

The Newark Group, Inc. Code of Conduct

As a manufacturer and converter of 100% recycled paperboard and a recycler of recovered paper, the facilities, processes and procedures of The Newark Group are critical to its successful operations. However, those facilities, processes and procedures pale in importance to the values we hold as a company, to the ethics we demonstrate in our dealings with each other and with our customers, vendors and suppliers, and to the manner in which we treat each other as members of this larger corporate family.

While the quality of our product may be forgotten once it has left our customers' doors, the quality and character of our people remain in their minds for days, weeks and years. The same holds true within our own walls as we interact every day with co-workers, managers, and others. From the corner office to the loading dock and everywhere in between, The Newark Group abides by standards of conduct, and a code of ethics that, in many ways, defines us as a company.

As a result of the efforts of every employee, The Newark Group has grown to a size where our company footprint spans not only cities but continents and, while cultural differences may influence some standards of conduct, they have no bearing on our ethical standards. Therefore, we require that every employee of The Newark Group, in every capacity and in every location, commit to upholding the standards set forth here.

Your compliance with this Code of Conduct will benefit the Company and all of our employees.

Sincerely,

Robert H. Mullen

Chairman and Chief Executive Officer

Code of Conduct

It is a goal of The Newark Group to conduct all business in a manner that preserves our Company's integrity and reputation. Each employee is expected to act in a manner that inspires trust in his/her integrity, impartiality and commitment to the best interests of the Company, customers, vendors and co-workers. As a Company built and operated through the efforts of thousands of employees, all employees must:

- Be dedicated to ethical and fair business practices.
- Represent the Company to the best of their ability: fairly, honestly and in a way that reflects positively on the Company, on its employees, and on the relationships we have established with customers and vendors.
- Conduct all business in accordance with the letter and spirit of relevant laws.
- Treat each other with respect, supporting and encouraging co-workers, subordinates and superiors.
- Avoid any relationship or activity that might impede, or might appear to impede, our ability to make objective and fair decisions when performing our jobs.
- Not cooperate or coordinate activities with our competitors.
- Not offer or solicit improper payments, gifts or gratuities in connection with the sale or purchase of any goods from The Newark Group.
- Cooperate with the Company's auditors and counsel with respect to any investigations or audits.

This Code of Conduct reflects general principles to guide employees in making ethical decisions and cannot, and is not, intended to address every specific situation. Therefore, the Code of Conduct expresses the spirit of cooperation expected of each employee and should form the basis for sound and ethical decision-making on the part of each employee. It is the responsibility of each employee to understand and follow the Code of Conduct. If there is any question whether any particular conduct may violate the Code of Conduct, the employee must seek guidance from his/her manager or the Company's General Counsel.

The Company shall enforce the Code of Conduct through discipline, which may include, but is not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment, and restitution. If any employee has violated the Code of Conduct, Management shall determine the disciplinary measures to be taken.

Our standards extend from workplace safety to the use of corporate assets, from our accounting systems to the environment, and from business systems to legal compliance. While the specific place where each of us works may vary, the ways in which we work and the values that we uphold are the same, regardless of location or position. As a company, we are committed to safety, to the creation of a working environment in which all employees can feel comfortable, to the proper use and protection of the Company's assets, and to the honest reporting and maintenance of financial records. Details of this Code of Conduct follow.

Compliance with Laws

It is the intent and expectation of the Company that all employees comply with all applicable laws whether or not they are mentioned in this Code of Conduct. While all employees cannot, and are not expected to, know all of the laws, rules, and regulations or the details of each, every employee is responsible for seeking advice to determine those laws which apply to his/her position, as well as to ask questions about or seek clarification of those laws, rules, or regulations that are not clear.

Safety and Health

The safety and health of every employee is of critical importance to The Newark Group. Safety standards, training, record-keeping, and more are emphasized on an ongoing basis. The Company encourages the maintaining of a safe environment for its employees, by annually rewarding facilities that achieve safety excellence. At the individual level, it is the responsibility of each employee to do his/her part to maintain a safe and injury-free environment by:

- Working safely and participating in safety training.
- Reporting potential hazards and unsafe conditions to Management.
- Complying with safety/health laws and regulations, and using appropriate safety equipment.
- Reporting all workplace injuries.

Recognizing the dangers of alcohol and drugs on the safety and well-being of our employees, every employee must comply with the Company's substance abuse policy. Drug and alcohol use in the workplace will not be tolerated. (Please see The Newark Group, Inc. Substance Abuse Policy for additional guidance.)

Discrimination and Harassment

The Company is committed to providing a professional work environment that is free of discrimination and harassment. We require that our employees, vendors, consultants, contractors and anyone doing business on our behalf do the same. Specifically:

- The Company prohibits sexual harassment as well as harassment of any kind. This includes, but is not limited to, harassment based upon an individual's race, religion, color, age, sex, disability, national origin, sexual orientation, marital status, citizenship status, or veteran status.
- The Company will comply with all employment laws where it operates.

