



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE TO  
(Rule 13e-4)**

**Tender Offer Statement  
under Section 14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934**

**Newpark Resources, Inc.**  
(Name of Subject Company (Issuer and Filing Person (Offeror)))

**Options to Purchase Shares of Common Stock,  
Par Value \$0.01 Per Share  
(Title of Class of Securities)**

**651718504  
(CUSIP Number of Class of Securities)**

**Mark J. Airola  
Vice President, General Counsel, Chief  
Administrative Officer and Secretary  
2700 Research Forest Drive, Suite 100  
The Woodlands, Texas 77381  
(281) 362-6800**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of Filing Persons)

**Copy to:  
W. Mark Young  
Andrews Kurth LLP  
600 Travis, Suite 4200  
Houston, Texas 77002  
(713) 220-4200**

**CALCULATION OF FILING FEE**

<b>Transaction Valuation*</b>	<b>Amount of Filing Fee**</b>
\$322,918	\$ 9.91

\* For purposes of calculating amount of filing fee only. This amount assumes that options to purchase an aggregate of 140,279 shares of common stock of Newpark Resources, Inc. having an aggregate value of \$322,918 as of October 30, 2007 will be amended pursuant to this offer, which may not occur. The aggregate value of such options was calculated based on the Black-Scholes option pricing model as of October 30, 2007.

\*\* The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, as modified by Fee Advisory No. 6 for the fiscal year 2007, equals \$30.70 per \$1,000,000 of transaction valuation.

o Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \_\_\_\_\_

Form or Registration No.: \_\_\_\_\_

Filing Party: \_\_\_\_\_

Date Filed: \_\_\_\_\_

o Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- o third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- o going-private transaction subject to Rule 13e-3.
- o amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: o

## **TABLE OF CONTENTS**

[Item 1. Summary Term Sheet](#)

[Item 2. Subject Company Information](#)

[Item 3. Identity and Background of Filing Person](#)

[Item 4. Terms of the Transaction](#)

[Item 5. Past Contacts, Transactions, Negotiations and Agreements](#)

[Item 6. Purposes of the Transaction and Plans of Proposals](#)

[Item 7. Source and Amount of Funds or Other Consideration](#)

[Item 8. Interest in Securities of the Subject Company](#)

[Item 9. Person/Assets, Retained, Employed, Compensated or Used](#)

[Item 10.](#)

[Item 11. Additional Information](#)

[Item 12. Exhibits](#)

[Item 13. Information Required by Schedule 13E-3](#)

[SIGNATURE](#)

[INDEX TO EXHIBITS](#)

[Offer to Amend Eligible Options](#)

[Form of Election Form](#)

[Form of Notice of Receipt of Election Form](#)

[Form of Notice of Receipt of Election Form - Offer Participants](#)

[Form of Final Election Confirmation Statement - Offer Non-Participants](#)

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## INTRODUCTORY STATEMENT

This Tender Offer Statement on Schedule TO is filed by Newpark Resources, Inc., a Delaware Corporation (“Newpark”) and relates to Newpark’s offer to certain optionees to amend certain options to purchase common stock of Newpark to increase the exercise price thereof upon the terms and subject to the conditions set forth in the Offer to Amend Eligible Options dated November 5, 2007 (the “Offer to Amend”).

### Item 1. Summary Term Sheet

The information set forth in the Offer to Amend in the sections entitled “Offer to Amend Eligible Options” and “Summary Term Sheet & Frequently Asked Questions” is incorporated herein by reference.

### Item 2. Subject Company Information

#### *(a) Name and Address.*

The name of the issuer is Newpark Resources, Inc. The address of Newpark’s principal executive offices is 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. The telephone number of Newpark’s principal executive offices is (281) 362-6800. The information set forth in the Offer to Amend under Section 16 of the Offer to Amend, “Information About Newpark,” is incorporated herein by reference.

#### *(b) Securities.*

This Tender Offer Statement on Schedule TO relates to the Offer to Amend by Newpark pursuant to which Newpark is offering certain optionees the opportunity to amend certain portions of certain stock options to purchase Newpark’s common stock to increase the exercise price of these options in order to limit the potential adverse personal tax consequences that may apply to these stock options under Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations issued by the U.S. Internal Revenue Service thereunder. Newpark is making the Offer (as defined in the Offer to Amend) upon the terms and subject to the conditions described in this Offer to Amend, including the conditions described in Section 7 of the Offer to Amend. The stock options that are the subject of the Offer are those stock options that have each of the following characteristics:

- options that were granted to an Eligible Optionee (as defined under the Offer to Amend) under the Newpark Resources, Inc. 1995 Incentive Stock Option Plan, as amended (the “1995 Plan”), on certain dates to Newpark’s employees during the period from October 30, 2002 to June 1, 2005;
- have an exercise price per share that was less, or may have been less, than the fair market value per share of Newpark’s common stock underlying the option on the option’s grant date;
- vested or are scheduled to vest after December 31, 2004;
- are beneficially owned by current employees of Newpark that are subject to U.S. taxation; and
- are still outstanding and unexercised on the date the Offer expires, subject to the further terms and conditions set forth in the Offer to Amend.

Optionees who elect to amend their Eligible Options (as defined in the Offer to Amend) will receive an email within three business days after the Expiration Time (as defined in the Offer to Amend) confirming their amendments and elections, pursuant to which portions of such options will be amended to increase the exercise price. The subject class of securities consists of the Eligible Options (as defined in the Offer to Amend). The actual number of shares of common stock subject to the option amendment will depend on the number of shares of common stock subject to Eligible Options tendered by holders of Eligible Options (“Eligible Optionees”) and

## Table of Contents

accepted for amendment. The information set forth in the Offer to Amend under “Summary Term Sheet & Frequently Asked Questions”, Section 1, “Eligible Optionees; Eligible Options; The Proposed Amendment; Additional Considerations; The Amended Options; Expiration and Extension of Offer,” and Section 9, “Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options,” is incorporated herein by reference.

### *(c) Trading Market and Price.*

The information set forth in the Offering Memorandum under Section 8, “Price Range of Common Stock,” is incorporated herein by reference.

## **Item 3. Identity and Background of Filing Person.**

### *(a) Name and Address.*

The information set forth under Item 2(a) above and in the Offer to Amend under Section 9, “Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options,” is incorporated herein by reference.

## **Item 4. Terms of the Transaction.**

### *(a) Material Terms.*

The information set forth in the Offer to Amend under the section entitled “Offer to Amend Eligible Options,” the section entitled “Summary Term Sheet & Frequently Asked Questions,” Section 1, “Eligible Optionees; Eligible Options; The Proposed Amendment; Additional Considerations; The Amended Options; Expiration and Extension of Offer,” Section 2, “Purpose of the Offer,” Section 3, “Status of Eligible Options Not Amended in the Offer,” Section 4, “Procedures for Amending Eligible Options,” Section 5, “Change in Election,” Section 6, “Acceptance of Eligible Options for Amendment,” Section 7, “Conditions of the Offer,” Section 10, “Accounting Consequences of the Offer,” Section 11, “Legal Matters; Regulatory Approvals,” Section 12, “Material U.S. Federal Income Tax Consequences,” Section 13, “Extension of Offer; Termination; Amendment,” and Section 15, “Source and Amount of Consideration,” is incorporated herein by reference.

### *(b) Purchases.*

The information set forth in the Offer to Amend under Section 1, “Eligible Optionees; Eligible Options; The Proposed Amendment; Additional Considerations; The Amended Options; Expiration and Extension of Offer,” and Section 9, “Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options,” is incorporated herein by reference.

## **Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

### *(e) Agreements involving the subject company’s securities.*

The information set forth in the Offer to Amend under Section 9, “Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options,” is incorporated herein by reference. The option plan administered by Newpark pursuant to which Eligible Options were granted by Newpark is filed as Exhibit (d)(1) hereto and contains information regarding the subject securities and are incorporated herein by reference.

## **Item 6. Purposes of the Transaction and Plans of Proposals.**

### *(a) Purposes.*

The information set forth in the Offer to Amend under the section entitled “Summary Term Sheet & Frequently Asked Questions” and Section 2, “Purpose of the Offer,” is incorporated herein by reference.

## Table of Contents

### *(b) Use of securities acquired.*

Not applicable.

### *(c) Plans.*

At present, the board of directors is composed of seven members. Newpark from time to time evaluates strategic acquisitions and will continue to do so in the future. Newpark may issue its stock or pay cash in connection with such acquisitions. Newpark may obtain cash for such acquisitions through a variety of means, including, without limitation, through the issuance of additional stock. The information set forth in the Offer to Amend under Section 8, "Price Range of Common Stock," and Section 9, "Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options," is incorporated herein by reference.

## **Item 7. Source and Amount of Funds or Other Consideration.**

### *(a) Source of Funds.*

The information set forth in the Offer to Amend under Section 1, "Eligible Optionees; Eligible Options; The Proposed Amendment; Additional Considerations; The Amended Options; Expiration and Extension of Offer," Section 10, "Accounting Consequences of the Offer," Section 14, "Fees and Expenses," and Section 15, "Source and Amount of Consideration," is incorporated herein by reference.

### *(b) Conditions.*

The information set forth in the Offer to Amend under Section 7, "Conditions of the Offer," is incorporated herein by reference.

### *(d) Borrowed funds.*

Not applicable.

## **Item 8. Interest in Securities of the Subject Company.**

### *(a) Securities ownership.*

The information set forth in the Offer to Amend under Section 9, "Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options," is incorporated herein by reference.

### *(b) Securities transactions.*

The information set forth in the Offer to Amend under Section 9, "Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options," is incorporated herein by reference.

## **Item 9. Person/Assets, Retained, Employed, Compensated or Used.**

### *(a) Solicitations or recommendations.*

The information set forth in the Offering Memorandum under Section 14, "Fees and Expenses," is incorporated herein by reference.

## **Item 10.**

### *(a) Financial information.*

## Table of Contents

The information set forth in Item 8, “Financial Statements and Supplementary Data,” of Newpark’s Annual Report on Form 10-K for its fiscal year ended December 31, 2006, filed with the Securities and Exchange Commission (the “SEC”) on March 16, 2007, including all material incorporated by reference therein, is incorporated herein by reference. Part I, Item 1, “Unaudited Consolidated Condensed Financial Statements,” of Newpark’s Quarterly Report on Form 10-Q for its quarter ended March 31, 2007, filed with the SEC on May 8, 2007, including all material incorporated by reference therein, and Part I, Item 1, “Unaudited Consolidated Condensed Financial Statements,” of Newpark’s Quarterly Report on Form 10-Q for its quarter ended June 30, 2007, filed with the SEC on August 3, 2007, including all material incorporated by reference therein, are incorporated herein by reference. The information set forth in the Offer to Amend under Section 16, “Information About Newpark,” Section 17, “Additional Information,” and “Risk Factors Relating to the Offer” (beginning on page 8 thereof), is incorporated herein by reference. Newpark’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q can also be accessed electronically on the SEC’s website at <http://www.sec.gov>.

(b) *Pro forma information.*

Not applicable.

### **Item 11. Additional Information.**

(a) *Agreements, Regulatory Requirements and Legal Proceedings.*

(1) The information set forth in the Offer to Amend under Section 9, “Interests of Directors and Executive Officers; Transactions and Arrangements Involving Options,” is incorporated herein by reference.

(2) The information set forth in the Offer to Amend under Section 11, “Legal Matters; Regulatory Approvals,” is incorporated herein by reference.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(b) *Other Material Information.*

The information set forth in the Offer to Amend under Section 16, “Information About Newpark,” is incorporated herein by reference.

### **Item 12. Exhibits.**

- |           |  |
|-----------|--|
| (a)(1)(A) | Offer to Amend Eligible Options dated November 5, 2007                     |
| (a)(1)(B) | Form of Election Form  |
| (a)(1)(C) | Form of Notice of Receipt of Election Form                                 |
| (a)(1)(D) | Form of Final Election Confirmation Statement (for Offer Participants)     |
| (a)(1)(E) | Form of Final Election Confirmation Statement (for Offer Non-Participants) |
| (b)       | Not applicable   |

[Table of Contents](#)

(d)(1) Newpark Resources, Inc. 1995 Incentive Stock Option Plan, filed as Exhibit 10.8.1 to Newpark Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1995, filed with the SEC on March 11, 1996, and incorporated herein by reference

(g) Not applicable

(h) Not applicable

**Item 13. Information Required by Schedule 13E-3.**

Not applicable.



**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 5, 2007

NEWPARK RESOURCES, INC.

