iii) of Section 4.02(a) or otherwise, unless: (i)(x) such Transfer is pursuant to an effective registration statement under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") and has been registered under all applicable state securities or "blue sky" laws or (y) unless waived by the Company in writing, such Holder shall have furnished the Company with an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company, to

the effect that no such registration is required because of the availability of an exemption from registration under the Securities Act and all applicable state securities or "blue sky" laws, and (ii) the transferee of the Warrants, as applicable, shall have executed and delivered to the Company, as a condition precedent to any sale or Transfer thereof, an instrument in form and substance satisfactory to the Company confirming that such transferee takes such Warrants subject to all the terms and conditions of this Warrant Agreement. Notwithstanding anything else contained in this Agreement, in no event shall any Holder have the right to Transfer any Warrant, pursuant to clauses (i), (ii) or (iii) of Section 4.02(a) or otherwise, if, as a result of such Transfer, (x) any class of the Company's equity securities (as defined in the Exchange Act) would, assuming the exercise of all outstanding warrants and options to purchase any such equity securities, be held of record by more than three hundred (300) persons or (y) otherwise result in the Company being required (as reasonably determined by the Board of Directors) to file reports under the Exchange Act, if the Company is not then otherwise subject to such requirements. Nothing contained in this Article IV shall limit the authority of the Board of Directors to take such other action to the extent permitted by law as it deems necessary or advisable to preserve the Company's status as a non-reporting company under the Exchange Act or to ensure that any proposed Transfer complies with the Securities Act and all applicable state securities or "blue sky" laws.

(d) Any attempted or purported Transfer of all or any portion of any Warrants that does not fully comply with the Transfer restrictions and other requirements set forth in this Section 4.02 shall be null and void ab initio and of no force or effect whatsoever, and the purported Transferee will not be treated as the holder or owner of any such Warrants for any purposes under this Agreement or otherwise, and the Company will not register such attempted or purported Transfer.

(e) Legends. Warrant Shares will be subject to the restrictions on Transfer set forth in the Stockholders Agreement, and each stock certificate representing Warrant Shares shall bear an endorsement reading substantially as set forth in the Stockholders Agreement for shares of Common Stock subject thereto, together with any other endorsements that the Board of Directors deems necessary or appropriate. Each Warrant Certificate shall bear an endorsement in the following form, or such form as the Board of Directors reasonably deems necessary or appropriate to reflect the applicable Transfer restrictions set forth herein:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE (THE "SECURITIES") WERE ORIGINALLY ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF SECTION 5 OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), PROVIDED BY SECTION 1145 OF THE BANKRUPTCY CODE, 11 U.S.C. 1145. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ACT OR ANY STATE SECURITIES LAW, AND TO THE EXTENT THE HOLDER OF THE SECURITIES IS AN "UNDERWRITER," AS DEFINED IN SECTION 1145(B)(1) OF THE BANKRUPTCY CODE, THE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

THE SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER OF THE SECURITIES IS RESTRICTED BY THE TERMS OF A WARRANT AGREEMENT, DATED AS OF [__], 2010, BETWEEN THE COMPANY AND THE WARRANT AGENT. BY ACCEPTING ANY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE, THE RECIPIENT OF SUCH SECURITIES IS DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISIONS OF SAID WARRANT AGREEMENT, INCLUDING THE TRANSFER RESTRICTIONS CONTAINED THEREIN. A COPY OF THE WARRANT AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

Section 4.03 Treatment of Holders of Warrant Certificates. Each Holder of a Warrant Certificate, by accepting the same, consents and agrees with the Company, the Warrant Agent and every subsequent Holder of such Warrant Certificate that until the transfer of such Warrant Certificate is registered on the books of such Warrant Agent, the Company and the Warrant Agent may treat the registered Holder of such Warrant Certificate as the absolute owner thereof for any purpose and as the person entitled to exercise the rights represented by the Warrants evidenced thereby, any notice to the contrary notwithstanding.

Section 4.04 Cancellation of Warrant Certificates. Any Warrant Certificate surrendered for exchange or registration of transfer or exercise of the Warrants evidenced thereby shall, if surrendered to the Company, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to the Warrant Agent shall be promptly cancelled by the Warrant Agent and shall not be reissued and, except as expressly permitted by this Agreement, no Warrant Certificate shall be issued hereunder in exchange therefor or in lieu thereof. The Warrant Agent shall cause all cancelled Warrant Certificates to be destroyed and shall deliver a certificate of such destruction to the Company.

ARTICLE V
ADJUSTMENT OF WARRANT PRICE AND NUMBER OF WARRANT SECURITIES

Section 5.01 Adjustments Generally. The Exercise Price, the number of Warrant Shares issuable upon exercise of each Warrant and the number of Warrants outstanding are subject to adjustment from time to time upon the occurrence of any of the events enumerated in this Article V, as determined to be necessary or appropriate in the reasonable discretion of the Board of Directors.

Section 5.02 Stock Dividends; Stock Splits. If after the date hereof, and subject to the provisions of Section 5.08, the number of outstanding shares of Common Stock is increased by a stock dividend payable in shares of Common Stock, by a stock split, or other similar event, then, on the effective date of such stock dividend, stock split or similar event, the number of Warrant Shares issuable on exercise of each Warrant shall be increased in proportion to such increase in the outstanding shares of Common Stock.

Section 5.03 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 5.08, the number of outstanding shares of Common Stock is

decreased by a consolidation, combination, reverse stock split or reclassification of shares of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of Warrant Shares issuable on exercise of each Warrant shall be decreased in proportion to such decrease in the outstanding shares of Common Stock.

Section 5.04 Adjustments in Exercise Price. Whenever the number of shares of Common Stock issuable upon the exercise of Warrants is adjusted pursuant to Section 5.02 or Section 5.03, the Exercise Price shall be adjusted (to the nearest cent) by multiplying the Exercise Price applicable immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of Warrant Shares issuable upon exercise of each Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of Warrant Shares issuable upon exercise of each Warrant immediately after such adjustment.

Section 5.05 Reclassification or Reorganization. In the case of any reclassification or reorganization of the outstanding shares of Common Stock (other than a change covered by Section 5.02 or 5.03 or that solely affects the par value of such shares of Common Stock), each Holder shall thereafter have the right to exercise its Warrants and in lieu of the Warrant Shares that would otherwise be issuable upon such exercise, receive the kind and amount of shares of stock or other securities or property (including cash) that such Holder would have received pursuant to such reclassification or reorganization if such Holder had exercised such Warrants immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Section 5.02 or 5.03, then such adjustment shall be made pursuant to Sections 5.02, 5.03, 5.04 and this Section 5.05. The immediately preceding sentence shall similarly apply to successive reclassifications and reorganizations.

Section 5.06 Cash Dividends; Extraordinary Transactions. If the Company shall pay a cash dividend to all of the holders of Common Stock, then the Exercise Price of the Warrants shall be reduced by the amount of the per share cash dividend. If the Company shall distribute property (including shares of Common Stock) to all of the holders of Common Stock, other than as described in Section 5.02, 5.03 or 5.05, in connection with a spin-off, sale of a material subsidiary or similar extraordinary transaction, then the Exercise Price of the Warrants shall be reduced by an amount equal to the per share fair market value of the property so distributed, as determined in good faith by the Company's Board of Directors.

Section 5.07 Notices of Changes in Warrant. Upon every adjustment of the Exercise Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Warrant Agent, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares of Common Stock purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the occurrence of any event specified in Section 5.02, 5.03, 5.04, 5.05 or 5.06, then, in any such event, the Company shall give or cause to be given written notice to each Holder, by press release or at the last address set forth for such Holder in the register books of the Warrant Agent, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

Section 5.08 No Fractional Shares. Notwithstanding any provision contained in this Agreement to the contrary, the Company shall not issue fractional shares upon exercise of Warrants. If, by reason of any adjustment made pursuant to this Article V, any Holder would be entitled, upon the exercise of such Warrant, to receive a fractional interest in a share of Common Stock, the Company shall, upon such exercise, round down to the nearest whole number the number of the shares of Common Stock to be issued to the Holder.

Section 5.09 Form of Warrant. The form of Warrant or Warrant Certificate need not be changed because of any adjustment pursuant to this Article V, and Warrants Certificates issued after such adjustment may state the same Exercise Price and the same number of shares as is stated in the Warrant Certificates initially issued pursuant to this Agreement. However, the Company may at any time in its sole discretion make any change in the form of Warrant or Warrant Certificate that the Company may deem appropriate and that does not affect the substance thereof, and any Warrant Certificates thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant Certificate or otherwise, may be in the form as so changed.

Section 5.10 De Minimis Adjustments. No adjustment in the number of Warrant Shares purchasable hereunder shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of Warrant Shares purchasable upon the exercise of each Warrant; provided, however, that any adjustments which by reason of this paragraph (c) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest cent and to the nearest one-hundredth of a Warrant Share, as the case may be.

ARTICLE VI
CONCERNING THE WARRANT AGENT

Section 6.01 Warrant Agent.