Employees must report to Management or the Human Resources Department any instances of harassment or discrimination when they first occur. Employees who witness such behavior must also report them to Management or the Human Resources Department and are free to do so without fear of reprisal. Details of this policy are available in the Employee Handbook.

Use and Protection of Corporate Assets

Corporate assets run the gamut from property and equipment (including our communication systems) to trademarks and confidential information. The efficient utilization and productivity of these assets protect the Company and its employees by contributing to its success, and are to be used for the advancement of the Company. Each employee must commit to the protection and proper usage of all Company assets. Specifically:

Company Property, Equipment and Information Systems

- Employees are responsible for the proper use of the Company's property and equipment, including computers, telephones, Internet access and e-mail systems, as well as its proprietary and other confidential information. (Please see The Newark Group, Inc. Communications Policy for additional guidance.)
- Employees have no privacy protection for any personal information they store on Company equipment or in any office files. Any electronic information stored on the Company's computers, servers and/or voice mail belongs to the Company, and the Company can access this information at any time without employee consent. The Company has the same access rights to hard copy files in Company offices, including those in desk drawers, lockers and other storage areas.
- The Company has the right to monitor employees' use of Company equipment and systems such as telephones, e-mail, Internet, computers, and fax machines.
- Employees must prevent unauthorized access to Company resources by properly safeguarding passwords and other means of access.
- Employees may not reproduce software licensed to the Company, or other copyrighted work without the publisher's permission, or use illegally downloaded software.

- While the Company expects employees to use all tools, including e-mail and Internet access, for Company business, limited personal use of these tools is permitted. Employees who misuse information systems may lose access privileges and, depending on the situation, may be subject to disciplinary action, including termination.

Intellectual Property

- All Company patents, trademarks and licenses are the property of The Newark Group and should be treated and protected as any other Company property or asset.
- New technology, product plans, development ideas or strategies created by employees are confidential and are the sole property of The Newark Group.
- Employees must ensure that confidential or proprietary information belonging to other companies or individuals outside of The Newark Group is respected and not used improperly by The Newark Group.

Confidential Information

- Employees may not disclose to anyone outside the Company, including spouses and domestic partners, confidential information regarding the Company and must use care even when disclosing confidential information to fellow employees. Confidential information includes, but is not limited to, pricing, technology, business operations, business plans, marketing strategies, supplier terms and conditions, equipment or product specifications, customer lists and employee data.

Communications on Behalf of The Newark Group

- Employees must make sure that Company patents and trademarks are used properly in communications as these are significant assets of the Company.
- All communications that include Company identification (such as Company letterhead or e-mails with Company signature blocks) are reflections of the Company and should relate to Company business.

Company Records

- Employees must ensure that all Company records are prepared accurately and that records in their custody are maintained for the applicable record retention periods as set forth in the Company's Records Retention Policy.
- Falsification of Company documents is strictly prohibited.

Company Funds

- Employees are to expend Company funds as they would their own, seeking to minimize expenditures while satisfying the business needs of the Company.
- Expenditures made on behalf of the Company or made during the course of performing one's job must be authorized, documented and include supporting evidence in accordance with the Company's Travel and Expense guidelines.
- Where required, employees shall use the Company's Project Expenditure Request (PER) approval process.

The Company reserves the right to expand upon this list in the future. If there are any questions about proper behavior connected to these assets, employees are encouraged to speak with their managers.

Accounting, Financial Reporting and Disclosure

The Newark Group has the responsibility not only to itself, but also to its investors and its bondholders, to provide an accurate reflection of our financial position. The Company is committed to providing fair, complete, accurate, timely, and understandable disclosure in all of the reports it shares with the public and that it files with the Securities and Exchange Commission. For these reasons and more, the accuracy of accounting and record keeping, and the validity of financial filings are critical.

The Company will not tolerate any dishonesty, particularly as it relates to the preparation of its financial statements. Therefore, employees must be guided as follows:

- In the course of conducting business, employees must record in the accounts of the Company, in accordance with normal, standard procedures, all transactions entered into by the Company. Each entry must be coded into an account that accurately and fairly reflects the true nature of the transaction.
- If an employee has any concern that these guidelines are not being followed, he/she may call the accounting and ethics hotline at 866-718-7853.

The Environment

The Company is one of the largest recyclers of paper in the United States and prides itself on its commitment to recycling, to the protection of natural resources, and to the minimization of waste. The Company expects:

- Employees will comply with environmental laws and regulations.
- Employees will be trained to handle environmental responsibilities of their jobs and will report any violations to Management or the Company's General Counsel.

Business Relationships

The way in which the Company does business characterizes The Newark Group as much as the quality of the products and services it provides to its customers. In the same way that the Company does not compromise the integrity of its products and services, it is expected that the employees of The Newark Group will not compromise the character, integrity or image of the Company.