By: /s/ Mark J. Airola  
Name: Mark J. Airola  
Title: Vice President, General Counsel, Chief  
Administrative Officer and Secretary

**INDEX TO EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
(a)(1)(A)	Offer to Amend Eligible Options dated November 5, 2007
(a)(1)(B)	Form of Election Form
(a)(1)(C)	Form of Notice of Receipt of Election Form
(a)(1)(D)	Form of Final Election Confirmation Statement (for Offer Participants)
(a)(1)(E)	Form of Final Election Confirmation Statement (for Offer Non-Participants)
(d)(1)	Newpark Resources, Inc. 1995 Incentive Stock Option Plan, filed as Exhibit 10.8.1 to Newpark Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1995, filed with the SEC on March 11, 1996, and incorporated herein by reference

## NEWPARK RESOURCES, INC.

## OFFER TO AMEND ELIGIBLE OPTIONS

**THE OFFER EXPIRES AT 5:00 P.M., CENTRAL TIME, ON THURSDAY,  
DECEMBER 6, 2007, UNLESS THE OFFER PERIOD IS EXTENDED**

As more fully described in this Offer to Amend Eligible Options (this **“Offer to Amend”**), Newpark Resources, Inc. (**“Newpark”**) is offering certain optionees the opportunity to amend certain portions of certain stock options to purchase Newpark common stock to increase the exercise price of these options in order to limit the potential adverse personal tax consequences that may apply to these stock options under Section 409A (**“Section 409A”**) of the Internal Revenue Code of 1986, as amended (the **“Code”**) and the regulations issued by the U.S. Internal Revenue Service (the **“IRS”**) thereunder (as further described in Section 12 of this Offer to Amend). We are making the offer (the **“Offer”**) upon the terms and subject to the conditions described in this Offer to Amend, including the conditions described in Section 7 of this Offer to Amend.

The **“Expiration Time”** of the Offer is 5:00 p.m. Central Time on Thursday, December 6, 2007. If we extend the period of time during which the Offer remains open, the term **“Expiration Time”** will refer to the last time and date on which the Offer expires.

The stock options that are the subject of the Offer are those stock options that have each of the following characteristics (the **“Eligible Options”**):

- options that were granted to an **“Eligible Optionee”** (defined below) under the Newpark Resources, Inc. 1995 Incentive Stock Option Plan, as amended (the **“1995 Plan”**); and
- options that were granted on any of the dates set forth in **Attachment A** hereto during the period from October 30, 2002 to June 1, 2005 (the **“Review Period”**); and
- options that were granted with an exercise price per share that was less, or may have been less, than the fair market value per share of the Newpark common stock underlying the option on the option’s grant date.

Only certain portions of Eligible Options may be amended under the Offer. The portion of the Eligible Option that is eligible to be amended under the Offer is the portion that has each of the following characteristics (the **“Eligible Portion”**):

- the portion of the Eligible Option that is beneficially owned by the Eligible Optionee; and
-

- the portion of the Eligible Option that vested or is scheduled to vest after December 31, 2004; and
- the portion of the Eligible Option that is still outstanding and unexercised as of the “**Expiration Time**.”

Please note that the portions of Eligible Options (A) that are considered “**Grandfathered Options**” (defined below), (B) that have already been exercised, (C) that have expired or otherwise been cancelled or (D) that are beneficially owned by someone other than the Eligible Optionee (defined below) are not eligible for the Offer (collectively, the “**Ineligible Portion**”).

A “**Grandfathered Option**” is the portion of your Eligible Option that was vested as of December 31, 2004. Under the regulations under Section 409A, Grandfathered Options are exempted from the adverse personal tax treatment under Section 409A and therefore are not subject to the Offer. Any amendment of the Eligible Portion of your Eligible Option will not affect the Ineligible Portion of your Eligible Option.

All individuals who were granted Eligible Option(s) and who, as of the Expiration Time, (1) are current employees of Newport and (2) are subject to taxation in the United States in respect of their Eligible Option may participate in the Offer (the “**Eligible Optionees**”). However, none of our current or former executive officers or members of our Board of Directors (the “**Board**”) is eligible to participate in the Offer.

If you are an Eligible Optionee, in the communication that is being sent to you in connection with this Offer to Amend, you will also receive your personalized Election Form (in substantially the form of **Attachment B** hereto) that describes your Eligible Option(s) (including the Eligible Portion(s) thereof) (the “**Election Form**”). If you believe you may be an Eligible Optionee and have not yet received your personalized Election Form, please contact Mark Airola immediately at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

As noted above, the Offer is being conducted to address certain potential adverse personal tax consequences under Section 409A. Newport has recently determined that certain stock options were granted, for accounting purposes, with an exercise price that is less than the fair market value of the Newport common stock subject to such options on the applicable “**measurement date**” (which is the date of grant for accounting purposes but which is not necessarily the same as the “**grant date**” set forth on your option agreement). As a result of this accounting determination, these stock options may be deemed to have been granted, for tax purposes, with an exercise price that is less than the fair market value of Newport common stock on the grant date (that is, they may be deemed to be “**discounted**” for tax purposes) and therefore may be subject to adverse personal tax consequences under Section 409A. These adverse personal tax consequences, discussed in greater detail in Section 12 of this Offer to Amend, may include an obligation to recognize, in connection with the vesting of the option (or later, taking into consideration any applicable transition period rules) and regardless of whether the option is ever exercised, ordinary income tax at your usual rate, plus an additional 20% federal tax under Section 409A, plus certain other state and federal tax penalties (including state taxes that may duplicate the income tax imposed under Section 409A), all of which could result

in an Eligible Optionee paying tax at an aggregate tax rate of 55% or more on the Eligible Portion as a consequence of the option being subject to Section 409A.

The Offer is being made to permit Eligible Optionees to address the potential adverse personal tax consequences that may apply to their Eligible Options under Section 409A (and under state tax laws of similar effect). Under the regulations under Section 409A, Eligible Optionees should be able to avoid or minimize the adverse personal tax treatment of Section 409A if certain changes are made to the Eligible Portions of the Eligible Options. Therefore, we are offering to amend your Eligible Option(s) to increase the exercise price of the Eligible Portion(s) to the applicable “**Corrected Exercise Price**” (as defined below). We believe that as a result of such amendment your Eligible Option(s) should no longer be subject to the adverse personal tax treatment of Section 409A (and state tax laws of similar effect). However, you should note that the application of Section 409A (and any state tax laws of similar effect) to the Eligible Options, as amended pursuant to this Offer, is not entirely free from doubt, and we make no representations as to the effect of this Offer on the application of Section 409A and similar state taxes. See Section 12 of the Offer to Amend, Material U.S. Federal Income Tax Consequences, beginning on page 47.

The table in substantially the form of **Attachment A** hereto sets forth, with respect to each original grant date at issue, the respective original exercise price, the “**Revised Grant Date**” (i.e., the “**measurement date**” that was determined for accounting purposes) and the fair market value of the common stock on the Revised Grant Date (which is the “**Corrected Exercise Price**” for the Eligible Portion(s) of your Eligible Option(s) if you accept this Offer), and the applicable “**Price Differential**” (i.e., the difference per share between the original exercise price and the Corrected Exercise Price). In determining the fair market value of our common stock on a given date, we use the closing price of our common stock on the New York Stock Exchange (the “**NYSE**”). Accordingly, the Corrected Exercise Price set forth in **Attachment A** reflects the closing price of our common stock on the NYSE on the Revised Grant Date.

Each Eligible Option that is amended pursuant to this Offer (each an “**Amended Option**”) will generally have the same material terms and conditions as it did prior to the amendment, including the same exercise and vesting schedule and expiration date, except that the Eligible Portion of an Amended Option will have a new exercise price and new deemed date of grant. The amendment of each Eligible Option pursuant to this Offer will not affect the terms and conditions of the Ineligible Portion of such Eligible Option.

As an additional part of the Offer, Eligible Optionees who accept this Offer to amend the Eligible Portion(s) of their Eligible Option(s) to reflect the Corrected Exercise Price(s) will receive, with respect to each Amended Option, a cash payment equal to the applicable Price Differential of the Amended Option, multiplied by the total number of shares (including any unvested shares) subject to the Eligible Portion (less applicable tax withholding) of such Amended Option (the “**Cash Payment**”). Promptly following the expiration of the Offer, we will send each Eligible Optionee who holds an Amended Option a Final Election Confirmation Statement (in substantially the form of **Attachment D** hereto) that will contain a “**Promise to Make Cash Payment**” evidencing the right to receive the Cash Payment. Eligible Optionees will be entitled to receive the Cash Payments regardless of whether they remain employed with

Newpark on the actual payment date and regardless of whether the Eligible Portion of the Amended Option to which such payment relates has vested. However, in compliance with the applicable provisions of Section 409A, the Cash Payment will not be made until the end of the first payroll cycle in January 2008.

You are not required to tender your Eligible Option(s) for amendment. If you elect to tender an Eligible Option, you must tender the entire Eligible Portion. If you hold more than one Eligible Option and you wish to participate in the Offer, you must tender all of your Eligible Options. If you decide to tender your Eligible Options, you may not tender less than all of your Eligible Options. You may not tender stock options that are not Eligible Options. If you hold more than one Newpark stock option, you may hold both Eligible Option(s) and options that are not affected by Section 409A. Some, but not all, of the outstanding options that were granted during the Review Period, and for which all or a portion of such option was unvested as of December 31, 2004, are not considered Eligible Options for purposes of this Offer. **Your personalized Election Form will identify those stock options that are Eligible Options for purposes of this Offer.**

If you have properly accepted this Offer, Newpark will amend the Eligible Portion(s) of your Eligible Option(s), effective as of the Expiration Time (such date, the **"Amendment Date"**), to reflect the Corrected Exercise Price and Revised Grant Date. You will receive a Notice of Receipt of Election Form (in substantially the form of **Attachment C** hereto) confirming your election within three business days after we receive your Election Form (or a change to your election) and then a Final Election Confirmation Statement (in substantially the form of **Attachment D** or **Attachment E** hereto, as applicable) within three business days after the Expiration Time of the Offer.

**You should be aware that adverse personal tax consequences under Section 409A (and similar state tax laws of similar effect) may apply to any Eligible Option if it is not amended pursuant to this Offer, and you will be solely responsible for any taxes, penalties, or interest payable under Section 409A (and any similar state laws of similar effect).** Before deciding whether to tender your Eligible Option(s) for amendment, you should carefully review this Offer to Amend, as well as the information on Newpark to which we refer you in this Offer to Amend.

**ALTHOUGH THE BOARD OF DIRECTORS HAS APPROVED THE OFFER, NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER YOU SHOULD PARTICIPATE IN THE OFFER AND AMEND YOUR ELIGIBLE OPTION(S). YOU MUST MAKE YOUR OWN DECISION WHETHER TO AMEND YOUR ELIGIBLE OPTION(S). YOU SHOULD CAREFULLY REVIEW THIS OFFERING MEMORANDUM IN ITS ENTIRETY BEFORE DECIDING WHETHER TO ELECT TO AMEND YOUR ELIGIBLE OPTION(S). WE RECOMMEND THAT YOU CONSULT WITH YOUR PERSONAL FINANCIAL, LEGAL AND TAX ADVISORS TO DETERMINE THE CONSEQUENCES OF ELECTING OR DECLINING TO PARTICIPATE IN THE OFFER.**

We will assess whether we are permitted to make the Offer in all jurisdictions. In the event that we determine that we are not legally able to make the Offer in a particular jurisdiction,

we reserve the right to withdraw the Offer in that particular jurisdiction. If we withdraw the Offer in a particular jurisdiction, the Offer will not be made to, nor will requests for amendments be accepted, from or on behalf of Eligible Optionees in such jurisdiction. However, we may take any actions necessary for us to make the Offer legally available to Eligible Optionees in any jurisdiction.

Shares of our common stock are quoted on the NYSE under the symbol “**NR.**” On November 1, 2007, the closing price of our common stock as reported on the NYSE was \$5.84 per share. As of November 1, 2007, options to purchase 1,674,676 shares of our common stock were issued and outstanding under the 1995 Plan, including the Eligible Portions of the Eligible Options to purchase up to 140,279 shares of our common stock. This Offer is not conditioned upon the acceptance of the Offer with respect to a minimum number of Eligible Options.