The Company hereby appoints [_____] as Warrant Agent of the Company in respect of the Warrants and the Warrant Certificates upon the terms and subject to the conditions herein and in the Warrant Certificates; and [_____] hereby accepts such appointment. The Warrant Agent shall have the powers and authority granted to and conferred upon it in the Warrant Certificates and herein and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it. All of the terms and provisions with respect to such powers and authority contained in the Warrant Certificates are subject to and governed by the terms and provisions hereof.

Section 6.02 Conditions of Warrant Agent's Obligations.

(a) The Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights hereunder of the Holders from time to time of the Warrant Certificates shall be subject:

(i) *Compensation and Indemnification*. The Company agrees promptly to pay the Warrant Agent the compensation to be agreed upon

with the Company for all services rendered by the Warrant Agent and to reimburse the Warrant Agent for reasonable out-of-pocket expenses incurred by the Warrant Agent without negligence, bad faith or willful misconduct or breach of this Agreement on its part in connection with the services rendered hereunder by the Warrant Agent. The Company also agrees to indemnify the Warrant Agent for, and to hold it harmless against, any loss, liability or expense incurred without negligence, bad faith or willful misconduct on the part of the Warrant Agent, arising out of or in connection with its acting as Warrant Agent hereunder, as well as the reasonable costs and expenses of defending against any claim of such liability.

(ii) *Agent for the Company*. In acting under this Agreement and in connection with the Warrants and the Warrant Certificates, the Warrant Agent is acting solely as agent of the Company and does not assume any obligation or relationship of agency or trust for or with any of the Holders of Warrant Certificates or beneficial owners of Warrants.

(iii) *Counsel*. The Warrant Agent may consult with counsel satisfactory to it in its reasonable judgment (who may be counsel for the Company), and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice of such counsel.

(iv) *Documents*. Subject to Section 2.03(k), the Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(v) *Certain Transactions*. The Warrant Agent, and its officers, directors and employees, may become the owner of, or acquire any interest in, Warrants, with the same rights that it or they would have if it were not the Warrant Agent hereunder, and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depositary, trustee or agent for, any committee or body of holders of Warrant Shares or other obligations of the Company as freely as if it were not the Warrant Agent hereunder.

(vi) *No Liability for Interest.* The Warrant Agent shall have no liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates.

(vii) *No Liability for Invalidity*. The Warrant Agent shall not be under any responsibility with respect to the validity or sufficiency of this Agreement or the execution and delivery hereof (except the due authorization to execute this Agreement and the due execution and delivery hereof by the Warrant

Agent) or subject to Section 2.03(k), with respect to the validity or execution of any Warrant Certificates (except its countersignature thereof).

(viii) *No Liability for Recitals*. The recitals contained herein shall be taken as the statements of the Company and the Warrant Agent assumes no liability for the correctness of the same.

(ix) *No Implied Obligations*. The Warrant Agent shall be obligated to perform only such duties as are herein and in the Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Warrant Certificates countersigned by the Warrant Agent and delivered by it to the Company pursuant to this Agreement or for the application by the Company of the proceeds of the Warrant Certificates. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained herein or in the Warrant Certificates or in the case of the receipt of any written demand from a Holder of a Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or, except as provided in Section 7.02, to make any demand upon the Company.

Section 6.03 Resignation and Appointment of Successor.

(a) The Company agrees, for the benefit of the Holders from time to time of the Warrant Certificates, that there shall at all times be a Warrant Agent hereunder until all the Warrants have been exercised or are no longer exercisable. The initial Warrant Agent and any successor Warrant Agent hereunder shall be the Company or a bank or trust company in good standing, authorized under the laws of the jurisdiction of its organization to exercise corporate trust powers.

(b) The Warrant Agent may at any time resign as such by giving written notice of its resignation to the Company, specifying the desired date on which its resignation shall become effective; provided, however, that such date shall be not less than 90 days after the date on which such notice is given unless the Company agrees to accept shorter notice. Upon receiving such notice of resignation, the Company shall promptly appoint a successor Warrant Agent (which shall be a bank or trust company in good standing, authorized under the laws of the jurisdiction of its organization to exercise corporate trust powers) by written instrument in duplicate signed on behalf of the Company, one copy of which shall be delivered to the resigning Warrant Agent and one copy to the successor Warrant Agent. The Company may, at any time and for any reason, remove the Warrant Agent and appoint a successor Warrant Agent (qualified as aforesaid) by written instrument in duplicate signed on behalf of the Company and specifying such removal and the date when it is intended to become effective, one copy of which shall be

delivered to the Warrant Agent being removed and one copy to the successor Warrant Agent. Any resignation or removal of the Warrant Agent and any appointment of a successor Warrant Agent shall become effective upon acceptance of appointment by the successor Warrant Agent as provided in this subsection (b). In the event a successor Warrant Agent has not been appointed and accepted its duties within 90 days of the Warrant Agent's notice of resignation, the Warrant Agent may apply to any court of competent jurisdiction for the designation of a successor Warrant Agent. Upon its resignation or removal, the Warrant Agent shall be entitled to the payment by the Company of the compensation and to the reimbursement of all reasonable out-of-pocket expenses incurred by it hereunder as agreed to in Section 6.02(a).

(c) The Company shall remove the Warrant Agent and appoint a successor Warrant Agent if the Warrant Agent (i) shall become incapable of acting, (ii) shall be adjudged bankrupt or insolvent, (iii) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (iv) shall consent to, or shall have had entered against it a court order for, any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceedings commenced against it, (v) shall make a general assignment for the benefit of creditors or (vi) shall fail generally to pay its debts as they become due. Upon the appointment as aforesaid of a successor Warrant Agent and acceptance by it of such appointment, the predecessor Warrant Agent shall, if not previously disqualified by operation of law, cease to be Warrant Agent hereunder.

(d) Any successor Warrant Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and the Company an instrument accepting such appointment hereunder, and thereupon such successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, immunities, duties and obligations of such predecessor with like effect as if originally named as Warrant Agent hereunder, and such predecessor shall thereupon become obligated to transfer, deliver and pay over, and such successor Warrant Agent shall be entitled to receive, all monies, securities and other property on deposit with or held by such predecessor as Warrant Agent hereunder.

(e) Any corporation into which the Warrant Agent hereunder may be merged or converted or any corporation with which the Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party, or any corporation to which the Warrant Agent shall sell or otherwise transfer all or substantially all the assets and business of the Warrant Agent, provided that it shall be qualified as aforesaid, shall be the successor Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE VII
MISCELLANEOUS

Section 7.01 Amendment. The terms of the Warrants may be amended by the Company together with the affirmative vote or consent of the Holders of a majority of the Warrants.

Section 7.02 Notices and Demands to the Company and Warrant Agent. If the Warrant Agent shall receive any notice or demand addressed to the Company by the Holder of a Warrant Certificate pursuant to the provisions of the Warrant Certificates, the Warrant Agent shall promptly forward such notice or demand to the Company.

Section 7.03 Notices -- Address for Notice. Any notice or communication from the Company to the Warrant Agent with respect to this Agreement shall be addressed to [ ], Attention: [ ], and any notice or communication from the Warrant Agent to the Company with respect to this Agreement shall be addressed to The Newark Group, Inc., 20 Jackson Drive, Cranford, NJ 07016, Attention: President (or such other address as shall be specified in writing by the Warrant Agent or by the Company). Any notice or communication that is given to any Holder pursuant to this Agreement or with respect to any Warrant or Warrant Certificate shall be addressed to such Holder's address as it appears on the books of the Warrant Agent.

Section 7.04 Applicable Law; Waiver of Jury Trial. The validity, interpretation and performance of this Agreement and each Warrant Certificate issued hereunder and of the respective terms and provisions hereof and thereof shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction. THE COMPANY, THE WARRANT AGENT, AND EACH HOLDER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY WARRANT CERTIFICATE OR WARRANT ISSUED HEREUNDER.

Section 7.05 Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 7.06 Counterparts. This Agreement may be executed in any number of counterparts, any of which may be delivered via facsimile, PDF, or other forms of electronic delivery, each of which as so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

Section 7.07 Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times at the principal corporate trust office of the Warrant Agent for inspection by the Holder of any Warrant Certificate. The Warrant Agent may require such Holder to submit his Warrant Certificate for inspection by it.

Section 7.08 Notices – Manner of Notice. All notices and communications made to the Company, the Warrant Agent or any Holder pursuant to this Agreement or any Warrant Certificate shall be in writing and shall be conclusively deemed to have been duly given (i) when hand delivered to the receiving party; (ii) three (3) Business Days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid; or (iii) the next Business Day after deposit with a national overnight delivery service, postage

prepaid, with next Business Day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

THE NEWARK GROUP, INC.

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

[Face]

EXERCISABLE ONLY IF AUTHENTICATED BY THE WARRANT AGENT AS PROVIDED HEREIN

VOID AFTER THE CLOSE OF BUSINESS ON _____, 201_
THE NEWARK GROUP, INC.

Warrant Certificate representing
Series A Warrants to purchase
Common Stock, par value $.01 per share
as described herein

_____

This certifies that [_____] or registered assigns is the registered owner of the above indicated number of Series A Warrants (each, a "Warrant"), each Warrant entitling such registered owner to purchase, one share of the Common Stock, par value $.01 per share (the "Warrant Shares") of The Newark Group, Inc. (the "Company") on the following basis.

