Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 05/01/2010 and ending 04/30/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
THE NEWARK GROUP, INC. EMPLOYEES' STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 023

1c Effective date of plan 05/01/1985

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
THE NEWARK GROUP, INC.

20 JACKSON DRIVE
CRANFORD, NJ 07016

2b Employer Identification Number (EIN) 22-2884844

2c Sponsor's telephone number 908-276-4000

2d Business code (see instructions) 322100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	02/15/2012	GREGG KAM
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
THE NEWARK GROUP, INC.

20 JACKSON DRIVE
CRANFORD, NJ 07016

3b Administrator's EIN
22-2884844

3c Administrator's telephone number
908-276-4000

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	275
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	140
b	Retired or separated participants receiving benefits	**6b**	54
c	Other retired or separated participants entitled to future benefits	**6c**	42
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	236
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	236
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	236
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2O 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		___ **A** (Insurance Information)
(4)		**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 05/01/2010 and ending 04/30/2011

A Name of plan
THE NEWARK GROUP, INC. EMPLOYEES' STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 023

C Plan sponsor's name as shown on line 2a of Form 5500
THE NEWARK GROUP, INC.

D Employer Identification Number (EIN)
22-2884844

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		61038
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	0	0
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	0	61038
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		61038
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	61038
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	0	0

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		0
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	562947	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		562947

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		562947
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	562947	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		562947
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		562947
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		0
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified (2) [ ] Qualified (3) [ ] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: EISNERAMPER LLP (2) EIN: 13-1639826

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		4000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 05/01/2010 and ending 04/30/2011

A Name of plan
THE NEWARK GROUP, INC. EMPLOYEES' STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 023

C Plan sponsor's name as shown on line 2a of Form 5500
THE NEWARK GROUP, INC.

D Employer Identification Number (EIN)
22-2884844

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 4254

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 22-2884844

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

The Newark Group, Inc. Employees' Stock Ownership Plan

Financial Statements as of April 30, 2011 and 2010, and for the Year Ended April 30, 2011, Supplemental Schedule and Independent Auditors' Report

THE NEWARK GROUP, INC.
EMPLOYEES' STOCK OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Committee and Participants of
The Newark Group, Inc. Employees' Stock Ownership Plan

We have audited the accompanying statements of net assets available for benefits of The Newark Group, Inc. Employees' Stock Ownership Plan (the "Plan") as of April 30, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended April 30, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of April 30, 2011 and 2010, and changes in net assets available for benefits for the year ended April 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, The Newark Group, Inc. received a going concern opinion on its April 30, 2011 and 2010 annual audited financial statements. Accordingly, the fair value of the stock is $0 and is reflected on the Plan's financial statements at April 30, 2011 and 2010. Annual cash installment payments were made at the floor price of $5.48 per share and certain distributions of common stock were made in lieu of cash payments during the year ended April 30, 2011. Given the financial condition of The Newark Group, Inc., no annual cash installment payments were made from the Plan during the year ended April 30, 2010. As discussed in Note 8, by letter dated June 1, 2011, the U.S. Department of Labor informed The Newark Group, Inc. that it believes several provisions of the Employee Retirement Income Savings Act of 1974 may have been violated with respect to the Plan, most specifically regarding the put option policy, and as of the date of this report the resolution regarding these matters and the impact on the Plan is not determined.

EISNERAMPER
ACCOUNTANTS & ADVISORS

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of April 30, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

EisnerAmper LLP

Bridgewater, New Jersey
February 15, 2012

THE NEWARK GROUP, INC.
EMPLOYEES' STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF APRIL 30, 2011 AND 2010

	2011	2010
ASSETS:		
Investments, (462,780 shares in 2011 and 569,822 shares in 2010 of common stock of The Newark Group, Inc.) at fair value	$ -	$ -
Redemption receivable	61,038	-
LIABILITIES:		
Bank overdraft	61,038	-
NET ASSETS AVAILABLE FOR BENEFITS	$ -	$ -

See accompanying notes to financial statements.

THE NEWARK GROUP, INC.
EMPLOYEES' STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED APRIL 30, 2011

		2011
ADDITIONS TO (DEDUCTIONS FROM):		
Net appreciation in fair value of investments	$	562,947
Distributions		(562,947)
NET INCREASE		-
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year		-
End of year	$	-

See accompanying notes to financial statements.