You should direct questions about the Offer and requests for assistance in completing the necessary forms to Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800. For information regarding your vesting and/or exercise activity, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

**This transaction has not been approved or disapproved by the U.S. Securities and Exchange Commission (“SEC”) nor has the SEC passed upon the fairness or merits of such transaction or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offense. In the event of any conflict between this documentation and the rules of the 1995 Plan or any applicable legislation, the rules or legislation (as the case may be) will take precedence. All references to taxation consequences are for guidance only. We strongly recommend that you consult with your personal tax advisor to determine the tax consequences of electing or declining to participate in the Offer.**

#### **IMPORTANT**

**Whether you accept this Offer or not, you must complete and submit an Election Form that sets forth your election for each of your Eligible Option(s).** The form of Election Form is attached as **Attachment B** hereto and your personalized Election Form, which has been sent to you with this Offer to Amend, must be submitted to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. Your completed Election Form, and any subsequent change thereto, must be received by 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later termination date if we extend the Offer). Any Election Form not received by the Expiration Time will be disregarded.

You are receiving the Offer materials by electronic means. You may request a written copy of any or all of these materials at no charge by contacting Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

We have not authorized any person to make any recommendation on our behalf as to whether you should amend your Eligible Option(s) pursuant to the Offer. We have not

authorized anyone to give you any information or to make any representation in connection with the Offer other than the information and representations contained in this Offer to Amend (including the Attachments hereto). If anyone makes any such recommendation or representation to you or gives you any such information, you must not rely upon that recommendation, representation or information as having been authorized by Newpark. **We recommend that you consult with your financial, legal and tax advisors to determine the tax and other consequences to you of electing or declining to participate in the Offer.**



## TABLE OF CONTENTS

	<u>Page</u>
RISK FACTORS RELATING TO THE OFFER	8
SUMMARY TERM SHEET & FREQUENTLY ASKED QUESTIONS	12
THE OFFER	30
1. ELIGIBLE OPTIONEES; ELIGIBLE OPTIONS; THE PROPOSED AMENDMENT; ADDITIONAL CONSIDERATIONS; THE AMENDED OPTIONS; EXPIRATION AND EXTENSION OF OFFER	30
2. PURPOSE OF THE OFFER	35
3. STATUS OF ELIGIBLE OPTIONS NOT AMENDED IN THE OFFER	37
4. PROCEDURES FOR AMENDING ELIGIBLE OPTIONS	37
5. CHANGE IN ELECTION	38
6. ACCEPTANCE OF ELIGIBLE OPTIONS FOR AMENDMENT	39
7. CONDITIONS OF THE OFFER	40
8. PRICE RANGE OF COMMON STOCK	43
9. INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS; TRANSACTIONS AND ARRANGEMENTS INVOLVING OPTIONS	44
10. ACCOUNTING CONSEQUENCES OF THE OFFER	46
11. LEGAL MATTERS; REGULATORY APPROVALS	46
12. MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES	47
13. EXTENSION OF OFFER; TERMINATION; AMENDMENT	50
14. FEES AND EXPENSES	51
15. SOURCE AND AMOUNT OF CONSIDERATION	51
16. INFORMATION ABOUT NEWPARK	51
17. ADDITIONAL INFORMATION	56
18. FORWARD-LOOKING STATEMENTS; MISCELLANEOUS	57
<b>ATTACHMENT A</b>	TABLE OF GRANT DATES
<b>ATTACHMENT B</b>	FORM OF ELECTION FORM
<b>ATTACHMENT C</b>	FORM OF NOTICE OF RECEIPT OF ELECTION FORM (PRE-EXPIRATION TIME)
<b>ATTACHMENT D</b>	FORM OF FINAL ELECTION CONFIRMATION STATEMENT (POST-EXPIRATION TIME FOR OFFER PARTICIPANTS)
<b>ATTACHMENT E</b>	FORM OF FINAL ELECTION CONFIRMATION STATEMENT (POST-EXPIRATION TIME FOR OFFER NON-PARTICIPANTS)

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## RISK FACTORS RELATING TO THE OFFER

***Participation in this Offer involves a number of potential risks.***

This section highlights the material risks of accepting the Offer and tendering your Eligible Option(s) for amendment and relating to the Offer. You should carefully consider these risk factors relating to the Offer described below and the risk factors relating to our business and financial condition in our periodic reports (as described below), and you should carefully read the remainder of this Offer to Amend (including the Exhibits to the Schedule TO available at [www.sec.gov](http://www.sec.gov) or by contacting Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 and the attachments hereto) before deciding to accept or decline the Offer.

### **Tax Risks**

***The determination as to whether your Eligible Option(s) were granted at a discount for purposes of Section 409A is not completely certain.***

As part of the investigation of our historical option grant practices and related accounting and our subsequent restatement of certain of our financial statements, it has been determined that the Eligible Options have a different “**measurement date**” for accounting purposes than the stated “**grant date**.” As the fair market value on the “**measurement date**” exceeds the fair market value on the “**grant date**” in the case of each Eligible Option, the Eligible Options were deemed to have been granted at a discount from the fair market value on the measurement date. The definition of “**measurement date**” for accounting purposes is somewhat different than the definition of “**grant date**” for tax purposes, but these two terms are not substantially different. It is not clear based on the currently available guidance under the Code whether the IRS will determine that the “**grant date**” (for tax purposes, including for purposes of determining compliance with Section 409A and the rules governing incentive stock options) must be the same as the “**measurement date**” (for accounting purposes).

***Even if you accept the Offer and receive Amended Option(s), the tax treatment of Amended Option(s) under Section 409A is not completely certain, and you may still be required to recognize income prior to the exercise of your Amended Option(s) and pay a 20% federal tax plus additional interest penalties in respect of your Amended Option(s) under Section 409A.***

Because each Eligible Option was issued with an exercise price that is or may be lower than the fair market value of the underlying shares on the date of grant, such options may be subject to adverse personal taxation under Section 409A. Section 409A generally provides that you will recognize taxable income at the time a discounted stock option is no longer subject to a substantial risk of forfeiture (for example, when such option vests, or later taking into consideration any applicable transition period rules) and that you may recognize additional taxable income each year until the discounted option is exercised. Such income would be taxable at ordinary income rates and will also be subject to an additional 20% federal income tax, and possibly interest charges, in addition to the usual applicable withholding and employment taxes.

We believe that by accepting the Offer, an Eligible Optionee may avoid or minimize the adverse personal tax consequences under Section 409A, as we believe that we have complied in

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good faith with the guidance issued to date by the IRS with respect to offering to amend the Eligible Options to avoid or minimize the adverse personal tax consequences of Section 409A. Guidance issued after the date of this Offer or a future determination by the IRS could provide that the Amended Options do not avoid the adverse personal tax consequences of Section 409A. Therefore, it is not completely certain that amending the Eligible Options pursuant to this Offer would completely avoid the potential adverse personal tax consequences under Section 409A.

***The tax treatment of discounted options under state tax law or the tax laws of other jurisdictions is not completely certain, and you may be required to recognize income prior to the exercise of your Eligible Option(s) or pay an additional tax penalty and interest charge in respect of your Eligible Option(s) under applicable state or foreign tax laws, even if you participate in the Offer.***

It is possible that the discounted options will be subject to taxes that are imposed under applicable state tax laws or foreign tax laws that are similar to Section 409A. Therefore, you may incur taxes and penalties under such provisions with respect to your Eligible Option(s) based on the state in which you are subject to taxation in addition to the additional federal income taxes and interest you may pay under Section 409A.

In addition, if you are subject to the tax laws in more than one jurisdiction, you should be aware that tax consequences of more than one jurisdiction may apply to your Eligible Option(s) as a result of your participation in the Offer.

Section 12 of this Offer to Amend describes the material U.S. federal income tax consequences if you participate in the Offer and if you do not participate in the Offer. **You are strongly encouraged to consult with your personal tax advisor to confirm your individual state tax exposure.**

***If your Eligible Option was granted with the intention of being treated as an “incentive stock option” (as such term is defined under the Code), it may be that your Eligible Option does not need to be amended under the Offer or that your participation in the Offer may limit your ability to claim that your Eligible Option is an “incentive stock option.”***

Certain of the Eligible Options were originally granted with the intention that such awards would qualify as “incentive stock options” (or “ISOs”) as such term is defined for tax purposes. As provided in the Code, an option must be granted with an exercise price that is at least equal to the fair market value of our common stock on the “grant date” (among other requirements) to qualify as an ISO. In part because of this requirement as to the exercise price, ISOs are exempt from the adverse personal tax consequences of Section 409A. Therefore, as a result of the uncertainty described above as to whether the IRS will respect our original determination of the “grant date” for the Eligible Options, there can be no assurance that the Eligible Options that were granted with the intention of qualifying as ISOs will be respected by the IRS as ISOs or that such Eligible Options are not subject to Section 409A.

Given the lack of definitive guidance from the IRS, we will be treating all Eligible Options as non-qualified stock options (“NQOs”) from and after the date on which this Offer

commences, including Eligible Options that were intended to qualify as ISOs, regardless of whether the Eligible Optionee elects to participate in the Offer.

However, it should be noted that the amendment of the Eligible Options pursuant to this Offer may be viewed as a modification of the option which does not satisfy the statutory rules for ISO treatment. As a result, it may later be determined by the IRS that the Eligible Options could have remained ISOs if the Eligible Options had not been amended pursuant to the Offer. Additionally, if the IRS determines that the Eligible Options that were intended to be treated as ISOs do qualify as ISOs, then such ISOs would not have needed to be amended pursuant to the Offer to avoid the adverse personal tax consequences under Section 409A.

Section 12 of this Offer to Amend describes the material U.S. federal income tax consequences if you participate in the Offer and if you do not participate in the Offer. **You should review Section 12 carefully and you are strongly encouraged to consult with your own tax advisor to determine the tax consequences of the Offer applicable to your particular situation.**

#### **Procedural Risks**

***If you participate in the Offer, there are a number of procedural steps that must be followed for you to amend your Eligible Option(s). These procedural steps are discussed in greater detail in Sections 4 and 5 of this Offer to Amend. If you fail to follow these procedural steps, you will risk that your Eligible Option(s) will not be amended in the Offer.***

You are responsible for making sure that you have made an accurate and complete election prior to the Expiration Time. You should make a copy of the Election Form that you submit, the Outlook e-mail “**delivery receipt**” that you receive upon your submission if you submit the form by e-mail or any other delivery receipt you obtain if you submit your form in another permitted manner, and each Notice of Receipt of Election Form and Final Election Confirmation Statement that you receive. You must submit all Election Forms to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381.

Your Election Form, and any subsequent change thereto, must be received by 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later termination date if we extend the Offer). Any Election Form not received by the Expiration Time will be disregarded.

You will receive a Notice of Receipt of Election Form confirming your election within three business days after we receive your Election Form (or a change to your election) and then a Final Election Confirmation Statement within three business days after the Expiration Time. In the event that you do not receive the Notice of Receipt of Election Form or the Final Election Confirmation Statement confirming your elections in the time frames described above, you must send your printed copies of your Election Form and all delivery receipts and any Notice of Receipt of Election Form or Final Election Confirmation Statement that you did receive, to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700

Research Forest Drive, Suite 100, The Woodlands, Texas 77381. If you have any questions about submitting your Election Form, or if you do not receive your Notice of Receipt of Election Form or your Final Election Confirmation Statement, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

### **Business-Related Risks**

*If you participate in the Offer, you should be aware there are a number of risks that Newpark is exposed to in the ordinary course of its business.*

In addition to those risks discussed above, you are encouraged to read the risk factors outlined in our periodic and other reports filed with the SEC, including those in our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 16, 2007 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2007 and June 30, 2007 filed with the SEC on May 8, 2007 and August 3, 2007, which are incorporated by reference herein. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the risks actually occur, our business could be harmed. In that event, the trading price of our common stock could decline.

## SUMMARY TERM SHEET & FREQUENTLY ASKED QUESTIONS

This section provides a table describing the material terms of the Offer and then reviews, in question-and-answer format, the material terms of the Offer. The complete description of the Offer begins on page 30 of this Offer to Amend. Because this summary does not contain all of the information you should consider in deciding whether to accept the Offer, you should read carefully the remainder of this Offer to Amend (including the Exhibits to the Schedule TO available at [www.sec.gov](http://www.sec.gov) or by request to Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 and the Attachments hereto), as well as the information to which we refer you. The Offer is made subject to the terms and conditions of these documents, as they may be amended. You should also review and consider the risks detailed in the Risk Factors relating to the Offer.