The Warrants may be exercised, in whole or in part, at any time prior to 5:00 p.m. New York City time, on _____, 2016 (such date and such time, the "Expiration Date"). Each Warrant not exercised at or before the Expiration Date shall thereupon become void, and at such time all rights, under this Warrant Certificate and the Warrant Agreement, of the registered Holder (as defined below) of any such Warrant shall automatically cease, with respect to any such Warrant.

Prior to the Expiration Date, each Warrant shall entitle the Holder thereof, subject to the provisions of the Warrant Agreement, to purchase from the Company one Warrant Share at the Exercise Price of $[5.48][9] (the "Exercise Price"). The Holder of this Warrant Certificate may exercise the Warrants evidenced hereby, in whole or in part, by surrendering this Warrant Certificate, with the purchase form set forth hereon duly completed, accompanied by payment in full, in United States dollars, in immediately available funds, or deemed payment in full in connection with a "cashless" exercise, the aggregate Exercise Price for such Warrants, to the Warrant Agent (as hereinafter defined), at the corporate trust office of [ ], or its successor as warrant agent (the "Warrant Agent") at the address specified on the reverse hereof and upon compliance with and subject to the conditions set forth herein and in the Warrant

[9] See footnote 4.

Agreement dated as of _____, 2010 (the "Warrant Agreement"). Capitalized terms used, but not otherwise defined, herein, shall have the meaning ascribed to such terms in the Warrant Agreement.

As used in this Warrant Certificate, the term "Holder" shall mean the Holder (as defined in the Warrant Agreement) of this Warrant Certificate.

Any whole number of Warrants evidenced by this Warrant Certificate may be exercised to purchase Warrant Shares in registered form. Upon any exercise of fewer than all of the Warrants evidenced by this Warrant Certificate, a new Warrant Certificate, evidencing such number of Warrants as is equal to the number of Warrants represented by this Warrant Certificate immediately prior to such partial exercise minus the number of Warrants exercised in such partial exercise, shall be issued and delivered to the Holder or its registered assigns.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, between the Company and the Warrant Agent and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the Holder of this Warrant Certificate consents by acceptance hereof. Copies of the Warrant Agreement are on file at the above-mentioned office of the Warrant Agent.

After authentication by the Warrant Agent and prior to the expiration of this Warrant Certificate, this Warrant Certificate may be exchanged at the corporate trust office of the Warrant Agent for Warrant Certificates representing the same aggregate number of Warrants.

Neither this Warrant Certificate nor the Warrant evidenced hereby, shall, and nothing contained in the Warrant Agreement shall be construed to, entitle the registered owner hereof to any of the rights of a registered holder or beneficial owner of shares of Common Stock, including, without limitation, the right to receive any dividends or distributions paid with respect to shares of Common Stock, the right to vote or to consent or to receive notice as a stockholder of the Company with respect to the election of directors of the Company or any other matter with respect to which stockholders of the Company are entitled to vote or consent or receive notice, or any other rights whatsoever as stockholders of the Company.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Warrant Certificate shall not be valid or obligatory for any purpose until authenticated by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed.

Dated:_____

THE NEWARK GROUP, INC.

By:_____

Attest:

_____

Certificate of Authentication

This is one of the Warrant Certificates referred to in the within-mentioned Warrant Agreement.

_____
As Warrant Agent

By:_____
Authorized Signature

[REVERSE] [FORM OF WARRANT CERTIFICATE]
(Instructions for Exercise of Warrants)

To exercise any Warrants evidenced hereby, the Holder of this Warrant Certificate must pay (i) United States dollars by certified or official bank check payable to the Company or by wire transfer to a bank account specified in writing by the Company or the Warrant Agent to such Holder, in either case in immediately available funds in an amount equal to the aggregate Exercise Price in full for each of the Warrants exercised, which payment shall specify the name of the Holder of this Warrant Certificate and the number of Warrants exercised by such Holder, or (ii) if such exercise is a Cashless Exercise, then by authorizing the Company to withhold from issuance Warrants equal to the aggregate Exercise Price in full for each of the Warrants exercised, as calculated pursuant to the formula set forth in Section 2.03(d) of the Warrant Agreement. In addition, the Holder of this Warrant Certificate shall complete the information required below and present in person or mail by registered mail this Warrant Certificate to the Warrant Agent at the addresses set forth below.

[FORM OF EXERCISE]
(To be executed upon exercise of Warrants.)

The undersigned hereby irrevocably elects to exercise _____ Warrants, represented by this Warrant Certificate, to purchase _____ shares of Common Stock, par value $.01 per share (the "Warrant Shares") of The Newark Group, Inc. and represents that he has tendered payment for such Warrant Shares in accordance with the terms of the Warrant Agreement, by (check one):

☐ certified or official bank check or by bank wire transfer of immediately available funds, in either case in immediately available funds, to the order of The Newark Group, Inc., c/o [ ] in the amount of $_____,

or

☐ authorizing the Company to withhold from issuance Warrants, in connection with a Cashless Exercise, as set forth in Section 2.03(d) of the Warrant Agreement, equal to the aggregate Exercise Price for the Warrants being exercised,

The undersigned requests the Warrant Shares to which the Holder is entitled be in fully registered form, in the authorized denominations, registered in such names and delivered, all as specified in accordance with the instructions set forth below.

If said amount of Warrant Shares is less than all of the Warrant Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of the Warrants evidenced hereby be issued and delivered to the undersigned unless otherwise specified in the instructions below.

Dated:_____

Name_____
(Please Print)

_____
(Insert Social Security or Other
Identifying Number of Holder)

Address _____
_____

Signature_____
(Signed exactly as name appears
on the other side of this Warrant
Certificate)

This Warrant may be exercised at the following addresses:

By hand at _____
_____
_____
_____

By mail at _____
_____
_____
_____

(Instructions as to form and delivery of Warrant Shares and/or Warrant Certificates):

[FORM OF ASSIGNMENT]

(TO BE EXECUTED TO TRANSFER THE WARRANT CERTIFICATE)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto
Please insert social
security or other
identifying number)

_____

_____
(Please print name and address
including zip code)

_____
__ the right represented by the within Warrant Certificate and does hereby irrevocably constitute and appoint _____, Attorney, to transfer said Warrant Certificate on the books of the Warrant Agent with full power of substitution.

Dated: _____

_____
Signature
(Signed exactly as name appears on the
other side of this Warrant Certificate)

Signature Guarantee:

_____
Participant in a recognized Signature
Guarantee Medallion Program (or other
signature guarantor program reasonably
acceptable to the Warrant Agent)

EXHIBIT O

DEFERRED COMPENSATION AGREEMENT

THIS DEFERRED COMPENSATION AGREEMENT (the "Agreement"), dated as of _____, 2010 (the "Effective Date") between THE NEWARK GROUP, INC., a Delaware corporation (the "Company"), and [_____] (the "Executive").

W I T N E S S E T H :

WHEREAS, The Newark Group, Inc., a New Jersey corporation and the predecessor to the Company ("Old TNG") and its domestic subsidiaries filed voluntary petitions for reorganization in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), in In re The Newark Group, Inc. et al., Case No.: 10-[____], under chapter 11 of title 11 of the United States Code §§ 101-1330, and in connection therewith filed the Joint Prepackaged Plan of Reorganization of The Newark Group, Inc., et al., dated as of [_____], 2010 (the "Plan"); and

WHEREAS, the Bankruptcy Court confirmed the Plan and the Effective Date under the Plan occurred on the date first written above (the "Effective Date"); and

WHEREAS, on the Effective Date, Old TNG merged with and into a newly-formed Delaware corporation ("Merger Sub"), a wholly-owned subsidiary of Old TNG, with Merger Sub as the surviving corporation, and upon completion of such merger, Merger Sub changed its name to The Newark Group, Inc.; and

WHEREAS, the Company believes that is vital to the success of the Company that Executive continue to be employed by the Company; and

WHEREAS, the Company further believes that it is important to the Company's success that Executive have a sufficient economic stake in the growth and profitability of the Company;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

1. Definitions. Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cause" (meaning a termination by the Company of the Executive's employment for Cause) shall mean:

(i) in connection with the Executive's employment by the Company, the commission by the Executive of any act involving gross negligence, intentional dishonesty of a material nature or fraud; or

(ii) any conduct, action or behavior by Executive involving moral turpitude or willful misconduct, that has or may reasonably be expected to have a negative effect on the reputation or interests of the Company; or

(iii) Executive shall have been convicted of, or have entered a plea of nolo contendere or the equivalent in respect of a charge of, any criminal act (x) constituting a felony under the laws of the United States or any state or political subdivision thereof or (y) that has or may reasonably be expected to have a negative effect on the Company, monetarily or otherwise; or

(iv) any act or omission that constitutes a material breach by the Executive of any of his obligations under this Agreement or any written policy of the Company, including, without limitation, the willful and continued failure or refusal of the Executive to substantially perform the duties reasonably required of him as an employee of the Company.

For purposes hereof, an act or omission shall not be deemed to be willful if taken or omitted in the good faith belief that such was in, or not opposed to, the best interests of the Company.