With respect to its customers, suppliers and competitors, the Company expects:

- Employees will treat all customers honestly, fairly and with respect.
- Employees will comply with all laws regarding competition.
- Employees will have no discussions with competitors regarding pricing, terms or conditions of sale, production restrictions or volumes, or customer or market allocations.
- Employees will be engaged in vigorous competition with the Company's competitors without resorting to disparagement.
- Suppliers to the Company will be selected on the basis of the merits of their proposals.

Conflicts of Interest

Conflicts of interest, whether real or perceived, can arise when an individual has or might have personal reasons for his/her actions that are separate and apart from the best interests of the Company. An employee must disclose to his/her manager and the Company's General Counsel any transaction or relationship that could constitute or result in a conflict of interest. There would be a conflict of interest if the employee's private interests interfere or appear to interfere with the Company's interests. Therefore, to limit potential conflicts of interest, under the Code of Conduct:

- No employee, his/her spouse or domestic partner, or any other member of his/her immediate family may directly or indirectly have a significant financial interest in a competitor, or in a customer or supplier if that employee deals directly or indirectly with that customer or supplier in the course of his/her job, without prior approval of the Company's General Counsel.
- An employee may not engage in activities outside of the Company that will significantly affect the time or attention the employee devotes to his or her duties.
- An employee may not engage in activities outside of the Company that will adversely affect the quality of the employee's work.
- An employee may not engage in activities outside of the Company that compete with the Company or imply the Company's sponsorship

- of such activities. Employees may not use Company facilities or resources for outside activities.
- An employee may not be employed by any competitor, customer or vendor while in the employ of the Company.

Business Gifts/Payments/Political Contributions

Gifts and entertainment represent an area of uncertainty for many employees. While it is fair to say that the majority of entertainment is done in the context of relationship building, the danger exists that entertainment and gifts could be used to win favor, or that such activities and items might create the appearance of impropriety or a conflict of interest.

All employees of The Newark Group will adhere to the following guidelines regarding entertainment, gifts, and contributions:

- Employees should conduct their business affairs to avoid damaging or degrading the Company's reputation or integrity.
- Employees may not pay or receive money, gifts, loans, or other favors that may tend to influence business decisions, compromise independent judgment or create any impression of influence or compromise.
- Employees may not accept gifts of more than nominal value, or entertainment that is more than a routine social amenity, to avoid the appearance of being influenced to favor a particular customer or vendor.
- Employees must report to Management, directly or through use of the accounting and ethics hotline (866-718-7853), any actual or attempted bribery, kickback or fraud.
- Employees may not pay bribes to any person, organization or government.
- Employees who represent the Company in political and governmental matters must comply with all laws that regulate corporate participation in public affairs. Under various statutes, certain conduct that is permitted and encouraged for individuals is prohibited on the part of corporations. It is the Company's policy to comply fully with these prohibitions.
- The Company is legally prohibited from contributing directly or indirectly in support of political candidates for elective federal office in the United States and is similarly prohibited from making such contributions in certain states, local governments, and other countries.
- No political contribution of Company funds, property or services may be made by the Company, or in the name of the Company, without the approval of the Company's General Counsel.

Insider Trading

Employees are prohibited from engaging in insider trading. Insider trading, for the purposes of this Code of Conduct, is defined as the use of inside information (that is, material, nonpublic information about the Company, its employees, and its relationships with its suppliers, customers, and competitors) to gain an unfair advantage in the purchase or sale of the Company's bonds or another company's stock or bonds, commonly called securities. Material, non-public information includes information not available to the public at large which could affect the market price of the security and to which a reasonable investor would attach importance in deciding whether to buy, sell, or retain the security.

Information is considered to be available to the public only when it has been released to the public through appropriate channels (for example, by means of a press release or a statement from one of the Company's senior officers) and enough time has elapsed to permit the investment market to absorb and evaluate the information. Once public release has occurred, information will normally be regarded as absorbed and evaluated after two (2) full business days have passed.

Employees may be held civilly and criminally liable for passing material, non-public information to someone else, such as a relative or friend, who benefits by trading securities on the basis of that information. For further information, please refer to the Company's Insider Trading Policy.

Reporting Code of Conduct and Ethics Issues

The Newark Group Code of Conduct represents standards by which each employee must hold himself/herself accountable, and by which employees should hold each other accountable. As such, we expect the following:

- Each employee will commit to upholding these standards personally and will be accountable to Management for his/her actions in connection with these standards.
- Each employee will commit to bringing observed or suspected code violations on the part of others to the attention of his/her manager or the Company's General Counsel.
- Employees who have information about suspected improper accounting or auditing matters will commit to bringing such matters to the attention of Management or the General Counsel, or submit an anonymous complaint utilizing the Company's accounting and ethics hotline (866-718-7853).

The Company will treat reported information in a confidential manner to the extent practicable and will ensure that no acts of retaliation are taken against anyone who reports improper conduct of others.