### Summary of Material Terms of the Offers

<i>Eligible Options</i>	Eligible Options are those stock options that were granted (1) under the 1995 Plan, (2) with an exercise price per share that was less, or may have been less, than the fair market value per share of the Newpark common stock underlying the option on the option's grant date, and (3) with an original grant date as listed in <b>Attachment A</b> hereto. Note that all options granted on these dates are Eligible Options.
<i>Eligible Portion</i>	Only the Eligible Portion of an Eligible Option may be tendered in the Offer. The Eligible Portion of the Eligible Option is the portion that (1) vested or is scheduled to vest after December 31, 2004, (2) was granted to, and remains beneficially owned by, an Eligible Optionee and (3) remains outstanding and unexercised as of the Expiration Time.
<i>Eligible Optionees</i>	All individuals who were granted Eligible Option(s) and who, as of the Expiration Time, are (1) current employees of Newpark and (2) subject to U.S. taxation may participate in the Offer. However, none of our current or former executive officers or members of our Board of Directors (the " <b>Board</b> ") is eligible to participate in the Offer.
<i>Proposed Amendment</i>	Newpark will amend the Eligible Portion(s) of the Eligible Option(s) to reflect the Corrected Exercise Price and Revised Grant Date. The other material terms and conditions of the Eligible Option(s), including the vesting schedule and option expiration date, will not be affected by the Offer.
<i>Corrected Exercise Price &amp; Revised Grant Date</i>	For Eligible Options, the Corrected Exercise Price is set forth on <b>Attachment A</b> hereto.
<i>Cash Payment</i>	For each Eligible Option tendered and accepted under the Offer, Eligible Optionees will receive a cash payment equal to the increase

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in exercise price, multiplied by the total number of shares (including any unvested shares) subject to the Eligible Portion of such Eligible Option (less applicable tax withholding) (the “**Cash Payment**”). The Cash Payments are not subject to vesting ( i.e., continued service). However, the Cash Payment will not be made until the end of the first payroll cycle in January 2008.

<i>Election Choices</i>	If an Eligible Optionee wishes to tender an Eligible Option, he or she must tender the entire Eligible Portion of that Eligible Option. In addition, if an Eligible Optionee holds more than one Eligible Option and he or she wishes to participate in the Offer, all Eligible Options must be tendered.
<i>Treatment as NQO</i>	All Eligible Options will be treated as NQOs from and after the date on which the Offer commences, including any awards that were intended to qualify as ISOs.
<i>Ineligible Portion</i>	The portion of an Eligible Option (1) that is considered a “ <b>Grandfathered Option,</b> ” (2) that has already been exercised, (3) that has expired or otherwise been cancelled or (4) that is beneficially owned by someone other than the Eligible Optionee is not eligible for the Offer. A “Grandfathered Option” is the portion of your Eligible Option that was vested as of December 31, 2004.

## **Frequently Asked Questions**

### **General Questions about Section 409A & the Offer**

Please see the following sections of the Offer to Amend for more information on Section 409A: Section 2, Purpose of the Offer, beginning on page 35 and Section 12, Material U.S. Federal Income Tax Consequences, beginning on page 47. Please also see the following section of the Offer to Amend for further details about the terms and conditions of the Offer: Section 1, Eligible Optionees; Eligible Options; the Proposed Amendment; Additional Considerations; the Amended Options; Expiration and Extension of Offer, beginning on page 30.

### **Q1: What questions and answers can I find below regarding the Offer?**

#### ***General Questions about Section 409A and the Offer***

- Q2: Why is Newpark making the Offer?
- Q3: What is Section 409A?
- Q4: What happens if options are deemed to be deferred compensation under Section 409A?
- Q5: Why may Newpark stock options be deemed to have been granted at a discount for purposes of Section 409A?
- Q6: What is the Offer?
- Q7: Which Newpark stock options are subject to the Offer?

- Q8: What is the Eligible Portion of my Eligible Option?
- Q9: Am I an Eligible Optionee?
- Q10: If I live outside of the United States, may I participate in the Offer?
- Q11: Does the Offer apply to shares of Newpark common stock that I currently own?
- Q12: What happens to the portion of my Eligible Option(s) that I have already exercised?
- Q13: What happens to the portion of my Eligible Option(s) that was vested as of December 31, 2004?
- Q14: Will the vesting of my Eligible Option(s) change if I participate in the Offer?
- Q15: Will the number of shares subject to my Eligible Option(s) change if I participate in the Offer?
- Q16: Why am I receiving this Offer to Amend? Why does this Offer to Amend refer to the “**tendering**” of my Eligible Option(s)? What does “**tender**” mean?
- Q17: What does it mean to be a “**beneficial owner**” of an Eligible Option?

***Questions about the Corrected Exercise Price***

- Q18: Who sets the “**Corrected Exercise Price**”?
- Q19: If I elect to amend my Eligible Option, does the Corrected Exercise Price apply to all of the shares subject to my Eligible Option?
- Q20: If I elect to amend my Eligible Option(s), when can I exercise?

***Questions about the Cash Payment***

- Q21: How is the Cash Payment calculated?
- Q22: When will I be paid the Cash Payment?
- Q23: Is the Cash Payment subject to vesting? Will I receive the Cash Payment if my employment terminates before I fully vest in the shares subject to the Eligible Portion(s) of the Amended Option(s) or before the Cash Payment is paid?
- Q24: Do I receive the Cash Payment even if I never exercise the Amended Option(s)?
- Q25: Will I be taxed on the Cash Payment?

***Questions about Deciding Whether to Participate in the Offer***

- Q26: Am I required to participate in the Offer?
- Q27: If I accept the Offer, am I guaranteed that the Eligible Portion(s) of my Eligible Option(s) will not be subject to the adverse personal tax consequences under Section 409A?
- Q28: If I choose to participate in the Offer, am I required to amend the entire Eligible Portion of my Eligible Option? If I hold more than one Eligible Option, may I elect to amend only one of those Eligible Options?
- Q29: What happens if I hold Eligible Option(s) and I do not participate in the Offer?
- Q30: Will my decision about whether to participate or not in the Offer affect my eligibility to receive future equity awards from Newpark?
- Q31: What does Newpark think of the Offer?
- Q32: Can anyone at Newpark or Andrews Kurth LLP help me decide whether I should participate in the Offer?
- Q33: What risks should I consider in deciding whether to participate in the Offer?



Q34: How might stock price fluctuations in the future impact my decision?

Q35: Where can I find more information about the Offer?

***Questions about the Process of Making an Election under the Offer***

Q36: If I am an Eligible Optionee, how do I make an election to participate in the Offer?

Q37: If I am an Eligible Optionee but I do NOT want to amend my Eligible Option(s), do I need to fill out an Election Form?

Q38: During what period of time may I make my election?

Q39: How will I know if the period of time during which the Offer will remain open is extended?

Q40: What happens if my service with Newpark terminates prior to the Expiration Time?

Q41: Can I change my election after I have submitted my Election Form?

Q42: Can I exercise my Eligible Option(s) prior to the Expiration Time?

Q43: Will Newpark tell me if there is a problem with my Election Form?

Q44: How will I know if I have properly accepted the Offer?

Q45: If I accept the Offer, when will my Eligible Option(s) be amended?

Q46: Is there any reason why my Eligible Option(s) would not be amended if I make an election to accept the Offer?

***Questions about the Tax Consequences of the Offer***

Q47: What are the tax consequences to me under Section 409A if I do not accept the Offer?

Q48: What are the tax consequences to me if I accept the Offer and amend the Eligible Portion(s) of my Eligible Option(s)?

Q49: If my Eligible Option was granted as an ISO, will participation in the Offer cause them to be treated as NQOs?

Q50: What happens if the Internal Revenue Code changes again?

***General Questions about Section 409A and the Offer***

**Q2: Why is Newpark making the Offer?**

In June of 2006, we announced that our Board of Directors (the “Board”) initiated a review of our historical stock option grant practices and appointed the Audit Committee to oversee the investigation. The Audit Committee determined that the correct measurement dates for a number of stock option grants previously made by us, including grants during the period October 30, 2002 to June 1, 2005 (“**Review Period**”), differ from the measurement dates previously used to account for such option grants. The Audit Committee identified errors related to the determination of the measurement dates for grants of options where the price of our common stock on the selected grant date was lower than the price on the actual grant date which would permit recipients to exercise these options at a lower exercise price. As such, these affected stock options are deemed, for accounting purposes, to have been granted at a discount. Based on the determination made for accounting purposes, the discounted options (for accounting purposes) may now be deemed to have been granted at a discount for tax purposes, which may expose the holders of these impacted stock option grants to potentially adverse tax treatment under Section 409A of the Internal Revenue Code and state law equivalents.

The Offer is being made to permit certain holders (the Eligible Optionees) of those affected options (the Eligible Options) to address the potential adverse personal tax consequences that may apply to their Eligible Options under Section 409A and state law equivalents. By amending such options, the Eligible Optionee should be able to minimize or avoid the application of such adverse federal tax treatment and state law equivalents. However, you should note that the application of Section 409A to the Eligible Options is not entirely free from doubt, and we make no representations as to the effect of this Offer under Section 409A or state tax laws that are similar to Section 409A.

**Q3: What is Section 409A?**

Effective January 1, 2005, Section 409A of the Internal Revenue Code (the “Code”) was added to the Code by the American Jobs Creation Act of 2004 (the “AJCA”) to address perceived abuses in deferred compensation by restricting election and distribution alternatives. Under the AJCA, deferred compensation includes stock options with an exercise price that is less than the fair market value of the underlying common stock on the grant date to the extent such options were unvested as of December 31, 2004.

**Q4: What happens if options are deemed to be deferred compensation under Section 409A?**

We believe that the following adverse U.S. federal tax consequences may apply to Eligible Options:

- For Eligible Options which remain unexercised as of the end of a year after 2004, the Eligible Optionee would generally recognize taxable income in the tax year(s) after 2004 when the discounted option vests. However, during the Section 409A limited transition period, which is anticipated to expire December 31, 2007, a special rule generally provides for a delay in recognition of taxable income with respect to these unexercised Eligible Options until the year after the transition relief ends (2008). The amount of income recognized in connection with vesting will likely be equal to the fair market value of the newly vested shares, less the exercise price payable for those shares and less any income previously recognized. It is not clear how this value would be measured, such taxation would be measured at this point. Please note that taxation could occur in such manner even though the Eligible Option remains unexercised.
- The Eligible Optionee would generally recognize taxable income in the tax year(s) when the Eligible Option is exercised. The amount of income recognized in connection with the exercise of the option will likely be equal to the fair market value of the purchased shares, less the sum of the exercise price and any income previously recognized.
- The Eligible Optionee would incur an additional twenty percent (20%) tax because of Section 409A on the income recognized in connection with the paragraphs above.

- The Eligible Optionee may also be liable for additional tax in the nature of interest if the income should have been recognized in an earlier year than first reported.

We believe that taxation could occur in such manner even though the option remains unexercised. It is also possible that the optionee may be subject to additional annual income taxes and interest as described above, each year after vesting on any increase in the value of the option shares that has not previously been recognized as income, until the option is exercised or expires. It is not clear how any future annual increases in value would be measured at this point.

In addition, certain states have also adopted laws similar to Section 409A such that an optionee may also incur additional taxes and penalties under such state law provisions with respect to discounted options based on the state in which he or she is subject to taxation. You are strongly encouraged to consult with your personal tax advisor to confirm your individual state tax exposure.

You should consult with your personal financial, tax and legal advisors with regard to the impact of Section 409A (and applicable state tax laws) on your Eligible Option(s). However, you should note that Newport will report to the IRS (and any applicable state taxing authorities), and make applicable tax withholdings in respect of, any income that should be recognized by you under Section 409A in connection with those Eligible Options that are not amended in the Offer, as provided by applicable law. You will be solely responsible for any income taxes, penalties, and interest payable under Section 409A and state and foreign tax laws.

**Q5: Why may Newport stock options be deemed to have been granted at a discount for purposes of Section 409A?**

As part of our investigation into our option grant practices and related accounting and subsequent restatement of certain of our financial statements, it has been determined that certain stock options have a different **“measurement date”** for accounting purposes than the **“grant date”** set forth in the applicable option agreement. As the fair market value on the **“measurement date”** exceeds the fair market value on the **“grant date,”** the options are deemed to have been granted at a discount for purposes of our accounting treatment of the options.

The definition of **“measurement date”** for accounting purposes is somewhat different than the definition of **“grant date”** for tax purposes, but these two terms are not substantially different. Based on the currently available guidance under the Code, we believe that the IRS may determine that the **“grant date”** (for tax purposes, including for purposes of determining compliance with Section 409A) is the same as the **“measurement date”** (for accounting purposes) and, therefore, that the Newport stock options were granted at a discount for purposes of Section 409A.