(c) "Change in Control Event" shall mean (a) a change in ownership of the Company under clause (i) below or (b) a change in the ownership of a substantial portion of the assets of the Company under clause (ii) below.

(i) Change in the Ownership of the Company. A change in the ownership of the Company shall occur on the date that any one person, or more than one person acting as a group (as defined in clause (iii) below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this section. This clause (i) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

(ii) Change in the Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets shall occur on the date that any one person, or more than one person acting as a group (as defined in clause (iii) below), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80 percent of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being

disposed of, determined without regard to any liabilities associated with such assets. There is no Change in Control Event under this clause (ii) when there is a transfer to an entity that is controlled by the shareholders of the transferring corporation immediately after the transfer, as provided below in this clause (ii). A transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to (a) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock, (b) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (c) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company, or (d) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (ii)(c) of this Section. For purposes of this clause (ii), a person's status is determined immediately after the transfer of the assets.

(iii) Persons Acting as a Group. For purposes of clauses (i) and (ii) above, persons will not be considered to be acting as a group solely because they purchase or own stock or purchase assets of the same corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of assets or stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of assets or stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

(iv) Each of clauses (i) through (iii) above shall be construed and interpreted consistent with the requirements of Section 409A of the Code and any Treasury Regulations or other guidance issued thereunder.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Company Dissolution" shall mean a dissolution of the Company taxed under Section 331 of the Code.

(f) "Company Equity Value" shall be determined in accordance with Section 3 of this Agreement.

(g) "Good Reason" shall mean the occurrence of any of the following without the Executive's prior written consent:

(i) a reduction in the Executive's then current base salary (other than a reduction of 5% or less that is made in connection with reductions to salaries of the Company's other senior executives), the elimination of health insurance benefits, or the failure to make any base salary payment within 30 days of the date such payment is due;

(ii) a material diminution of the Executive's job title or duties or responsibilities;

(iii) relocation of the Holder's own principal office to a location more than 50 miles from Cranford, New Jersey; or

(iv) the Board knowingly directs or asks the Executive to carry out any action or activity that is illegal;

Anything herein to the contrary notwithstanding, the Executive's employment shall not be deemed to be terminated for Good Reason within the meaning of clauses (i) - (iv) above unless the Executive provides written notice to the Company within thirty (30) days of the initial occurrence of the event or condition constituting Good Reason stating the basis of such termination and the Company fails to cure such event or condition within thirty (30) days of receipt of such notice.

(h) "Threshold Value" shall mean $87.5 million.

(i) "Trigger Date" shall mean the 5th anniversary of the Effective Date.

(j) "Vested Percentage" shall mean, as of any relevant date of determination under this Agreement, (i) 100% if the Executive's employment has been terminated by the Executive for Good Reason or by the Company without Cause, (ii) 100% if a Change in Control Event has occurred and (iii) if the Executive has resigned other than for Good Reason or the Executive's employment has been terminated for Cause:

0%	if such resignation or termination of employment is prior to _____, 2011;
50%	if such resignation or termination of employment is on or after _____, 2011 but prior to _____, 2012; or
75%	if such resignation or termination of employment is on or after _____, 2012 but prior to _____, 2013; or[1]
100%	if such resignation or termination of employment is on or after _____, 2013.

[1] For Crook and Jones - Vesting Percentage is 0% for first year, and then 100%. Dates will be annual anniversaries of Closing.

In the event that the Executive dies or becomes disabled prior to _____, 2013, and while in the employ of the Company, the Vested Percentage shall include the Vested Percentage determined in the manner set forth above plus partial vesting for the annual vesting period in which such death or disability occurs, based on the number of days in such vesting period that precede the date of death or disability.

2. Incentive Award. Upon the earliest to occur of a Change in Control Event, the Trigger Date or the termination of this Agreement upon a Company Dissolution, Executive will be entitled to receive from the Company an amount (the "Incentive Payment"), payable in accordance with Section 4 below, equal to the product of (x) the Vested Percentage and (y) the lesser of (i) $_____ $3.5 million in the aggregate or (ii) if the Company Equity Value is less than $157.5 million, ____% 5% in the aggregate of the excess, if any, of the Company Equity Value, determined in accordance with Section 3, over the Threshold Value.

3. Company Equity Value. If the Company believes that Company Equity Value on a relevant date is or may be less than $157.5 million, then it shall cause "Company Equity Value" to be determined as follows, as applicable:

(a) Change in Control Event. If the Incentive Payment becomes payable in accordance with Section 2 as a result of a Change in Control Event, "Company Equity Value" shall be equal to the value of the consideration being paid by the acquiring Person(s) to the Company and/or its shareholders for the assets or capital stock of the Company as a result of or in connection with such Change in Control Event, as determined by adding (a) the cash consideration, (b) for consideration in the form of publicly traded securities where the valuation of such securities is set forth in the definitive agreement entered into in connection with such transaction, the amount of such valuation, (c) for consideration in the form of publicly traded securities where the valuation of such securities is not set forth in the definitive agreement entered into in connection with such transaction, the average closing price for the ten (10) consecutive trading days ending on the second (2nd) Business Day prior to the consummation of the transaction, and (d) the fair market value of consideration in the form of any other securities or assets as determined in good faith by an the Board based on information reasonably available to it; provided, that with respect to any Change in Control Event that is a merger in which shares of common stock of the Company are converted into or exchanged for voting equity securities of another entity, the Company Equity Value shall be determined by an independent valuation firm selected by the Board, taking into account the expected synergies (net of the expected cost of achieving such synergies) to be realized by the combined entity following the consummation of such Change in Control Event. With respect to any Change in Control Event, the amount of consideration determined pursuant to the immediately preceding sentence shall not include the amount of any consideration in connection with such Change in Control Event that is deposited in escrow or is subject to hold-back or an "earn-out"; provided, however, that to the extent that any such amount subject to escrow, holdback or earn-out is paid or released by the acquirer to the Company and/or its shareholders, such amount shall be included in the determination of Company Equity Value and the amount of the Incentive Payment

payable to Executive hereunder shall be recalculated accordingly, subject to the provisions of Section 4(a) below.

(b) Trigger Date. If the Incentive Payment becomes payable in accordance with Section 2 as a result of the occurrence of the Trigger Date, then "Company Equity Value" shall be determined by an independent valuation firm (the "Valuation Firm") selected by the Board. The Company shall require the Valuation Firm to provide to the Company, within the thirty (30) day period following the day (the "Valuation Date") that is the 90th day prior to the Trigger Date, a written report (the "Valuation Report") that sets forth its determination of Company Equity Value. The Company shall provide the Executive written notice of such determination of Company Equity Value, together with a synopsis of the Valuation Report, not later than the 30th day prior to the Expiration Date, which determination shall be final and binding on the Company and the Executive. The Company shall bear all expenses of the Valuation Firm. "Company Equity Value" shall mean, if determined pursuant to this paragraph, the total equity value of the Company, as of the Valuation Date, as determined by using substantially the same methodologies and assumptions as Jeffries & Company, Inc. used to determine that $157.5 million was the mid-point of the range of the total equity value of the Company for purposes of the Plan, and taking into account the Company's net debt as of the date when such value is being measured; provided, that if the Valuation Firm determines the Company Equity Value within a given range, the Company Equity Value for all purposes of this Agreement shall be deemed to be the mid-point of such range.

(c) Company Dissolution. If the Incentive Payment becomes payable in accordance with Section 2 as a result of the termination of this Agreement upon a Company Dissolution, then "Company Equity Value" shall be determined by the Valuation Firm in accordance with the procedures set forth in paragraph (b) above.

4. Payment. The Incentive Payment shall be paid as follows:

(a) Change in Control Event. If the Incentive Payment becomes payable in accordance with Section 2 as a result of a Change in Control Event, the Incentive Payment shall be paid to the Executive in a cash lump sum within ten (10) days following the Change in Control Event; provided, however, to the extent that the consideration resulting from a Change in Control Event is calculated pursuant to Section 2(y)(ii) hereof and is paid other than in a single lump sum payment, then payment of such consideration shall be made by the Company on the same schedule and under the same terms and conditions as payments are made to the Company or shareholders of the Company, as applicable, pursuant to the Change in Control Event, and in accordance with the provisions of Treasury Regulation Section 1.409A-3(i)(5)(iv); provided, further, however, that no portion of the Incentive Payment shall be payable later than the date that is five (5) years after the Change in Control Event.

(b) Trigger Date. If the Incentive Payment becomes payable in accordance with Section 2 as a result of the occurrence of the Trigger Date, then the Incentive Payment shall be paid to the Executive in a cash lump sum within ten (10) days

following the date that the Valuation Firm issues a written report that sets forth its determination of Company Equity Value; provided, however, that the Company may, in its discretion, pay up to sixty percent (60%) of such lump sum in shares of Company common stock based on an appraisal of the value of shares of common stock by the Valuation Firm. For this purpose, the valuation of the common stock shall be determined without regard to any minority ownership discount or discount for lack of marketability.