THE NEWARK GROUP, INC.
EMPLOYEES' STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS
AS OF APRIL 30, 2011 AND 2010 AND FOR THE YEAR ENDED APRIL 30, 2011

1. DESCRIPTION OF PLAN

The following description of The Newark Group, Inc. Employees' Stock Ownership Plan ("ESOP" or the "Plan") is provided for general information purposes only. Participants should refer to the ESOP document for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective May 1, 1985, The Newark Group, Inc. (the "Company," "Plan Sponsor," and "Employer") adopted the ESOP for the benefit of its non-union salaried employees. The Plan was subsequently amended to exclude new participants after April 30, 1995.

The Plan Sponsor received a going concern opinion for its annual audited April 30, 2009 financial statements due to lack of liquidity and defaults under its lending agreements. Liquidity did not improve in the following year and the going concern opinion remained in place for annual audited statements for the year ending April 30, 2010. At April 30, 2011, as a result of the Company's financial position, current market conditions and the uncertainty related to the ability of the Company to generate sufficient cash to meet its obligations and sustain its operations, there remained substantial doubt about the Company's ability to continue as a going concern. Accordingly, the fair value of the common stock of the Plan Sponsor, including the common stock held by the Plan, is $0 and is reflected as such on the Plan's financial statements as of April 30, 2011 and 2010. Also during fiscal 2011, (more specifically June 9, 2010) the Company and certain of its domestic subsidiaries filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code, 11 U S C 101-1532, as amended in the United States Bankruptcy Court for the District of New Jersey. The Bankruptcy Court held a hearing on July 30, 2010, at which time the Bankruptcy Court confirmed the Company's Plan of Reorganization (the "Reorganization Plan"). While the Company's Reorganization Plan was confirmed on July 30, 2010, it did not become effective until August 16, 2010 (the "Effective Date"). The Reorganization Plan provided that existing ESOP shareholders receive 2.0% of equity in the reorganized Company pursuant to 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., which was approved as part of the Reorganization Plan. The 2% of equity in the reorganized Company was valued at approximately $3,150,000 or $5.48 per share.

There has been no decision to terminate the Plan as of the date of February 15, 2012.

Contributions—For Plan years ending prior to May 1, 1996, the Company made contributions to a trust fund under the Plan, in amounts determined by the Board of Directors, for the original acquisition of Company common stock. Virtually all funds received from the Company or otherwise were invested in the common stock of the Company or used to service ESOP debt incurred to acquire shares of Company common stock. Except for contributions to redeem shares of retiring employees, no contributions were made for Plan years commencing after April 30, 1995 and all shares have been allocated to the accounts of Plan participants. Earnings and losses of the Plan's trust continue to be recorded and distributions made pursuant to the terms of the Plan in the ordinary course of Plan operations.

Participant Vesting and Forfeitures—The accounts of all participants under the Plan are fully vested.

Benefit Payments—Payment of a participant's vested benefit is generally made following a participant's termination of employment, retirement or death. Payments are made in five substantially equal, annual installments in shares of Company common stock. A participant may then exercise his right (a "put right") requiring the Company to purchase the shares allocated to his ESOP account at fair market value. The put right enables the Participant to put all the shares received by him in each installment to the Company, in the year received, subject to certain procedural rules and conditions. Any amount by which the stock floor price exceeds the fair market value per share shall be funded by the Company.

As an alternative to receiving a distribution of shares from the Plan, and exercising his put rights, a Participant may elect to receive cash directly from the ESOP. The cash option also requires payment through five annual installments, and the price per share of the shares redeemed per each installment is equal to the fair value of the Company common stock as of April 30 of each year immediately preceding the date of each installment but cannot be less than the floor price of $5.48 per share as of August 16, 2010. For purposes of distributions under the Plan, including the exercise of a put right, the determination of the fair market value of the Company's common stock is based upon a methodology that is consistent with that utilized in connection with the valuation of the common stock that was used when the shares were acquired by the ESOP on December 30, 1985 or a similar valuation technique reflecting the basis of the original valuation. As more fully described in Note 2, the fair market value as of April 30, 2011 and 2010 was $0 and $0 per share, respectively.