**Q6: What is the Offer?**

Newport is offering to amend the Eligible Portion(s) of certain stock option grants that may be deemed to be discounted stock options so they should no longer be subject to the adverse personal tax treatment of Section 409A. Specifically, Newport is offering to amend the Eligible

Portion of each Eligible Option to reflect the Revised Grant Date and corresponding increase in the exercise price from the original exercise price to the Corrected Exercise Price, as set forth in **Attachment A** hereto.

Each Eligible Option that is amended pursuant to this Offer (the “**Amended Option**”) will otherwise have the same material terms and conditions as it did prior to the amendment, including the same exercise and vesting schedule and expiration date and the terms of the 1995 Plan.

As an additional part of the Offer, Eligible Optionees who accept this Offer to amend the Eligible Portion(s) of their Eligible Option(s) to reflect the Corrected Exercise Price will receive, with respect to each Amended Option, a cash payment equal to the applicable “**Price Differential**” (as set forth in **Attachment A** hereto) of the Amended Option, multiplied by the total number of shares (including any unvested shares) subject to the Eligible Portion (less applicable tax withholding) of the Amended Option (the “**Cash Payment**”). Eligible Optionees will be entitled to receive the Cash Payment regardless of whether they remain employed with Newpark on the actual payment date and regardless of whether the Eligible Portion of the Amended Options to which such payment relates has vested. However, in compliance with the applicable provisions of Section 409A, the Cash Payment will not be made until the end of the first payroll cycle in January 2008.

**Q7: Which Newpark stock options are subject to the Offer?**

As previously described, certain option grants that we call “**Eligible Options**” may be deemed to be nonqualified deferred compensation that is subject to adverse taxation under Section 409A and it is these stock options that are the subject of the Offer. If you are an Eligible Optionee you should have received a personalized Election Form along with this Offer to Amend that identifies your Eligible Option(s). Please see Q9 for more information on your status as an Eligible Optionee. Eligible Options are those stock options that have each of the following characteristics:

- options that were granted to an “**Eligible Optionee**” (defined below) under the Newpark Resources, Inc. 1995 Incentive Stock Option Plan, as amended (the “**1995 Plan**”); and
- options that were granted on any of the dates set forth in **Attachment A** hereto during the period from October 30, 2002 to June 1, 2005 (the “**Review Period**”); and
- options that were granted with an exercise price per share that was less, or may have been less, than the fair market value per share of the Newpark common stock underlying the option on the option’s grant date.

If you have a question as to whether any option that you were granted is an Eligible Option, please see the personalized Election Form sent to you in connection with this Offer to Amend. If you have any questions regarding your Election Form, or if you did not receive your Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

**Q8: What is the Eligible Portion of my Eligible Option?**

The portion of an Eligible Option that may be amended under the Offer has each of the following characteristics:

- the portion of the Eligible Option that vested, or is scheduled to vest, after December 31, 2004;
- the portion of the Eligible Option that is still outstanding and unexercised as of the Expiration Time; and
- the portion of the Eligible Option that is beneficially owned by the Eligible Optionee.

Only an Eligible Optionee may participate in the Offer. Therefore, any portion of an Eligible Option that is “**beneficially owned**” by a person who is not an Eligible Optionee may not be amended in the Offer. For example, if part of an Eligible Option is assigned by a domestic relations order (or comparable legal document) to your former spouse, only the portion that is beneficially owned by you may be eligible for amendment in the Offer.

**Q9: Am I an Eligible Optionee?**

You are an Eligible Optionee if you were granted an Eligible Option and, as of the Expiration Time, you are (1) a current employee of Newpark and (2) subject to taxation in the United States in respect of your Eligible Option(s). However, none of our current or former executive officers or members of our Board is eligible to participate in the Offer.

If you are an Eligible Optionee, you should have received a personalized Election Form that describes your Eligible Option(s). If you believe that you are an Eligible Optionee and if you have not yet received your personalized Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 immediately.

**Q10: If I live outside of the United States, may I participate in the Offer?**

If you are an Eligible Optionee who is subject to taxation in the United States, you may participate in the Offer regardless of where you live.

**Q11: Does the Offer apply to shares of Newpark common stock that I currently own?**

No. The Offer relates only to Eligible Options that are currently unexercised.

**Q12: What happens to the portion of my Eligible Option(s) that I have already exercised?**

Pursuant to the transitional relief and regulations under Section 409A, if you exercised your Eligible Option (or portion thereof) on or prior to December 31, 2004, that exercised portion should not be subject to the adverse personal tax consequences under Section 409A.

However, if you exercised your Eligible Option(s) (or portion thereof) after December 31, 2004, no similar transitional relief has been expressly provided by the Internal Revenue Service. The exercised Eligible Option(s) (or portion thereof) may be subject to adverse personal tax consequences under Section 409A (and similar state tax laws). You should consult with your personal financial, tax and legal advisors with regard to the impact of Section 409A (and applicable state tax laws) on your previously exercised Eligible Options.

**Q13: What happens to the portion of my Eligible Option(s) that was vested as of December 31, 2004?**

Under Section 409A, stock options (or any portion of a stock option) that had vested as of December 31, 2004 are exempted, or “grandfathered,” from the adverse personal tax treatment under Section 409A.

**Q14: Will the vesting of my Eligible Option(s) change if I participate in the Offer?**

No. Your Eligible Option(s), as amended by the Offer, will continue to be subject to the current vesting schedule.

**Q15: Will the number of shares subject to my Eligible Option(s) change if I participate in the Offer?**

No. The number of shares of our common stock subject to the Eligible Option(s) will not change, except as such number may change in accordance with the terms of the 1995 Plan in the event of any change in the capitalization of Newpark between the time the Offer commences and the Expiration Time.

**Q16: Why am I receiving this Offer to Amend? Why does this Offer to Amend refer to the “tendering” of my Eligible Option(s)? What does “tender” mean?**

We are offering to amend the Eligible Options in a way that requires the consent of the Eligible Optionee. The SEC may take the position that we are offering a new option to you in exchange for your existing option, or to “tender” your Eligible Option(s) to us and in exchange we will give you Amended Option(s). The SEC requires that if we are asking you to “tender” your Eligible Option(s), then we must make certain filings with the SEC and provide you with disclosures such as those contained in the Offer to Amend. The Offer to Amend contains the official terms and conditions of our Offer.

We will occasionally refer in this document to you “tendering” your Eligible Option(s) for amendment, by which we mean that you will deliver your Election Form to Newpark to amend the Eligible Portion(s) of your Eligible Option(s) for acceptance upon the expiration of the Offer.

**Q17: What does it mean to be a “beneficial owner” of an Eligible Option?**

The term “beneficial owner” means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect interest in an Eligible Option.

### *Questions about the Corrected Exercise Price*

#### **Q18: Who sets the “Corrected Exercise Price”?**

Our Board has determined the Corrected Exercise Price based on the Revised Grant Date that was determined as part of our recent review of our option grant practices. The Revised Grant Date is the **“measurement date”** that was determined for accounting purposes, and the Corrected Exercise Price is the fair market value of our common stock on the Revised Grant Date. In determining the fair market value of our common stock, we use the closing price of our common stock on the NYSE. Accordingly, the Corrected Exercise Price in the table attached hereto as **Attachment A** reflects the closing price of our common stock on the NYSE on the Revised Grant Date.

#### **Q19: If I elect to amend my Eligible Option, does the applicable Corrected Exercise Price apply to all of the shares subject to that Eligible Option?**

No. The Corrected Exercise Price applies only to the number of shares subject to the Eligible Portion of an Eligible Option that is amended pursuant to the Offer. The other shares that may be purchased upon the exercise of your Eligible Option (i.e., the shares that you purchase upon the exercise of the Ineligible Portion) will be purchased at the original exercise price.

#### **Q20: If I elect to amend my Eligible Option(s), when can I exercise?**

If you have properly accepted this Offer, Newpark will amend the Eligible Portion(s) of your Eligible Option(s), effective as of the Expiration Time (such date, the **“Amendment Date”**) to reflect the Corrected Exercise Price and Revised Grant Date. We will send you a Notice of Receipt of Election Form confirming your election within three business days after we receive your election (or a change to your election) and then a Final Election Confirmation Statement within three business days after the Expiration Time. Please note that, in order to process these option amendments in our stock database, your Amended Option (or, if you do not accept the Offer, your Eligible Option) may not be exercisable for up to five business days following the Expiration Time. Any exercise of your stock options must comply with the Newpark Insider Trading Policy and any interim blackout periods during which cashless exercises and sales to cover are not permitted. In addition, you may not exercise your unvested shares of your stock options.

### *Questions about the Cash Payment*

#### **Q21: How is the Cash Payment calculated?**

As an additional part of the Offer, Eligible Optionees who accept this Offer to amend the Eligible Portion(s) of their Eligible Option(s) to reflect the Corrected Exercise Price will receive, with respect to each Amended Option, a cash payment equal to the applicable **“Price Differential”** (indicated in the table attached hereto as **Attachment A**) of the Amended Option, multiplied by the total number of shares (including any unvested shares) subject to the Eligible Portion (less applicable tax withholding) of such Amended Option (the **“Cash Payment”**).

**Q22: When will I be paid the Cash Payment?**

In compliance with the applicable provisions of Section 409A, the Cash Payment will not be made until the end of the first payroll cycle in January 2008. The rules under Section 409A do not allow us to make the Cash Payments in the same calendar year in which the Eligible Options are amended.

**Q23: Is the Cash Payment subject to vesting? Will I receive the Cash Payment if my employment terminates before I fully vest in the shares subject to the Eligible Portion(s) of the Amended Option(s) or before the Cash Payment is paid?**

The Cash Payment is not subject to vesting or otherwise subject to forfeiture. Eligible Optionees will be entitled to receive the Cash Payment regardless of whether they remain employed with Newpark on the actual payment date and regardless of whether the Eligible Portion(s) of the Amended Option(s) to which such payment relates has vested or ever vests.

**Q24: Do I receive the Cash Payment even if I never exercise the Amended Option(s)?**

Yes. The Cash Payment will be paid in January 2008, regardless of whether you have exercised the Amended Option(s) at that time and regardless of whether you ever exercise the Amended Option(s).

**Q25: Will I be taxed on the Cash Payment?**

Yes. The Cash Payment will be deemed compensation income to you. Newpark will withhold from the Cash Payment amounts required for employment and income taxes on the Cash Payment as required by applicable law.

***Questions about Deciding Whether to Participate in the Offer***

**Q26: Am I required to participate in the Offer?**

No. Participation in the Offer is voluntary and you are not required to amend your Eligible Option(s). However, at this time, Newpark considers this Offer a one-time-only opportunity, and is not considering making any additional tender offers or providing Eligible Optionees with additional opportunities to amend their Eligible Options to comply with Section 409A and applicable state tax laws of similar effect.

**Q27: If I accept the Offer, am I guaranteed that the Eligible Portion(s) of my Eligible Option(s) will not be subject to the adverse personal tax consequences under Section 409A?**

No. At this time there is relatively limited guidance as to how Section 409A applies to Eligible Options, including Eligible Options that are amended pursuant to the Offer. We believe that this Offer complies in good faith with available guidance to avoid or minimize the potentially adverse personal tax consequences of Section 409A.



Please see Section 12 of the Offer to Amend, Material U.S. Federal Income Tax Consequences, beginning on page 47 for more detailed information regarding the potential tax consequences of this Offer.

We strongly recommend that you consult with your personal financial, tax and legal advisors to determine the tax consequences of electing or declining to participate in the Offer.

**Q28: If I choose to participate in the Offer, am I required to amend the entire Eligible Portion of my Eligible Option? If I hold more than one Eligible Option, may I elect to amend only one of those Eligible Options?**

If you tender an Eligible Option for amendment, you must tender the entire Eligible Portion of that Eligible Option. If you hold more than one Eligible Option and you wish to participate in the Offer, you must tender all of your Eligible Options. You may not tender less than all of your Eligible Options.

**Q29: What happens if I hold an Eligible Option(s) and I do not participate in the Offer?**

If you do not elect to participate in the Offer, or if your election covers less than all of your Eligible Options, then Newport will not amend any of your Eligible Option(s) to reflect the new applicable Corrected Exercise Price(s) and Revised Grant Date(s). In addition, you will have no right to receive any Cash Payment.

However, you should be aware that adverse personal tax consequences under Section 409A (and state tax laws) may apply to any Eligible Option that is not amended pursuant to this Offer, and you will be solely responsible for any taxes, penalties, or interest payable under Section 409A (and state tax laws).