(c) Company Dissolution. Immediately upon the effective date of a Company Dissolution, this Agreement shall terminate and, if the Incentive Payment becomes payable in accordance with Section 2 as a result of the termination of this Agreement upon a Company Dissolution, then the Incentive Payment shall be paid to the Executive in a cash lump sum in the calendar year in which the Company Dissolution occurs, in accordance with the provisions of Treasury Regulation Section 1.409A-3(j)(4)(ix)(A).

5. Forfeiture. To the extent of the Vested Percentage, as defined in Section 1(j) above, the Executive shall remain entitled to the Incentive Payment in accordance with the terms hereof regardless of whether or not the Executive is employed by the Company on the date of a Change in Control Event, Trigger Date or the termination of this Agreement upon a Company Dissolution. In the event of the death of the Executive prior to the occurrence of the earlier of a Change in Control Event, Trigger Date or the termination of this Agreement upon a Company Dissolution, or prior to the payment of any Incentive Payment that becomes payable hereunder, the then vested portion of such Incentive Payment shall be paid to the Executive's estate.

6. No Right of Assignment. Neither this Agreement nor the rights or obligations hereunder shall be assignable by Executive or the Company except that this Agreement shall be assignable to, binding upon and inure to the benefit of any successor of the Company, and any successor shall be deemed substituted for the Company. The Company will require any successor (whether by purchase of assets, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform all of the obligations of the Company under this Agreement (including the obligation to cause any subsequent successor to also assume the obligations of this Agreement) unless such assumption occurs by operation of law.

7. Entire Agreement. This Agreement constitutes the entire understanding and sole and entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, negotiations and discussions between the parties with respect to the subject matter covered hereby.

8. Amendments. This Agreement may be changed, amended or modified only by a written instrument executed by both of the parties hereto.

9. Non-Alienation of Benefits. Except in so far as this provision may be contrary to applicable law, no sale, transfer, alienation, assignment, pledge,

collateralization or attachment of any amounts payable under this Agreement by the Executive shall be valid or recognized by the Company.

10. No Employment Contract. This Agreement, including the recitals hereto, shall not be deemed to create a contract of employment between the Company and Executive and shall create no right in Executive to continue in the Company's employment for any specific period of time, or to restrict the right of the Company to terminate Executive's employment at any time for any reason or no reason, or restrict the right of Executive to terminate his or her employment.

11. Taxes. The Company is authorized to withhold from any payment to be made hereunder to Executive such amounts for income tax, social security, unemployment compensation, excise taxes and other taxes and penalties as the Company is required to comply with applicable laws and regulations. This Agreement is intended to comply with Section 409A of the Code and the regulations thereunder such that no amount payable to Executive hereunder shall be subject to an "additional tax" within the meaning of Section 409A of the Code. To the extent any payment made to the Executive under this Agreement would be subject to any additional taxes or penalties imposed under Section 409A of the Code, the Company may, in its sole discretion, use reasonable efforts to reform the provisions of this Agreement to the extent necessary so as to avoid such additional taxes or penalties. In no event may Executive, directly or indirectly, designate the calendar year of any payment hereunder.

12. Unfunded Plan. All rights of the Executive under this Agreement with respect to the Incentive Payment shall represent an unfunded, unsecured obligation of the Company to provide deferred compensation. Any payments to the Executive hereunder shall be paid from the general assets of the Company, and the Executive shall have the status of an unsecured general creditor of the Company with respect to the Incentive Payment and all rights under this Agreement. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust, subject to the claims of the Company's creditors or otherwise, to discharge its obligations under this Agreement.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey without regard to choice of law principles.

14. Notices. Any notice, request, or other communication given to a party in connection with this Agreement shall be in writing and shall be deemed to have been given to such party (a) when delivered personally to such party, (b) three (3) business days after being sent by prepaid certified or registered mail provided that a written acknowledgment of receipt is obtained, or (c) two (2) business days after being sent by an internationally recognized overnight courier, in any instance to the address specified below for such party (or to such other address as such party shall have specified by ten (10) days' advance notice given in accordance with this Section 14).

If to the Company:	The Newark Group, Inc.

	20 Jackson Drive Cranford, New Jersey 07016 Attn: General Counsel and Secretary
If to the Executive:	The address of the Executive's principal residence as it appears in the Company's records.

15. Headings. The descriptive headings of the Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which as so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

THE NEWARK GROUP, INC.

By: _____
Name:
Title:

EXECUTIVE

_____
Name

EXHIBIT P

The Newark Group, Inc.
Consolidated Financial Summary
($ in millions)

Confidential
Subject to FRE 408

	FYE 2010P 4/30/2010	FYE 2011P 4/30/2011	FYE 2012P 4/30/2012	FYE 2013P 4/30/2013	FYE 2014P 4/30/2014
Consolidated Income Statement					
Net sales	$ 711.8	$ 806.9	$ 829.4	$ 845.2	$ 860.5
Cost of sales	619.2	699.5	716.8	729.3	742.1
Gross profit	$ 92.6	$ 107.3	$ 112.7	$ 115.9	$ 118.3
SG&A	$ 84.1	$ 70.2	$ 70.9	$ 70.7	$ 70.2
Chapter 11 Restructuring Fees	6.3	4.1	-	-	-
Restructuring and Impairments - Non-Cash	3.3	0.8	-	-	-
Total operating expenses	$ 93.8	$ 75.0	$ 70.9	$ 70.7	$ 70.2
Operating Income	$ (1.2)	$ 32.3	$ 41.7	$ 45.3	$ 48.1
Adjustments					
Chapter 11 Restructuring Fees	$ 19.6	$ 4.1	$ -	$ -	$ -
Restructuring and Impairments - Non-Cash	3.3	0.8	-	-	-
Depreciation and amortization	23.1	21.2	20.4	19.7	19.4
Deferred Compensation	-	1.5	1.0	0.4	0.1
Adjusted EBITDA	$ 44.8	$ 59.8	$ 63.1	$ 65.4	$ 67.6
LTM Adjusted EBITDA	$ 44.8	$ 59.8	$ 63.1	$ 65.4	$ 67.6
Interest expense	$ (28.7)	$ (19.0)	$ (14.5)	$ (13.8)	$ (13.4)
Interest income	0.0	0.0	0.0	0.0	0.0
Total non-operating income	(2.4)	-	-	-	-
Other (expense) income, net	(0.3)	(5.8)	(0.8)	(0.8)	(0.8)
Total other (expenses) / income	$ (31.4)	$ (24.8)	$ (15.3)	$ (14.6)	$ (14.2)
Income from continuing operations before taxes	$ (32.7)	$ 7.6	$ 26.4	$ 30.7	$ 33.9
Gain on Retirement of Debt	$ -	$ 208.5	$ -	$ -	$ -
Income taxes	$ 0.4	$ 0.4	$ 1.1	$ 1.3	$ 1.4
Net income	$ (33.1)	$ 215.7	$ 25.3	$ 29.4	$ 32.5

The Newark Group, Inc.
Consolidated Financial Summary
($ in millions)

Confidential
Subject to FRE 408

	FYE 2010P 4/30/2010	FYE 2011P 4/30/2011	FYE 2012P 4/30/2012	FYE 2013P 4/30/2013	FYE 2014P 4/30/2014
Consolidated Balance Sheet					
Assets					
Cash and cash equivalents	$ 9.5	$ 12.7	$ 23.6	$ 37.4	$ 29.1
Marketable securities	0.0	0.0	0.0	0.0	0.0
Accounts receivable	84.5	87.6	90.1	91.5	92.4
Inventories	57.1	61.8	63.4	62.5	63.5
Other current assets	11.2	10.6	10.9	10.8	11.0
Assets held for sale	0.9	0.9	0.9	0.9	0.9
Total current assets	$ 163.2	$ 173.6	$ 189.0	$ 203.1	$ 196.9
PP&E, net	160.6	156.9	157.0	160.8	165.4
Goodwill	19.7	19.7	19.7	19.7	19.7
Long-term investments	18.5	18.5	18.5	18.5	18.5
Other assets	7.1	8.9	7.6	6.3	5.2
Total Assets	$ 369.0	$ 377.6	$ 391.8	$ 408.4	$ 405.7
Liabilities					
Accounts payable	$ 70.9	$ 74.3	$ 76.4	$ 75.3	$ 76.5
Income taxes and other taxes payable	2.4	2.4	2.4	2.4	2.4
Accrued salaries and wages	10.5	10.4	10.5	10.4	10.4
Other accrued expenses	11.3	11.1	12.1	11.6	12.3
Intercompany Payables	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total current liabilities	$ 95.2	$ 98.2	$ 101.4	$ 99.7	$ 101.7
Total Debt	137.9	132.4	117.2	105.9	68.8
Deferred income taxes	1.9	1.9	1.9	1.9	1.9
Pension obligation	25.8	27.4	27.4	27.4	27.4
Other liabilities	6.8	8.2	9.2	9.6	9.7
Liabilities Subject to Compromise	$ 207.0	$ -	$ -	$ -	$ -
Total Liabilities	$ 474.5	$ 268.1	$ 257.1	$ 244.5	$ 209.4
Equity					
Total Equity	$ (105.5)	$ 109.5	$ 134.7	$ 163.9	$ 196.3
Total Liabilities and Shareholders' Equity	$ 369.0	$ 377.6	$ 391.8	$ 408.4	$ 405.7

