

# THE NEWARK GROUP, INC.

## INSIDER TRADING POLICY

This Insider Trading Policy applies to all directors, officers, and employees of The Newark Group, Inc. and its subsidiaries (collectively, the "**Company**"). For purposes of this policy statement, all persons to whom this policy applies are referred to as "**Insiders**."

### **Explanation of the Law**

Federal securities law prohibits a person from purchasing or selling a security on the basis of material information concerning the issuer of the security (or the market for the security) that has not yet become a matter of general public knowledge and that has been obtained as a result of the person's special relationship to the issuer or is being used in breach of a duty to maintain the information in confidence. It is also unlawful for any person to communicate material non-public information to another person who trades in the issuer's securities on the basis of that information. A person can be found liable for such disclosure whether or not he or she personally will benefit financially from the disclosure.

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, including a reasonable speculative investor, would attach importance in deciding whether to buy, sell or retain the security. The following are examples of information that would most likely be regarded as material: the Company's financial results; a potential business acquisition; significant new products; a significant expansion or curtailment of the Company's operations; a planned public offering of shares of the Company's common stock; a significant change in the Company's business prospects; the loss of a major customer; and the commencement or settlement of significant litigation. It should be noted that either positive or negative information may be material.

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. However, if the market in a particular security remains volatile after that two (2) business day period, additional time must be allowed before trading by Insiders can commence.

### **Penalties for Insider Trading**

Penalties for trading on or communicating material, nonpublic information are severe, both for the individuals involved in such unlawful conduct and, potentially, for their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation (i.e., if the violation was one for tipping information). Penalties include:

- jail sentences of up to 20 years
- disgorgement of profits
- fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited
- criminal fines (no matter how small the profit) up to \$5 million
- fines for the employer or other controlling person, such as a supervisor, of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided

In addition, a violation of this policy statement can be expected to result in serious sanctions by the Company, which may include dismissal of the person involved.

### **General Insider Trading Policy**

An Insider must not purchase or sell securities of the Company on the basis of any material non-public information about the Company, regardless of how that information was obtained. An Insider also must not permit any member of his or her immediate family or anyone acting on his or her behalf, or anyone to whom he or she has disclosed the information, to purchase or sell such securities on the basis of such information.

An Insider who possesses material non-public information concerning the Company must keep such information confidential until it has been released to the public through appropriate channels. Until so released, an Insider must

not communicate the information to persons not having access to the information in the ordinary course of their relationship with the Company, unless expressly authorized to do so by the President or the General Counsel of the Company.

After material information has been publicly released through appropriate channels, an Insider should not trade in the Company's securities on the basis of such information until a reasonable amount of time has elapsed (at least two (2) full business days), so that the public has had a reasonable opportunity to receive and evaluate the information.

Internet chat rooms have become sources of substantial information and mis-information regarding public companies. To avoid improprieties and appearances of improprieties, Insiders must not (under their own name or under an assumed name) provide any information regarding the Company in an Internet chat room or comparable forum.

### **Period When Trading in the Company's Securities Generally is Permitted**

Subject to compliance with the foregoing restrictions, during each calendar quarter (the "***current quarter***"), Insiders may, only after pre-clearing your intent with the Company's General Counsel, purchase or sell securities of the Company during the period between three (3) business days after the Company issues its quarterly earnings release for the prior fiscal quarter through the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month in the current fiscal quarter. An Insider must not purchase or sell securities of the Company at any other time, whether or not the person possesses material non-public information concerning the Company. Notwithstanding the foregoing, an Insider shall not purchase or sell securities of the Company during such trading windows if such Insider is in possession of any material non-public information about the Company, regardless of how that information was obtained.

Exercises of stock options may occur at any time, notwithstanding any provisions of these policies. However, a simultaneous exercise and sale (such as in a so-called "***cashless exercise***") may only be effected by Insiders at times when sales may be effected under the Company's insider trading policies.

Any Insider who is a director or executive officer of the Company who has traded in the Company's securities must report the transaction to the General Counsel within one (1) business day after the transaction is concluded and advance notice of such transactions is encouraged. The information reported shall include the date of the transaction, the amount of securities purchased or sold, the price per security, the nature of the transaction (e.g., open market, private sale), when and how the

securities that were sold were initially acquired, and such other information as the General Counsel may request.

### **Sales and Purchases in Compliance with SEC Regulations.**

The Securities and Exchange Commission has established regulations under which individuals may purchase and sell securities in compliance with "insider trading" laws (more specifically, Rule 10b5-1 of the Securities Exchange Act of 1934) if such purchases or sales are made pursuant to (i) a binding contract to purchase or sell the security, (ii) instructions provided to a third person to execute the trade for the instructing person or entity's account or (iii) an adopted written plan for trading securities; provided, that at the time of the decision to enter into such contract or plan or decision to provide such instructions, you were not aware of material, nonpublic information. In addition to other requirements set forth in such regulations, the contract, instructions or plan must (a) specify the amount, price and date of the purchase or sale or (b) provide a written formula or algorithm or computer program for determining the amounts, prices and dates of such purchases or sales.

Under the Company's policy, you, your spouse and members of your immediate family sharing the same household may only enter into a contract or plan or provide instructions for the purchase or sell securities of the Company in compliance with these regulations during the "trading windows" that occur each year and only after pre-clearing your intent with the Company's General Counsel.

There are a number of issues that you must consider prior to adopting a contract or plan or providing instructions for the purchase or sale of the Company's securities that complies with these newly established regulations. As a result you are advised to contact the Company's General Counsel if you, your spouse or any member of your immediate family sharing the same household is considering adopting such contract or plan or providing such instructions for the purchase or sale of the Company's securities. In the event that either you, your spouse or members of your immediate family sharing the same household adopts a contract or plan or provides the instructions discussed above, a copy of such document must be delivered to the Company's General Counsel prior to any sales or purchases of the Company's securities.

### **Additional Information Regarding This Policy**

The Chief Financial Officer and the General Counsel are available to advise and provide assistance to any person who has a question about this policy.

They operate in an advisory capacity only. Regardless of any advice or assistance that he or any other person may provide with respect to a particular proposed transaction, responsibility for the legality of any purchase or sale of the Company's securities rests exclusively with the Insider undertaking the transaction.

**ACKNOWLEDGMENT REGARDING THE NEWARK GROUP, INC., INSIDER TRADING POLICY**

I hereby acknowledge receipt of The Newark Group, Inc., Insider Trading Policy. I have reviewed and understand it and agree to abide by its terms.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date