**Q30: Will my decision about whether to participate or not in the Offer affect my eligibility to receive future equity awards from Newport?**

No. Your decision to accept or reject the Offer will have no effect on your eligibility to receive additional option grants or other equity awards in the future from Newport. Any additional equity awards granted to Eligible Optionees in the future will be made in the sole discretion of the Board (or a duly appointed committee thereof) without regard to a decision to accept or reject the Offer.

**Q31: What does Newport think of the Offer?**

Although the Board has approved the Offer, neither Newport nor our Board makes any recommendation as to whether you should participate in the Offer. You must make your own decision as to whether to accept the Offer and amend the Eligible Portion(s) of your Eligible Option(s). You should carefully review this Offer to Amend, all of the Exhibits to the Schedule TO available at [www.sec.gov](http://www.sec.gov) and the Attachments hereto in their entirety before deciding whether to elect to participate in the Offer. We strongly recommend that you consult with your personal financial, tax, and legal advisors in order to determine whether to accept or decline this Offer.

**Q32: Can anyone at Newpark or Andrews Kurth LLP help me decide whether I should participate in the Offer?**

Unfortunately, no. We have not authorized any person to make any recommendation on our behalf as to whether you should amend your Eligible Option(s) pursuant to the Offer. We have not authorized anyone to give you any information or to make any representation in connection with the Offer other than the information and representations contained in the Offer to Amend and the Attachments hereto and the Exhibits to the Schedule TO available at [www.sec.gov](http://www.sec.gov) or by request by contacting Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800. If anyone (including anyone at Newpark or Andrews Kurth LLP) makes any such recommendation or representation to you or gives you any such information, you must not rely upon that recommendation, representation or information as having been authorized by Newpark. We strongly recommend that you consult with your personal financial, tax and legal advisors to determine the tax consequences of electing or declining to participate in the Offer.

**Q33: What risks should I consider in deciding whether to participate in the Offer?**

Amending your Eligible Option(s) pursuant to the Offer does involve some risks. In particular, if you amend an Eligible Option, you will change the exercise price for the Eligible Portion of such Eligible Option. In amending your Eligible Option(s), you should also carefully consider this risk, the risks that are part of our business and financial condition, as well as certain tax risks, which are described beginning on page 47 of this Offer to Amend.

**Q34: How might stock price fluctuations in the future impact my decision?**

While we believe that this Offer will give Eligible Optionees the opportunity to avoid or minimize the adverse personal tax consequences of Section 409A and state tax laws of similar effect, we cannot guarantee that Eligible Optionees will ultimately be better off by holding options with the Corrected Exercise Price(s) than they would by not participating in the Offer, exercising at the original exercise price, and paying the resulting taxes and any associated penalties and interest charges. We strongly recommend that you consult with your personal financial, tax and legal advisors to determine the consequences of accepting or rejecting the Offer.

**Q35: Where can I find more information about the Offer?**

The complete terms and conditions of the Offer are set forth in the Offer to Amend, including the Exhibits to the Schedule TO available at [www.sec.gov](http://www.sec.gov) or by contacting Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 and the Attachments hereto. You should carefully read the Offer to Amend in its entirety to learn about the Offer.

***Questions about the Process of Making an Election under the Offer***

**Q36: If I am an Eligible Optionee, how do I make an election to participate in the Offer?**

If you are an Eligible Optionee, then you should have received a personalized Election Form (in substantially the form of **Attachment B** hereto) that describes your Eligible Option(s) (including the Eligible Portion(s) thereof). If you believe you may be an Eligible Optionee and

have not yet received your personalized Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 immediately.

Whether you accept the Offer or not, you must complete and submit an Election Form that sets forth your election for all of your Eligible Option(s). You must print a copy of your personalized Election Form; complete and sign the form; and then submit your completed personalized Election Form to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. Your Election Form, and any subsequent change thereto, must be received by 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later termination date if we extend the Offer). Any Election Form not received by the Expiration Time will be disregarded.

When you submit your completed Election Form via e-mail, please use the "delivery receipt" option in Outlook and print a copy of the delivery receipt for your records. When you submit your completed Election Form via fax, you should save a copy of the fax confirmation for your records, and if you submit your completed Election Form via express delivery, you should obtain a copy of the delivery receipt and retain that for your records. You will need to submit copies of these documents as evidence of your timely delivery of your completed Election Form in the event that you do not receive a Notice of Receipt of Election Form or Final Election Form Confirmation Statement.

**Q37: If I am an Eligible Optionee but I do NOT want to amend my Eligible Option(s), do I need to fill out an Election Form?**

Yes. If you are an Eligible Optionee, you will need to fill out an Election Form even if you do not wish to amend your Eligible Option(s) in order to formally notify Newpark that you are rejecting the Offer as to your Eligible Option(s).

Please note that if you do not elect to amend the Eligible Portion(s) of your Eligible Option(s), adverse personal tax consequences under Section 409A (and similar state tax laws) may apply to your Eligible Option(s), and you will be solely responsible for any income taxes, penalties, or interest payable under Section 409A (and similar state tax laws).

**Q38: During what period of time may I make my election?**

The Offer, and your right to tender or not to tender your Eligible Option(s) for amendment, and your right to withdraw or change any previous election to tender or not to tender your Eligible Option(s) for amendment, expires at 5:00 p.m., Central Time, on Thursday, December 6, 2007 (the "**Expiration Time**", unless and until we, in our discretion or as required, extend the period of time during which the Offer will remain open).

If we extend the period of time during which the Offer will remain open, the term "**Expiration Time**" will refer to the latest time and date at which the Offer expires. We must receive your Election Form (and any changes thereto) before the extended Expiration Time. If we do not receive your complete and correct Election Form and any other required documentation before the Expiration Time, you will not be able to amend your Eligible Option(s).

**Q39: How will I know if the period of time during which the Offer will remain open is extended?**

If we extend the length of time during which the Offer is open, we will issue an announcement no later than 5:00 p.m., Central Time, on Thursday, December 6, 2007. Any announcement relating to the Offer will be sent promptly to all Eligible Optionees in a manner reasonably designed to inform Eligible Optionees of the change, which may include an e-mail communication from Mark Airola.

**Q40: What happens if my service with Newpark terminates prior to the Expiration Time?**

If your service to us terminates prior to the Expiration Time, you will no longer be an Eligible Optionee and you will no longer be eligible to participate in the Offer. At that time as you no longer qualify as an Eligible Optionee, you will not be required to submit an Election Form.

**Q41: Can I change my election after I have submitted my Election Form?**

You may change your previously submitted Election Form at any time prior to the Expiration Time. You may change your previously submitted election more than once. To submit a change to your election during the Offer, you must deliver a copy of a new Election Form prior to the Expiration Time to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. You should print a copy of your revised Election Form and any documents reflecting its delivery and keep these documents with your other records for this Offer.

**Q42: Can I exercise my Eligible Option(s) prior to the Expiration Time?**

You may exercise your Eligible Option(s) during the term of the Offer, provided that such exercise complies with the existing terms of your Eligible Option(s), the Newpark Insider Trading Policy and any interim blackout periods during which cashless exercises and sales to cover are not permitted. However, any election you have made to accept the Offer as to the exercised shares will be null and void. Potential adverse personal tax consequences under Section 409A (and similar state tax laws) may apply to the Eligible Portion of any Eligible Option that is exercised prior to the Expiration Time and therefore not amended pursuant to this Offer, and you will be solely responsible for any taxes, penalties, or interest payable under Section 409A (and any similar state laws).

**Q43: Will Newpark tell me if there is a problem with my Election Form?**

If you have properly submitted your Election Form, we will send you a Notice of Receipt of Election Form within three business days after we have received your election (or change in election). If you do not receive such a Notice of Receipt of Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800. Please note that Newpark is not obligated to give you notice of any defects or irregularities in any Election Form, or other related documentation, and no one will be liable for failing to give notice of any defects or irregularities.

**Q44: How will I know if I have properly accepted the Offer?**

You will receive a Notice of Receipt of Election Form confirming your election within three business days after we receive your election (or a change to your election) and then a Final Election Confirmation Statement within three business days after the Expiration Time. If you have a question prior to the Expiration Time regarding the validity of your election, please send your question to Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

Newpark will determine, in our discretion, all questions as to the form and validity, including time of receipt, of documentation related to this Offer. Our determinations regarding these matters will be final and binding.

**Q45: If I accept the Offer, when will my Eligible Option(s) be amended?**

Unless we amend or terminate the Offer in accordance with its terms, Newpark will amend the Eligible Portion of those Eligible Options as to which you properly made a valid election (and did not validly revoke that election) effective as of the Expiration Time (such date, the “**Amendment Date**”, is currently expected to be Thursday, December 6, 2007) to reflect the applicable Corrected Exercise Price and Revised Grant Date. Please note that, in order to process these option amendments in our stock database, your Amended Option (or, if you decline the Offer, your Eligible Option(s)) may not be exercisable for up to five business days following the Expiration Time. Any exercise of your stock options must comply with the Newpark Insider Trading Policy and any interim blackout periods during which cashless exercises and sales to cover are not permitted. In addition, you may not exercise unvested shares of your stock options.

**Q46: Is there any reason why my Eligible Option(s) would not be amended if I make an election to accept the Offer?**

This Offer is subject to the terms and conditions described in the Offer to Amend. We will only accept elections as to the Eligible Portions of the Eligible Options that are properly submitted for amendment and not validly withdrawn in accordance with Sections 4 and 5 of the Offer to Amend before the Expiration Time. We may, however, reject any or all Election Forms to the extent that we determine they were not properly submitted, to the extent that we determine it is unlawful to accept the Eligible Options tendered for amendment or to the extent certain conditions described in the Offer to Amend exist which in our reasonable judgment makes it inadvisable to proceed with the Offer. See Sections 6 and 7 of the Offer to Amend.

*Questions about the Tax Consequences of the Offer*

**Q47: What are the tax consequences to me under Section 409A if I don't accept the Offer?**

If you do not accept the Offer as to your Eligible Option(s), you may be subject to taxation as described in Q4 above. You should consult with your personal financial, tax and legal advisors with regard to the impact of Section 409A on your Eligible Option(s). Please note, however that Newpark will report to the IRS (and any applicable state taxing authorities), and make applicable tax withholdings in respect of, any income that should be recognized by you under Section 409A (and any state law equivalent) in connection with those Eligible Options that are not amended in the Offer, as provided by applicable law. You will be solely responsible for

any income taxes, penalties, or interest payable under Section 409A and state and foreign tax laws.

**Q48: What are the tax consequences to me if I accept the Offer and amend the Eligible Portion(s) of my Eligible Option(s)?**

If you accept the Offer to amend the Eligible Portion(s) of your Eligible Option(s), the amendment of your Eligible Option(s) should not be a taxable event for U.S. federal income tax purposes. At this time, there is relatively limited guidance as to how Section 409A applies to Amended Options. We believe that we have complied in good faith with available guidance with respect to offering to amend Eligible Options pursuant to the Offer to avoid the potentially adverse personal tax consequences of Section 409A and applicable state tax laws of similar effect.

**Q49: If my Eligible Option was granted as an ISO, will participation in the Offer cause them to be treated as NQOs?**

Some of the Eligible Options were originally granted with the intention that such awards would qualify as “incentive stock options” (or “ISOs”) for tax purposes. As provided in the Code, an option must be granted with an exercise price that is at least equal to the fair market value of our common stock on the “grant date” (among other requirements) to qualify as an ISO. Under Section 409A, ISOs are exempt from the adverse personal tax consequences described above. Therefore, as a result of the uncertainty described above as to whether the IRS will respect our original determination of the “grant date” for the Eligible Options, there can be no assurance that the Eligible Options that were granted with the intention of qualifying as ISOs will be respected by the IRS as ISOs or that such Eligible Options are not subject to Section 409A.

Given the lack of definitive guidance from the IRS, Newpark will be treating all Eligible Options as NQOs from and after the date on which this Offer commences, including Eligible Options that were intended to qualify as ISOs, regardless of whether the Eligible Optionee elects to participate in the Offer.

In addition, it should be noted that the amendment of the Eligible Options pursuant to this Offer may be viewed as a modification of the option which does not satisfy the statutory rules for ISO treatment. As a result, it may later be determined by the IRS that the Eligible Options could have remained ISOs if the Eligible Options had not been amended pursuant to the Offer. Additionally, if the IRS determines that the Eligible Options that were intended to be treated as ISOs do qualify as ISOs, then such ISOs would not have needed to be amended pursuant to the Offer to avoid the adverse personal tax consequences under Section 409A.