The Newark Group, Inc.
Consolidated Financial Summary
($ in millions)

Confidential
Subject to FRE 408

	FYE 2011P 4/30/2011	FYE 2012P 4/30/2012	FYE 2013P 4/30/2013	FYE 2014P 4/30/2014
Consolidated Statement of Cash Flows				
Net income	$ 215.7	$ 25.3	$ 29.4	$ 32.5
Cash flow from operations				
Depreciation	$ 21.2	$ 20.4	$ 19.7	$ 19.4
Non-cash adjustments	(208.4)	0.1	0.1	0.1
Pension Funding	1.5	-	-	-
ESOP Funding	(0.7)	(0.2)	(0.1)	(0.1)
Other	1.5	1.0	0.4	0.1
Change in working capital				
(Increase) / Decrease in accounts receivable	(3.1)	(2.5)	(1.4)	(0.9)
(Increase) / Decrease in inventories	(4.7)	(1.6)	0.9	(1.0)
(Increase) / Decrease in other current assets	0.6	(0.3)	0.1	(0.2)
(Increase) / Decrease in other long-term assets	(1.8)	1.3	1.3	1.1
Increase / (Decrease) in accounts payable	3.4	2.1	(1.1)	1.3
Increase / (Decrease) in income taxes and other taxes payable	-	-	-	-
Increase / (Decrease) in accrued salaries and wages	(0.1)	0.0	(0.1)	0.0
Increase / (Decrease) in other accrued expenses	2.6	1.1	(0.6)	0.7
Cash flow from operations	$ 27.7	$ 46.6	$ 48.7	$ 52.9
Cash flow from investing activities				
Capital expenditures	$ (17.5)	$ (20.5)	$ (23.5)	$ (24.0)
Cash flow from investing	$ (17.5)	$ (20.5)	$ (23.5)	$ (24.0)
Cash flow from financing activities				
Total Debt	$ (6.9)	$ (15.2)	$ (11.4)	$ (37.2)
Cash flow from financing activities	$ (6.9)	$ (15.2)	$ (11.4)	$ (37.2)
Net increase / (decrease) in cash	3.3	10.9	13.8	(8.3)

EXHIBIT Q

The Newark Group, Inc.

DISCLOSURE STATEMENT

EXHIBIT

LIQUIDATION ANALYSIS

The accompanying notes are an integral part of the Best Interests Analysis

TNG
Liquidation Analysis For Domestic Entities
Introduction

A Chapter 11 plan cannot be confirmed unless the Bankruptcy Court determines that the plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test requires a Bankruptcy Court to find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The following is a Liquidation Analysis (the "Analysis") of The Newark Group, Inc. ("TNG") and its U.S. debtor subsidiaries (collectively, the "Debtors"). The Analysis assumes the Debtors' estates are substantively consolidated, and is based on the Debtors' balance sheets as of January 31, 2010 (except as indicated). The value available for distribution to creditors as of the date of an actual liquidation may differ from the value used in this Analysis, potentially by a material amount.

Conversion of these cases to Chapter 7 likely would result in additional costs to the Estates. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset dispositions expenses, all unpaid expenses incurred by the Debtors in the Chapter 11 Cases (such as compensation of attorneys, financial advisors, and restructuring consultants) that are allowed in the Chapter 7 case, litigation costs, and Claims arising from the operations of the Debtors during the pendency of the Bankruptcy cases.

In the event of liquidation, the aggregate amount of General Unsecured Claims will no doubt increase significantly (as reflected in the lower recovery scenario), and such Claims will be subordinated to priority claims that will be created. For example, employees likely will file Claims for wages, pensions and other benefits, some of which will be entitled to priority. Landlords may file large Claims for both unsecured and priority amounts. The resulting increase in both general unsecured and priority Claims will decrease percentage recoveries to Holders of General Unsecured Claims.

Management of the Debtors, with the assistance of AlixPartners, prepared the Analysis. The Analysis reflects management's estimated net value of the Debtors' assets if the Debtors were liquidated under the provisions of Chapter 7 of the Bankruptcy Code and the net proceeds of the liquidation were applied in strict priority to satisfy Claims against the Debtors.

For purposes of this Analysis, management assumes a liquidation would take place as part of an orderly liquidation sale. The underlying assumption to such a scenario is that the sale would be completed in a three month period. Unless explicitly stated elsewhere, recoveries are net of necessary liquidation expenses. If actual results were lower than those shown, or if the assumptions used in formulating the Analysis were not realized, distribution to each member of each class of Claims could be affected adversely.

The Analysis is based on management's good faith assumptions believed to be reasonable in light of the circumstances under which they are based. The Analysis has <u>not</u> been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. The estimates and assumptions, although considered reasonable by management, are inherently subject to significant uncertainties and contingencies beyond management's control. Accordingly, there can be no assurance that the results shown would be realized if the Debtors were liquidated, and actual results in such case could vary materially from those presented.

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

I. CALCULATION OF NET ESTIMATED PROCEEDS AVAILABLE FOR ALLOCATION

	Balances @ 1/31/2010	Calculated Recovery Rate Range		Calculated Recovery on Collateral		See Note
		Low	High	Low	High	
A. STATEMENT OF ASSETS						
Cash and Equivalents	$ 62	100%	100%	$ 62	$ 62	
Marketable Securities	9	100%	100%	9	9	
Accounts Receivable	53,180	75%	83%	39,660	44,325	1
Bad Debt Reserves	(1,201)	0%	0%	-	-	
Inventories	31,155	38%	45%	11,809	14,155	2
ABL Collateral Assets	83,206	62%	70%	51,540	58,552	
Other Current Assets	8,394	12%	19%	981	1,568	3
Assets Held for Sale	900	0%	0%	-	-	
Intercompany Receivables	37,336	19%	24%	6,985	8,877	4
Goodwill	19,652	0%	0%	-	-	
Investment in Affiliates and Subsidiaries	25,989	0%	0%	-	-	5
Net PP&E	118,775	47%	59%	56,382	70,534	6
Long Term Investments	86	0%	0%	-	-	
Other Non-Current Assets	7,356	9%	17%	678	1,245	7
CLTL Collateral Assets	218,488	30%	38%	65,026	82,223	
Jackson Drive Real Estate	2,923	51%	68%	1,500	2,000	6
Total Assets	$ 304,617	39%	47%	$ 118,067	$ 142,776	
B. RECOVERIES FROM EXERCISE OF AVOIDING POWERS (a)				TBD	TBD	
C. GROSS PROCEEDS				$ 118,067	$ 142,776	
D. CREDITOR RECOVERY EXPENSES (POST-PETITION)						
Corporate Expenses & Payroll during Wind Down				(11,100)	(13,320)	8
Chapter 7 Trustee Fees (3% of Gross Proceeds)				(3,542)	(4,283)	
Other Professional Fees (1 Year Period)				(2,400)	(3,600)	9
				(17,042)	(21,203)	
Net Estimated Proceeds Available for Allocation				$ 101,026	$ 121,572	

(a) Amounts recovered from avoidance actions, if any, are not expected to change the overall conclusions of the "Best Interests Test."

The accompanying notes are an integral part of the Best Interests Analysis

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

II. *ALLOCATION OF NET ESTIMATED PROCEEDS TO SECURED CLAIMS*

	Principal and Accrued Interest [a]		Calculated Recovery on Secured Claims		Calculated Recovery % Range	
	Low	High	Low	High	Low	High
Net Estimated Proceeds Available For Allocation To Secured Claims			**$ 101,026**	**$ 121,572**		
Secured Claims: [a]						
Proceeds from Liquidation of ABL Collateral			51,540	58,552		
Less: Allocated Post Petition Creditor Recovery Expense [b]			(7,439)	(8,695)		
Net Proceeds Available for Allocation to ABL			44,101	49,857		
Application of Net Proceeds to Pre-Petition Asset Based Credit Facility (ABL)						
Borrowings Outstanding in the U.S. [c]	22,943	22,943	22,943	22,943	100%	100%
Borrowings Outstanding in Europe [d]	11,295	10,823	11,295	10,823	100%	100%
Unused Facility Fees Accrued	30	30	30	30	100%	100%
Commodity Swaps	393	393	393	393	100%	100%
Letters of Credit	1,017	1,017	1,017	1,017	100%	100%
Total ABL Outstanding	35,678	35,206	35,678	35,206	100%	100%
Net Proceeds Available for Allocation to ABL			44,101	49,857		
Less: Total ABL Borrowings Outstanding			(35,678)	(35,206)		
Net Carryover Proceeds Available to CLTL			8,423	14,651		
Proceeds from Liquidation of CLTL Collateral			65,026	82,223		
Less: Unencumbered Real Property			(6,900)	(8,385)		
Less: Allocated Post Petition Creditor Recovery Expense [b]			(9,603)	(12,508)		
Net Proceeds Available for Allocation to CLTL			56,947	75,982		
Application of Net Proceeds to Credit-Linked / Term Loan Facility (CLTL)						
CL Term Loan	78,372	78,372	50,653	67,584	65%	86%
CL Letters of Credit - IRB [e]	847	847	548	731	65%	86%
CL Letters of Credit - Workers Comp	8,891	8,891	5,746	7,667	65%	86%
Total CLTL Outstanding	88,110	88,110	56,947	75,982	65%	86%
Other secured claims						
Jackson Drive Corp. Mortgage	2,202	2,202	1,500	2,000	68%	91%
	2,202	2,202	1,500	2,000	68%	91%
Total Secured Claims	125,990	125,518	94,125	113,187	75%	90%
Net Estimated Proceeds After Secured Claims			$ 6,901	$ 8,385		

(a) Principal and Accrued Interest include the amounts outstanding as of Jan 31, 2010 for each class of senior debt plus Post-Petition Interest calculated as follows: 3 month's interest on the outstanding ABL obligations and 6 month's interest on the outstanding CLTL and Jackson Drive Corp. Mortgage obligations. For purposes of this Analysis, Post-Petition Interest is calculated using the default contract rate and is based on assumed estimated average time needed to terminate the respective collateral.