During fiscal 2010 and 2009, due to lack of liquidity and defaults under its lending agreements, the Company was forbidden to fund its obligation for the annual installment payments due to Plan participants for shares put to the Company in prior periods. Plan participants were given the option of (i) receiving their current installment in the form of Company common stock or (ii) delaying distribution of their current installment until such time that the Company is again able to redeem shares. Pursuant to the redemption option discussed above, and to comply with the Plan and ERISA required-minimum-distribution rules, several Plan participants elected to receive stock for their current installment. During fiscal 2011, distributions were made to participants for shares put to the Company during fiscal 2009 and 2010 equal to 102,698 shares at the new floor price of $5.48, and 4,254 shares were distributed in stock.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Stock Valuation—As there is no quoted market value for the common stock of the Company, the ESOP's investment in Company common stock has been recorded at fair market value based upon an annual valuation prepared by an independent appraiser. This valuation considered pertinent factors such as historical and projected income and cash flows of the Company, as well as operating statistics and market capitalization of comparable companies. For the valuation at April 30, 2011 and April 30, 2010 the valuation also considered the Company's capital deficit position, lack of liquidity and defaults on its debt obligations. As a result of these factors, the fair market value of Company common stock was determined to be $0 per share at April 30, 2011 and April 30, 2010.

Fair Value of Financial Instruments— FASB's *Accounting Standards Codification*, (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair

value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability, or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods of valuation described herein may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Subsequent Events— As required by the *Subsequent Events* topic of the FASB Codification, the Plan evaluated subsequent events through February 15, 2012, which is the date the financial statements were available to be issued.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Expenses—Administrative expenses of the Plan are paid by the Plan to the extent they are not paid by the Plan Sponsor as provided in the Plan document.

Payment of Benefits—Benefit payments to participants are recorded upon distribution.

Recent Accounting Pronouncements—In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"), which amended ASC 820. The guidance required additional disclosures of significant transfers in and out of Level 1 and Level 2 assets and description of the reasons for the transfers. Additionally the information regarding purchases, sales, issuances, and settlements for Level 3 assets should be reported on a gross basis. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009 except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity for Level 3 investments, which

are effective for the fiscal years beginning after December 15, 2010. The Plan is currently evaluating the additional disclosure requirements.

3. FAIR VALUE MEASUREMENTS

The Company common stock is a level 3 investment and is valued at $0 at April 30, 2011 and 2010.

4. FEDERAL INCOME TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated March 20, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the tax determination letter and the Company filed a new Application for Determination on January 29, 2010. While the IRS determination is pending, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. By letter dated October 26, 2009, the Department of Labor commenced an audit of the Plan which is ongoing (See footnote 8). The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

5. RISKS AND UNCERTAINTIES

The Plan invests primarily in Company stock. Company stock is exposed to various risks such as interest rate, market, and credit risks.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company reserves the right to merge, consolidate, or terminate the Plan at any time, for any reason subject to the provisions of ERISA.

7. PARTY-IN-INTEREST TRANSACTIONS

Plan investments are shares of Company common stock and, therefore, these transactions qualify as exempt party-in-interest transactions.

8. SUBSEQUENT EVENTS

By letter dated June 1, 2011, the U.S. Department of Labor ("DOL") informed the Company that it believes that several provisions of ERISA may have been violated with respect to The Newark Group, Inc. Employees' Stock Ownership Plan, most specifically regarding the put option policy during the period the Company was insolvent. The purpose of the letter was to advise the Company of the DOL's findings and to give the Company an opportunity to comment to the DOL prior to determining what, if any, action to take. The Company responded to the DOL's letter and maintains that no violations occurred. Since the issuance of the letter, two meetings and multiple correspondences between the Company and the DOL have taken place in an effort to resolve this matter, however no formal resolution or restitution to the Plan has been determined.

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SUPPLEMENTAL SCHEDULE

THE NEWARK GROUP, INC.
EMPLOYEES' STOCK OWNERSHIP PLAN

PLAN#023

EIN: 22-2884844

FORM 5500, SCHEDULE H, PART IV, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF THE YEAR)
AS OF APRIL 30, 2011

(a)	(b, c) Identity of Issue and Description of Assets	Shares	(d) Cost	(e) Current Value
*	The Newark Group, Inc. common stock	462,870	$ 2,536,528	$ -

* Exempt party-in-interest

THE NEWARK GROUP, INC.
EMPLOYEES' STOCK OWNERSHIP PLAN

PLAN#023

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