**Q50: What happens if the Internal Revenue Code changes again?**

Although we believe that the Offer gives our Eligible Optionees an opportunity to avoid certain penalties and other adverse personal tax consequences under Section 409A in light of current guidance, we cannot guarantee that future guidance, the final regulations, or other changes to Section 409A, will not affect the tax treatment of your Eligible Option(s) in the future. We do not expect to offer another option amendment program in the foreseeable future.

However, based on additional guidance or regulations issued by the U.S. Treasury Department or the IRS, we may consider additional remedial actions.

We strongly recommend that you consult with your personal financial, tax and legal advisors to determine the tax consequences of electing or declining to participate in the Offer.

## OFFER TO AMEND ELIGIBLE OPTIONS

### INTRODUCTION

#### THE OFFER

#### 1. ELIGIBLE OPTIONEES; ELIGIBLE OPTIONS; THE PROPOSED AMENDMENT; ADDITIONAL CONSIDERATIONS; THE AMENDED OPTIONS; EXPIRATION AND EXTENSION OF OFFER.

Newpark Resources, Inc. (“**Newpark**”) is offering certain optionees (the “**Eligible Optionees**”) the opportunity to amend certain portions of certain options to purchase Newpark common stock that were granted under the Newpark Resources, Inc. 1995 Incentive Stock Option Plan, as amended (the “**1995 Plan**”). As described in this Section 1 of this Offer to Amend Eligible Options (the “**Offer to Amend**”), the Eligible Option(s) will be amended to reflect the applicable “**Revised Grant Date(s)**” (i.e., the “**measurement date**” that was determined for accounting purposes) and the “**Corrected Exercise Price(s)**” (i.e., the fair market value of the common stock on the Revised Grant Date) as applicable to the Eligible Portion(s) (as defined herein). The other material terms and conditions of the Eligible Option(s) (as amended pursuant to this Offer, the “**Amended Option(s)**”), including any current vesting schedule, will not be affected by the Offer.

We are making the Offer on the terms and subject to the conditions described in this Offer to Amend, as they may be amended from time to time, and these terms and conditions constitute the “**Offer.**” The Offer is not conditioned upon the acceptance of the Offer by a minimum number of optionees or the tender of elections to amend options covering a minimum number of shares.

#### *Eligible Optionees.*

All individuals who were granted an Eligible Option and who, as of the Expiration Time, are (1) current employees of Newpark and (2) subject to taxation in the United States may participate in the Offer (the “**Eligible Optionees**”). However, none of our current or former executive officers or members of our Board of Directors (the “**Board**”) is eligible to participate in the Offer. Unless expressly provided otherwise by the applicable laws of a non-U.S. jurisdiction, your employment with Newpark will remain “**at-will**” regardless of your participation in the Offer and can be terminated by you or us at any time.

#### *Eligible Options.*

The stock options that are the subject of this Offer are those stock options that have each of the following characteristics (the “**Eligible Options**”):

- options that were granted to an Eligible Optionee under the 1995 Plan; and
-



- options that were granted on any of the dates set forth in **Attachment A** hereto during the period from October 30, 2002 to June 1, 2005 (the **“Review Period”**); and
- options that were granted with an exercise price per share that was less, or may have been less, than the fair market value per share of the Newpark common stock underlying the option on the option’s grant date.

If you have a question as to whether an option that was granted to you during the Review Period is an Eligible Option, see the personalized Election Form sent to you in connection with this Offer to Amend. If you have any questions regarding your Election Form or you did not receive your Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

Only certain portions of an Eligible Option may be amended under the Offer. The portion of an Eligible Option that is eligible to be amended under the Offer is the portion that has each of the following characteristics (the **“Eligible Portion”**):

- the portion of an Eligible Option that vested, or is scheduled to vest, after December 31, 2004; and
- the portion of an Eligible Option that is still outstanding and unexercised as of the Expiration Time; and
- the portion of an Eligible Option that is beneficially owned by the Eligible Optionee.

Any portion beneficially owned by a person who is not an Eligible Optionee may not be amended in the Offer (even if legal title to that portion of an Eligible Option is held by you and you are an Eligible Optionee). The Eligible Portion of an Eligible Option that is covered by a domestic relations order (or comparable legal document as the result of the end of a marriage) is the portion of that Eligible Option that is beneficially owned by the Eligible Optionee.

For example, if you hold an Eligible Option to purchase 1,000 shares that is subject to a domestic relations or similar order, and 200 of those shares are beneficially owned by your former spouse, and you have exercised 500 of the remaining 800 shares, then you may elect to amend the Eligible Option only as to the 300 shares subject to the part of the Eligible Option that you beneficially own.

Please note that the portions of Eligible Options (A) that are considered **“Grandfathered Options”** (defined below), (B) that have already been exercised, (C) that have expired or otherwise been cancelled or (D) that are beneficially owned by someone other than the Eligible Optionee are not eligible for the Offer (collectively, the **“Ineligible Portion”**). A **“Grandfathered Option”** is the portion of your Eligible Option that was vested as of December 31, 2004. Under the currently available guidance under Section 409A, Grandfathered Options are exempt from the adverse personal tax treatment under Section 409A and therefore are not

eligible to participate in this Offer. Any amendment of the Eligible Portion(s) of your Eligible Option(s) will not affect the Ineligible Portion(s) of your Eligible Option.

If you are an Eligible Optionee, then you should have received a personalized Election Form (in substantially the form of **Attachment B** hereto) that describes your Eligible Option(s) (including the Eligible Portion(s) thereof). If you believe that you are an Eligible Optionee and you have not yet received your personalized Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 immediately.

As of November 1, 2007, options to purchase 1,674,676 shares of Newpark common stock were outstanding under our 1995 Plan with exercise prices of between \$2.90 and \$8.55 per share. Of these options, the Eligible Portions of the Eligible Options cover an aggregate of 140,279 shares of our common stock. As of November 1, 2007, the shares of common stock issuable upon the exercise of the Eligible Portions of the Eligible Options represent approximately 8.38% of the total shares of common stock issuable upon exercise of all options outstanding under the 1995 Plan and approximately 0.15% of the total outstanding shares of Newpark's common stock on a fully-diluted basis.

#### *The Proposed Amendment.*

The Offer is an offer to amend your Eligible Option(s) to increase the original exercise price of the Eligible Portion(s) to the applicable Corrected Exercise Price(s). **Attachment A** hereto sets forth the original date of grant, the original exercise price, the "**Revised Grant Date(s)**" (i.e., the "**measurement date**" that was determined for accounting purposes), the "**Corrected Exercise Price(s)**" (i.e., the fair market value of the common stock on the Revised Grant Date), and the applicable "**Price Differential**" (i.e., the difference per share between the original exercise price and the Corrected Exercise Price). In determining the fair market value of our common stock on a given date, we use the closing price of our common stock on the New York Stock Exchange (the "**NYSE**"). Accordingly, the Corrected Exercise Price(s) in the table set forth in **Attachment A** hereto reflects the closing price of our common stock on the NYSE on the Revised Grant Date(s).

Eligible Options amended pursuant to this Offer (the "**Amended Option(s)**") will generally have the same material terms and conditions as prior to the amendment, including the same vesting schedule and expiration date, except that the Eligible Portions of an Amended Option will have a new exercise price and new deemed date of grant.

As an additional part of the Offer, Eligible Optionees who accept this Offer to amend the Eligible Portion(s) of their Eligible Option(s) to reflect the applicable Corrected Exercise Price(s) will receive, with respect to each Amended Option, a cash payment equal to the applicable Price Differential of the Amended Option, multiplied by the total number of shares (including any unvested shares) subject to the Eligible Portion at the Expiration Time (less applicable tax withholding) of the Amended Option (the "**Cash Payment**"). Promptly following the expiration of the Offer, we will send each Eligible Optionee who holds an Amended Option a Final Election Confirmation Statement that will contain a "**Promise to Make Cash Payment**" evidencing the right to receive the Cash Payment. Eligible Optionees will be entitled to receive the Cash Payments regardless of whether they remain employed with Newpark on the actual

payment date and regardless of whether the Eligible Portion(s) of the Amended Option(s) to which such payment relates vested or ever vests. However, in compliance with the applicable provisions of Section 409A, the Cash Payment will not be made until the end of the first payroll cycle in January 2008.

You are not required to tender your Eligible Option(s) for amendment. If you elect to tender the Eligible Portion(s) of your Eligible Option(s), you must tender the entire Eligible Portion(s). If you hold more than one Eligible Option and you wish to participate in the Offer, you must tender all of your Eligible Options. You may not tender less than all of your Eligible Option(s). You may not tender stock options that are not Eligible Options. If you hold more than one Newpark stock option, you may hold both Eligible Option(s) and options that are not affected by Section 409A. Your personalized Election Form will identify which of your stock options is an Eligible Option for purposes of this Offer.

*Additional Considerations.*

In deciding whether to accept the Offer to amend your Eligible Option(s) to reflect the applicable Corrected Exercise Price(s) and Revised Grant Date(s), you should know that Newpark continually evaluates and explores strategic opportunities as they arise, including business combination transactions, strategic partnerships, capital infusions, and the purchase or sale of assets. At any given time, we may be engaged in discussions or negotiations with respect to various corporate transactions. We also grant options in the ordinary course of business to our current and new employees, including our executive officers. Our employees, including our executive officers, from time to time acquire or dispose of our securities. Subject to the foregoing, and except as otherwise disclosed in the Offer or in our filings with the SEC, we presently have no plans or proposals that relate to or would result in:

- a. any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- b. any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;
- c. any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- d. any change in our present Board or executive management team, including any plans to change the number or term of our directors or to fill any existing Board vacancies or to change the material terms of any executive officer's employment;
- e. any other material change in our corporate structure or business;
- f. our common stock not being authorized for quotation in an automated quotation system operated by a national securities association;
- g. our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934 (the "**Securities Exchange Act**");

- h. the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act;
- i. the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course or pursuant to existing options or other rights; or
- j. any material change in our certificate of incorporation or bylaws, or any actions which may impede the acquisition of control of us by any person.

*The Amended Options.*

Unless we amend or terminate the Offer in accordance with its terms, Newpark will amend the Eligible Options as to which participating Eligible Optionees properly made a valid election (and did not validly revoke that election), effective as of the Expiration Time (such date, the “**Amendment Date**”, is currently expected to be Thursday, December 6, 2007) to reflect the applicable Corrected Exercise Prices and Revised Grant Dates as applicable to the Eligible Portions.

The amendment of the Eligible Portions of an Eligible Option pursuant to the Offer will not affect the terms and conditions of the Eligible Portions, other than as to the exercise price and deemed date of grant, and will not affect the Ineligible Portions of the Eligible Options. Each Amended Option will continue to be subject to the same vesting schedule as in effect prior to the amendment pursuant to the Offer. The number of shares of our common stock subject to each Amended Option will be equal to the number of shares of our common stock subject to the applicable Eligible Options prior to the amendment (except as such number may be adjusted in the event of certain corporate changes as currently provided in the 1995 Plan).

Each Amended Option (including the Ineligible Portion, if any) will continue to be subject to the terms and conditions of the 1995 Plan. The 1995 Plan is administered by our Compensation Committee. The issuances of all shares of common stock issuable upon exercise of options under the 1995 Plan, including the shares that will be issuable upon exercise of the Amended Options, have been registered under the Securities Act of 1933, as amended (the “**Securities Act**”) on one or more Registration Statements on Form S-8 filed with the SEC. The preceding description of the 1995 Plan is a summary and is not complete. Additional information about the 1995 Plan may be found in the 1995 Plan, which is filed as an Exhibit to the Schedule TO available at [www.sec.gov](http://www.sec.gov) and is incorporated herein by reference, and in the Form S-8 Registration Statements and the related Prospectuses prepared in connection with the 1995 Plan. Please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800 to request copies of the 1995 Plan and the related Prospectuses. Copies will be provided promptly and at our expense. You should carefully review the current terms of your Eligible Options, as well as the 1995 Plan and Plan Prospectuses.

Please note, however, that this Offer is subject to the terms and conditions described in this Offer to Amend. As further described in Section 6 below, we will only accept elections as to the Eligible Portions of the Eligible Options that are properly submitted for amendment and not validly withdrawn (in accordance with Sections 4 and 5 of this Offer to Amend) before the

Expiration Time. We may, however, reject an Election Form to the extent that we determine it was not properly submitted, to the extent that we determine it is unlawful to accept the Eligible Option tendered for amendment or to the extent certain conditions described in this Offer to Amend exist which in our reasonable judgment makes it inadvisable to proceed with the Offer. See Sections 6 and 7 of this Offer to Amend.