(b) The Post-Petition Creditor Recovery Expense is allocated between ABL and CLTL Obligations based on the relative size of each group's calculated recovery on collateral as a % of the total asset recovery.

(c) The Asset Based Loan (ABL) outstanding in the US is net of $2.027 mm of checks not cleared and cash held in accounts controlled by the Agent and which can legally be offset against any borrowings

(d) The Asset Based Loan (ABL) outstanding in Europe represents the difference between the total amount outstanding as of Jan 31, 2010 in the amount of $12.398 mm and the amounts that is expected to be recovered from the European Operations (see Note 4.1)

(e) The Credit Linked (CL) Letters of Credit (LOC) represent residual cash collateral for Industrial Revenue Bonds (IRBs) issued by the Company. The outstanding IRBs in the amount of $57.444 mm (including accrued interest) were converted to CL Term Loan by Dec 15, 2009.

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

III. ALLOCATION OF NET ESTIMATED PROCEEDS TO ADMINISTRATIVE AND PRIORITY CLAIMS

	Estimated Allowable Claims		Estimated Recovery on Administrative and Priority Claims		Estimated Recovery Range	
	Low	High	Low	High	Low	High
Net Estimated Proceeds After Secured Claims			$ 6,901	$ 8,385		
Chapter 7 Administrative Claims:						
Administrative Claims - 503(b)(9) (a)	4,629	4,629	4,629	4,629	100%	100%
Reclamation Claims (b)	-	-	-	-	0%	0%
Total administrative Claims						
Net Estimated Proceeds After Secured and Administrative Claims			$ 2,272	$ 3,756		
Less Priority Claims:						
Employee Priority Claims	6,920	6,920	2,035	3,363	29%	49%
Priority & Property Tax Claims	809	809	238	393	29%	49%
Total Priority Claims	7,729	7,729	2,272	3,756		
Net Estimated Proceeds After Secured and Administrative and Priority Claims			$ -	$ -		

(a) Amount represents the Open Trade AP that was invoiced in the 20 days prior to January 31, 2010.

(b) The Debtors believe that there would not be any valid reclamation claims.

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

IV. ALLOCATION OF NET ESTIMATED PROCEEDS TO UNSECURED CLAIMS

	Estimated Allowable Claims		Estimated Recovery on Unsecured Claims		Estimated Recovery Range	
	Low	High	Low	High	Low	High
Net Estimated Proceeds After Secured, Administrative and Priority Claims			$ -	$ -		
Unsecured Debt						
Senior Subordinated Notes 9.75%	198,461	198,461	-	-	0%	0%
F. Von Zuben Note (a)	4,769	4,769	-	-	0%	0%
B. Mullen Note	210	210	-	-	0%	0%
	203,441	203,441	-	-		
General Unsecured Claims:						
Pre-Petition Accounts Payable (b)	42,392	42,392	-	-	0%	0%
Other Accrued Expenses (c)	6,891	6,891	-	-	0%	0%
Pension Obligations	24,390	24,390	-	-	0%	0%
Other Liabilities (d)	1,898	1,898	-	-	0%	0%
CLTL Deficiency Unsecured Claims	31,163	12,128	-	-	0%	0%
Priority Deficiency Unsecured Claims	5,456	3,972	-	-	0%	0%
Rejection Claims (e)	4,730	4,730	-	-	0%	0%
Contingency Claims (Litigation, Environmental Claims etc.)	14,169	14,169	-	-	0%	0%
	131,090	110,572	-	-		
Total	$ 334,531	$ 314,012	$ -	$ -		

(a) F. von Zuben Notes represent unsecured debt that is subordinated to the Senior Subordinated Notes 9.75% (the "Notes") and, as such, their holders are obligated to turn any recoveries on their claims over to the holders of the Notes to the extent that the Note holders are not paid in full.

(b) Accounts Payable in the amount of $3.991 mm have been offset against Accounts Receivable balances from the same vendors. In addition, Accounts Payable calculated pursuant to section 503 (b)(9) of the Bankruptcy Code have been reclassified as Administrative Claims.

(c) The amount is net of the following liabilities which have been reclassified to other claims categories: (1) gas hedges - $0.338 mm, (2) accrued interest - $24.493 mm, and (3) workers comp - $1.416 mm

(d) The amount is net of $4.855 mm of workers comp claims which are secured by the Letters of Credit under the CLTL.

(e) Rejection Claims represent calculated exposure to Real Property Leases as modified by 502 (b)(6) of the bankruptcy code.

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 1 - Accounts Receivable

Accounts Receivable recovery percentages are based upon management estimates, which considered, amongst other things, percentages used as part of ABL advance rates. Recovery percentages are assumed to be consistent among all the divisions. Current advance rates under the ABL are 85% of Eligible AR.

	Balance @ 1/31/2010	Bad Debt Reserve	Rebates	Customer Obligation Setoff	Other Reserves (a)	Net Balance	Recovery Rate Range Low	Recovery Rate Range High	Estimated Proceeds Range Low	Estimated Proceeds Range High
Accounts Receivable	$ 53,180	$ (1,201)	$ (741)	(3,902)	(678)	$ 46,658	85%	95%	$ 39,660	$ 44,325
	$ 53,180	$ (1,201)	$ (741)	$ (3,902)	$ (678)	$ 46,658			$ 39,660	$ 44,325

(a) Other reserves include credit balances over 90 days old, foreign receivables, FOB reserve, etc. per current borrowing base certificate

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 2 - Inventories

Gross inventory is reduced by obsolescence reserves, LCM reserves, consigned inventory and inventory at third party locations to arrive at eligible inventory. The high end of the inventory recoveries is based on eligible inventory by category multiplied by the NOLV % per the latest inventory appraisal used in the ABL borrowing base certificate. The current advance rates of 85% of the NOLV are used to calculate the low end of the range of recoveries.

		Recovery Rate Range		Estimated Proceeds Range	
Inventory Commodity Type	Balance @ 1/31/2010	Low	High	Low	High
Finished Goods	$ 14,996	52%	62%	$ 7,844	$ 9,228
Work In Process	452	0%	0%	-	-
Raw Materials	12,546	29%	34%	3,649	4,293
Supplies	3,162	10%	20%	316	632
Total Inventory	$ 31,155	38%	45%	$ 11,809	$ 14,155

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 3 - Other Current Assets

Other receivables primarily consist of prepaid expenses that have different degrees of recoverability depending on the type. Prepaids, such as property taxes, insurance, rent, shutdown payments, are expected to have little to no recovery value. Deferred Income Taxes are deemed to have no recoverable value due to the fact that they will not be utilized in a liquidation of the Company.

Other Current Assets	Balance @ 1/31/2010	Recovery Rate Range		Estimated Proceeds Range	
		Low	High	Low	High
Other receivables	$ 630	40%	60%	$ 252	$ 378
Pre-paid property tax	706	0%	0%	-	-
Prepaid insurance premiums	2,384	15%	25%	358	596
Prepaid shutdown expense	1,318	0%	0%	-	-
Other misc. prepaid	1,485	25%	40%	371	594
Other	173	0%	0%	-	-
Deferred income taxes	1,696	0%	0%	-	-
Total	$ 8,392	12%	19%	$ 981	$ 1,568

The accompanying notes are an integral part of the Best Interests Analysis

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 4 - Intercompany Receivables

Intercompany receivables is comprised of intercompany notes and trade receivables from Company's wholly owned subsidiaries in Europe and Canada. Recoveries are based on estimated values of those subsidiaries (see Note 5).

Intercompany receivables	Balance @ 1/31/2010	Recovery Rate Range Low	Recovery Rate Range High	Estimated Proceeds Range Low	Estimated Proceeds Range High	See Note
Dues from Newark Group International, B.V.						4.1
Intercompany note due 9/15/2009	$ 9,669	12%	16%	$ 1,136	$ 1,504	
Intercompany note due 5/8/2013	20,696	12%	16%	2,431	3,219	
Net other receivables	258	12%	16%	30	40	
Equipments	75	12%	16%	9	12	
Management charge	661	12%	16%	78	103	
	31,359	12%	16%	3,684	4,878	
Dues from Newark Paperboard Products, Ltd.						4.2
Intercompany note	5,727	55%	67%	3,163	3,832	
Trade receivables	49	55%	67%	27	33	
Other	201	55%	67%	111	135	
	5,977			3,301	3,999	
Total	$ 37,336	19%	24%	$ 6,985	$ 8,877	

The accompanying notes are an integral part of the Best Interests Analysis

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 4.1 - Liquidation Analysis - Newark Group International, B.V.

