

Press Release

THE NEWARK GROUP REACHES DEBT RESTRUCTURING AGREEMENT AND MOVES TOWARD IMPLEMENTATION WITH LAUNCH OF SOLICITATION

- Major creditor groups have agreed to support the plan
- Operations continue as normal
- Suppliers will be paid in full in the ordinary course

Cranford, New Jersey (May 10, 2010) – The Newark Group, Inc. (the “Company”), an integrated global producer of 100% recycled paperboard and paperboard products, today announced that it has reached an agreement with its primary creditor constituencies to significantly reduce debt and restructure the Company’s balance sheet and has begun a solicitation of votes for its prepackaged chapter 11 plan of reorganization (the “Prepackaged Plan”). A majority of the members of each impaired creditor class has already committed to vote in favor of the prepackaged plan.

The Company announced that it reached an agreement with a group of note holders representing more than three quarters of its outstanding 9.75% unsecured senior subordinated notes (the “Notes”) that would eliminate approximately \$200 million of the Company’s unsecured debt upon the effective date of the Prepackaged Plan. This debt reduction would reduce annual cash interest costs by approximately \$13 million and provide the Company with the financial flexibility to focus on growth and profitability. In exchange for canceling the Notes, the holders of the Notes will receive 96.5% of the equity of the Company upon the effective date of the Prepackaged Plan. Agreement was reached with the Company’s lead revolving loan lender to continue to provide financing to the Company under a new \$50 million debtor in possession revolving loan facility and a \$70 million exit revolver. The Company has also arranged for a new, larger \$110 million term loan facility with a group led by ORIX Finance. This will be used to pay off the existing term loan, and pay down the existing revolver balance.

“We are pleased to have the support of our note holders and lenders as we move forward to strengthen our balance sheet and position the Company for profitability,” said Robert Mullen, President and Chief Executive Officer of The Newark Group. “As we navigate this process, we will continue to focus on customers, servicing them better than anyone else and developing product solutions to address their most difficult issues,” continued Mullen.

Votes on the Prepackaged Plan must be received by Kurtzman Carson Consultants, LLC, the Company’s voting agent, by June 1, 2010, unless the deadline is extended. The record date for voting was set for May 4, 2010. Solicitation materials have been mailed to all parties entitled to vote on the Prepackaged Plan. Upon receipt of sufficient votes from those entitled to vote, the

Company intends to commence a Chapter 11 proceeding and schedule a hearing to confirm the Prepackaged Plan to take place within forty-five (45) days thereafter. None of the Company's non-US subsidiaries or affiliates will be included in the filing.

Throughout the solicitation process, trade creditors, suppliers and employees will continue to receive amounts owed to them in the ordinary course of business. In addition, the Prepackaged Plan provides, among other things, that subject to approval of the Bankruptcy Court, the claims of trade creditors, suppliers and employees will be paid in full in the ordinary course of business. During the Chapter 11 case, the Company will continue normal operations under current management and does not anticipate any changes to its overall business or its ability to produce quality products.

This press release is for informational purposes only and is not a solicitation to accept or reject the proposed Prepackaged Plan. Votes are being solicited only pursuant to the disclosure statement distributed directly to those creditors and equity holders of the Company who are entitled to vote to accept or reject the Prepackaged Plan in accordance with applicable law.

About the Newark Group

With headquarters in Cranford, New Jersey, The Newark Group, Inc. manufactures and sells recycled paperboard and paperboard products. The company operates in three segments: Paperboard, Converted Products and International. For more information please visit www.NewarkGroup.com

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