In the event of a liquidation of the Newark Group's U.S. operations, the Company's European operations would be monetized through either a going concern sale (or sales) or asset liquidations. For purposes of this analysis an asset liquidation has been assumed, and the recovery rates in Europe are assumed to be consistent with the recovery rates in North America. It is management's view that the potential going concern value is approximately the same as the net asset liquidation value; however, in the event of an actual liquidation, management would determine which approach would yield greater proceeds.

The following shows management's estimates of asset liquidation proceeds net of estimated creditor recovery expenses (including significant severance costs), and the allocation of such proceeds to creditors:

Net Estimated Proceeds Available for Allocation				$ 15,308	$ 18,303
	Principal and Accrued Interest	Estimated Recovery Range		Estimated Recovery	
		Low	High	Low	High
Net Estimated Proceeds Available For Allocation To Secured Claims				15,308	18,303
Secured Claims					
Discounted bills	$ 659	100%	100%	659	659
Priority Claims					
Taxes payable	1,960	100%	100%	1,960	1,960
Accrued salaries and wages	3,446	100%	100%	3,446	3,446
				5,406	5,406
Net Estimated Proceeds After Secured Claims				$ 9,243	$ 12,238
Unsecured debt					
Banco Sabadel Term Loan due 2012	3,467	12%	16%	407	539
Bank Overdrafts	5,425	12%	16%	637	844
Banco CAN	1,058	12%	16%	124	165
CDTI	1,023	12%	16%	120	159
Wachovia ABL / TNG US	12,398	12%	16%	1,456	1,929
Intercompany	31,359	12%	16%	3,684	4,878
	54,730	12%	16%	6,429	8,513
Other unsecured claims					
Accounts payable	22,945	12%	16%	2,695	3,569
Other accrued expense	361	12%	16%	42	56
Pension obligation	642	12%	16%	75	100
	23,948	12%	16%	2,813	3,725
Total	$ 78,679	12%	16%	$ 9,243	$ 12,238

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 4.2 - Liquidation Analysis - Newark Papperboard Products, Ltd.

In the event of a liquidation of the Newark Group's U.S. operations, the Company's Canadian operations would be monetized through either a going concern sale (or sales) or asset liquidations. For purposes of this analysis an asset liquidation has been assumed, and the recovery rates in Canada are assumed to be consistent with the recovery rates in the US. It is management's view that the potential going concern value is approximately the same as the net asset liquidation value; however, in the event of an actual liquidation, management would determine which approach would yield greater proceeds.

The following shows management's estimates of asset liquidation proceeds net of estimated creditor recovery expenses, and the allocation of such proceeds to creditors:

Net Estimated Proceeds Available for Allocation				$ 3,588	$ 4,322
	Principal and Accrued Interest	Estimated Recovery Range		Estimated Recovery	
		Low	High	Low	High
Net Estimated Proceeds Available For Allocation				3,588	4,322
Priority Claims					
Taxes payable	5	100%	100%	5	5
Accrued salaries and wages	116	100%	100%	116	116
				121	121
Net Estimated Proceeds After Priority Claims				$ 3,472	$ 4,206
Unsecured debt					
Intercompany	5,977	55%	67%	3,301	3,999
	5,977	55%	67%	3,301	3,999
Other unsecured claims					
Accounts payable	241	55%	67%	133	161
Other accrued expense	69	55%	67%	38	46
	310	55%	67%	171	207
Total	$ 6,286	55%	67%	$ 3,472	$ 4,206

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 5 - Investment In Subs

The value attributed to "Investment in Subsidiaries" relates to foreign subsidiaries. The assets of the domestic subs are excluded from below because domestic assets are included in their respective line items (e.g., A/R, inventory etc.). The valuations of the foreign subsidiaries were primarily based on liquidation value at the foreign sub level as the going concern value for those entities was deemed to be lower than the liquidation value. The recovery analysis shows no value attributable to equity holders due to higher priority debt claims not being fully satisfied in liquidation (see Notes 4.1 and 4.2).

		Recovery Rate Range		Estimated Proceeds Range	
Other Current Assets	Balance @ 1/31/2010			Low	High
Newark Group International B.V.	$ 24,818	0%	0%	$ -	$ -
Newark Paperboard Products, Ltd.	1,171	0%	0%	-	-
	$ 25,989	0%	0%	$ -	$ -

The accompanying notes are an integral part of the Best Interests Analysis

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Liquidation Analysis For Domestic Entities
($ in 000s)

Note 6 - Net PP&E - Owned and Leased

Net PP&E is comprised of land, building, machinery and equipment, vehicles, fixtures, etc. Recovery rates are based on appraisal values provided by third party appraisers as follows: (a) Real estate was valued as of March 5, 2009, and the range represents 90 and 180 days market values; (b) M&E was valued as of March 23, 2009, and the range represents net forced and orderly liquidation recoveries on disposal of all the assets separately.

PP&E	Balance @ 1/31/2010	Recovery Rate Range		Estimated Proceeds Range	
		Low	High	Low	High
Land and Buildings [a]	$ 48,954	87%	108%	$ 42,666	$ 52,858
Machinery and Equipment [a]	69,821	20%	25%	13,716	17,676
	118,775	47%	59%	56,382	70,534
Jackson Drive [b]	2,923	51%	68%	1,500	2,000
Total	$ 121,698	48%	60%	$ 57,882	$ 72,534

(a) Real property with estimated liquidation value ranging from $6.9 mm to $8.4 mm is unencumbered by any liens. All other personal and real property is pledged as collateral to the CLTL.
(b) Jackson Drive is an office building in Cranford, NJ where the Company's headquarters are located. The property has a $2.2mm mortgage outstanding as of January 31, 2010. The recoveries from the sale of the property are based on management's best estimates.

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 7 - Other Non Current Assets

Other Non Current Assets is comprised of deferred financing costs, non current deposits and other non current items that are considered to have little to no liquidation recovery value.

		Recovery Rate Range		Estimated Proceeds Range	
Other Non Current Assets	Balance @ 1/31/2010	Low	High	Low	High
Deferred financing costs	$ 4,526	0%	0%	$ -	$ -
Other deposits	561	40%	60%	224	336
Other	2,270	20%	40%	454	908
Total	$ 7,357	9%	17%	$ 678	$ 1,245

The accompanying notes are an integral part of the Best Interests Analysis

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 8 - Corporate Expenses and Employee Payroll

It is assumed that the creditor recovery process spans a one year period. For purposes of the Analysis, corporate expenses include both headquarters and plant related expense. A nearly full complement of corporate expenses is assumed to be required during the first three months, with reducing amounts of corporate expenses required in the following months. It is assumed that there will be a period in which employees will need to be retained during the liquidation. The employee costs are based on average salary and benefits and include 20% retention bonus. The calculated corporate and payroll expenses are assumed to be the lower end of the expense range while the higher end is assumed to be 20% higher.

Corporate Expense

	Monthly Run Rate	Reduction Rate	Monthly Expense	Total
Phase I Months 1-3				
Corporate Rent & Occupancy	$ 106	100%	$ 106	$ 319
Corporate SG&A	1,113	85%	946	2,839
	1,220	86%	1,054	3,158
Phase II Months 4-12				
Corporate Rent & Occupancy	106	100%	106	956
Corporate SG&A	1,113	35%	390	3,507
	1,220	41%	496	4,464

Calculated Total Corporate Expenses		$	7,622
Estimated Corporate Expense Range			
	High	$ 9,120	6%
	Low	$ 7,600	6%

Employee Payroll

	Monthly Run Rate	Reduction Rate	Total Expense	Total
Phase I Months 1-3				
Corporate Employment Expense (a)	$ 183	100%	$ 183	$ 550
Non Corporate Employment Expenses (b)	346	100%	346	1,037
	529	100%	530	1,587
Phase II Months 4-12				
Corporate Employment Expense	183	60%	110	990
Non Corporate Employment Expenses	346	30%	104	933
	529	40%	214	1,923

Calculated Total Employee Payroll Services	$	3,509
Estimated Employee Payroll Services		
High	$	4,200
Low	$	3,500
Estimated Corporate Expense & Payroll Range		
High	$	13,320
Low	$	11,100

(a) Includes total of 10 accounting, HR and IT professionals
(b) Includes 1 salaried and 1 hourly employee at each of the 32 plant locations

TNG
Liquidation Analysis For Domestic Entities
($ in 000s)

Note 9 - Professional Fees

It is assumed that the creditor recovery process occurs over a twelve month period. For purposes of the Analysis, professional fees represent management estimates for potential legal and financial advisors.

	The Newark Group, Inc.	
	Monthly Run Rate	Total Expense
Low	$ 200	$ 2,400
High	$ 300	$ 3,600
Average		$ 3,000