*Expiration and Extension of Offer.*

The Offer, your right to tender or not to tender your Eligible Option(s) for amendment, and your right to withdraw or change any previous election to tender or not to tender your Eligible Option(s) for amendment, expires at 5:00 p.m., Central Time, on Thursday, December 6, 2007, unless and until we, in our discretion or as required, extend the period of time during which the Offer will remain open. If you wish to accept the Offer, you must make a voluntary election before the Expiration Time to amend the Eligible Portion(s) of your Eligible Option(s). Any election to amend your Eligible Option(s), if not validly withdrawn before the Expiration Time, will be irrevocable after that time.

If we extend the period of time during which the Offer will remain open, the term “**Expiration Time**” will refer to the latest time and date at which the Offer expires and we must receive the required election documents before the extended Expiration Time. Section 13 of this Offer to Amend describes our rights to extend, terminate and amend the Offer.

If you do not elect to amend the Eligible Portion(s) of your Eligible Option(s) before the Expiration Time, the Eligible Portion(s) will remain subject to the current terms, including the current exercise price(s), exercise schedule(s) and expiration date(s). You should be aware that adverse personal tax consequences under Section 409A (and state tax laws of similar effect) may apply to each of your Eligible Option(s) if it is not amended pursuant to this Offer, and you will be solely responsible for any income taxes, penalties, or interest payable under Section 409A (and state tax laws of similar effect). We encourage you to consult with your personal tax, legal and financial advisor.

**2. PURPOSE OF THE OFFER.**

A cornerstone of our success has been the motivation of our employees through appropriate levels of cash and equity compensation. We granted the Eligible Options to attract and motivate our employees and to strengthen the alignment of interests between our employees and stockholders.

Newpark has determined that certain stock options that were approved for grant under the 1995 Plan were granted at a discount from fair market value for accounting purposes and, therefore, may be subject to adverse personal tax consequences under Section 409A and the guidance and the regulations issued by the IRS thereunder. Section 409A, effective January 1, 2005, was added by the AJCA to address perceived abuses in deferred compensation by restricting election and distribution alternatives. Under the AJCA, deferred compensation includes stock options granted with an exercise price that is less than the fair market value of the underlying common stock to the extent such options were unvested as of December 31, 2004.

Although it is not clear how stock options which are deemed to be deferred compensation would be treated under Section 409A, we believe that the following adverse U.S. federal tax consequences may apply to Eligible Options:

- For Eligible Options which remain unexercised as of the end of a year after 2004, the Eligible Optionee would generally recognize taxable income in the tax year(s) after 2004 when the discounted option vests. However, during the Section 409A limited transition period, which is anticipated to expire December 31, 2007, a special rule generally provides for a delay in recognition of taxable income with respect to these unexercised Eligible Options until the year after the transition relief ends (2008). The amount of income recognized in connection with vesting will likely be equal to the fair market value of the newly vested shares, less the exercise price payable for those shares and less any income previously recognized. It is not clear how this value would be measured at this point. Please note that taxation could occur in such manner even though the Eligible Option remains unexercised.
- The Eligible Optionee would generally recognize taxable income in the tax year(s) when the Eligible Option is exercised. The amount of income recognized in connection with the exercise of the option will likely be equal to the fair market value of the purchased shares, less the sum of the exercise price and any income previously recognized.
- The Eligible Optionee would incur an additional twenty percent (20%) tax because of Section 409A on the income recognized in connection with the paragraphs above.
- The Eligible Optionee may also be liable for additional tax in the nature of interest if the income should have been recognized in an earlier year than first reported.

We believe that taxation could occur in such manner even though the option remains unexercised. It is also possible that the optionee may be subject to additional annual income taxes and interest as described above, each year after vesting on any increase in the value of the option shares that has not previously been recognized as income, until the option is exercised or expires. It is not clear how any future annual increases in value would be measured at this point.

In addition, certain states have also adopted laws similar to Section 409A such that an optionee may also incur additional taxes and penalties under such state law provisions with respect to discounted options based on the state in which he or she is subject to taxation. You are strongly encouraged to consult with your personal tax advisor to confirm your individual state tax exposure.

The Offer is being made to permit Eligible Optionees to address the potential adverse tax consequences that may apply to their Eligible Options under Section 409A, by amending such options with terms that we believe should avoid or minimize the application of such adverse federal tax treatment. However, you should note that the application of Section 409A to the Eligible Options is not entirely free from doubt and we make no representations as to the effect of this Offer under Section 409A or under similar state tax laws. See Section 12, Material U.S. Federal Income Tax Consequences, beginning on page 47.

Neither we nor our Board will make any recommendation as to whether you should accept the Offer to amend the Eligible Portion(s) of your Eligible Option(s), nor have we authorized any person to make any such recommendation. You must make your own decision whether to accept the Offer, after taking into account your own personal circumstances and preferences. You should be aware that adverse personal tax consequences under Section 409A (and state tax laws that are similar to Section 409A) may apply to each of your Eligible Option(s) if it is not amended pursuant to the Offer and you will be solely responsible for such consequences. You are urged to evaluate carefully all of the information in the Offer and to consult your own investment, legal and tax advisors.

### 3. STATUS OF ELIGIBLE OPTIONS NOT AMENDED IN THE OFFER.

If you choose not to accept the Offer to amend your Eligible Option(s), your Eligible Option(s) will remain outstanding in accordance with the existing terms and you may be subject to adverse personal tax consequences under Section 409A (and similar state tax laws) with respect to the Eligible Portion(s). You will be solely responsible for any taxes, penalties or interest payable under Section 409A (and state tax laws).

### 4. PROCEDURES FOR AMENDING ELIGIBLE OPTIONS.

#### *Making Your Election*

**Obtain Personalized Election Form.** In connection with this Offer, each Eligible Optionee is receiving a personalized Election Form (in substantially the form of **Attachment B** hereto) that describes his or her Eligible Option(s) (including the Eligible Portion(s) thereof). If you believe you are an Eligible Optionee and you did not receive your personalized Election Form, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

**Complete the Election Form.** If you are an Eligible Optionee, and regardless of whether you wish to accept or decline the Offer, you must:

- Print a copy of your personalized Election Form;
- Complete and sign the Election Form; and
- submit your completed Election Form to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. **You must complete and submit an Election Form that sets forth your election for each of your Eligible Option(s) whether or not you elect to amend any of your Eligible Option(s).**

Your Election Form must be received by 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later termination date if we extend the Offer). Any Election Form not received by the Expiration Time will be disregarded. **If you do not complete and submit your Election Form before the Offer expires, it will have the same effect as if you rejected the Offer.**

Please keep a copy of your Election Form(s) for your records. When you submit your Election Form via e-mail to Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com), please use the “**delivery receipt**” option in Outlook and print a copy of the delivery receipt that is sent to you so that you have a record of delivery. When you submit your completed Election Form via fax, you should save a copy of the fax confirmation for your records, and if you submit your completed Election Form via express delivery, you should obtain a copy of the delivery receipt and retain that for your records. You will need to submit copies of these documents as evidence of your timely and proper submission in the event that you do not receive a Notice of Receipt of Election Form or Final Election Confirmation Statement.

**Receive Confirmation of Election.** Within three business days after your Election Form is received, we will provide to you a Notice of Receipt of Election Form that confirms your election (in substantially the form of **Attachment C** hereto). Within three business days after the Expiration Time, we will provide to you a Final Election Confirmation Statement that confirms the last election that you made for your Eligible Option(s) as of the Expiration Time (in substantially the form of **Attachment D** or **Attachment E** hereto, as applicable). Please print and keep a copy of the Notice of Receipt of Election Form(s) and Final Election Confirmation Statement that you receive. In the event that you do not receive a Notice of Receipt of Election Form(s) or Final Election Confirmation Statement confirming your elections in the time frames described, you must send your printed copies of your last Election Form, e-mail delivery receipt or other documents evidencing timely delivery and any Notice of Receipt of Election Form or Final Election Confirmation Statement that you did receive to Mark Airola to evidence proper and timely submission of your Election Form. You must submit such materials to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. If you have any questions about submitting your Election Form, or if you do not receive your Notice of Receipt of Election Form(s) or your Final Election Confirmation Statement, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

**Acceptance of Election Forms.** As further described in Sections 6 and 13 of this Offer to Amend, while we may later extend, terminate or amend the Offer, we currently expect to accept all properly submitted Eligible Options promptly following the deadline of 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later expiration date if Newpark extends the Offer). ***If you do not complete and submit your Election Form before the Offer expires, it will have the same effect as if you rejected the Offer.*** However, as further described in Section 6 of this Offer to Amend, we may decline to amend any Eligible Options to the extent that we determine the Election Form is not properly completed or submitted or to the extent that we determine it would be unlawful to accept an Eligible Option for amendment.

## 5. CHANGE IN ELECTION.

Once you have submitted an Election Form with respect to your Eligible Option(s), you may only change your election by following the procedures described in this Section 5.

You may change your election at any time before 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later expiration date if we extend the Offer). You may change your



election more than once. Additionally, you may withdraw your election to amend your Eligible Option(s) if forty (40) business days after the commencement of the Offer we have not accepted your Eligible Option(s) for amendment. The date of the fortieth (40th) business day after commencement of the Offer is Thursday, January 3, 2008.

**Complete the Election Form.** To change your election, you must submit a new Election Form to Mark Airola by one of the means specified above.

**Your Election Form must be received by 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later termination date if we extend the Offer). Any attempt to change your elections will be disregarded if all of the necessary forms are not received by the Expiration Time.**

Please keep a copy of your new Election Form. When you submit your new Election Form by e-mail, please use the “**delivery receipt**” option in Outlook and print a copy of the delivery receipt so that you have a record of delivery. If you submit your new Election Form by another permitted means, you should retain some other evidence of delivery. You will need to submit copies of these documents as evidence of your timely and proper submission in the event that you do not receive a new Notice of Receipt of Election Form (in substantially the form of **Attachment C** hereto) or a Final Election Confirmation Statement.

**Receive Confirmation of Election.** Within three (3) business days after your Election Form (or any change thereto) is received, we will provide to you a Notice of Receipt of Election Form that confirms your election (in substantially the form of **Attachment C** hereto). Within three (3) business days after the Expiration Time, we will provide to you a Final Election Confirmation Statement that confirms the last election that you made for each of your Eligible Option(s) as of the Expiration Time (in substantially the form of **Attachment D** or **Attachment E** hereto, as applicable). Please print and keep a copy of the Notice of Receipt of Election Form(s) and Final Election Confirmation Statement that you receive. In the event that you do not receive a Notice of Receipt of Election Form or Final Election Confirmation Statement confirming your elections in the time frames so described, you must send your printed copies of your last Election Form, any delivery receipts and any Notice of Receipt of Election Form or Final Election Confirmation Statement that you did receive, to Mark Airola to evidence proper and timely submission of your elections (and any change thereto). These materials must be submitted to Mark Airola by any of the following means: via fax at (281) 362-6801, hand delivery, email at [mairola@newpark.com](mailto:mairola@newpark.com), interoffice mail, or U.S. mail, courier or express delivery to 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. If you have any questions about submitting your Election Form (or a change thereto), or if you do not receive your Notice of Receipt of Election Form(s) or your Final Election Confirmation Statement, please contact Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800.

## **6. ACCEPTANCE OF ELIGIBLE OPTIONS FOR AMENDMENT.**

**Acceptance of Election Forms.** While we may later extend, terminate or amend the Offer, we currently expect to accept for amendment all Election Forms properly submitted (and not validly withdrawn) in respect of the Eligible Portion of Eligible Options promptly following the Expiration Time (which we currently expect to be 5:00 p.m., Central Time, on Thursday,

December 6, 2007 (or a later expiration date if Newpark extends the Offer)). If we receive and accept elections from all Eligible Optionees as to all of the Eligible Options, subject to the terms and conditions of this Offer, we will amend options to purchase a total of approximately 140,279 shares of our common stock issuable under the 1995 Plan, or approximately 0.15% of the total shares of our common stock outstanding on as of November 1, 2007 on a fully-diluted basis.

***Determination of Validity; Rejection of Eligible Options; Waiver of Defects; No Obligation to Give Notice of Defects.*** We will determine, in our sole discretion, all questions as to the number of shares subject to the Eligible Options and the Eligible Portion(s) of the Eligible Option(s), as well as the validity, form, eligibility (including time of receipt) and acceptance of Election Forms. Our determinations regarding these matters will be final and binding on all parties. We may reject any or all Election Forms to the extent that we determine they were not properly completed or submitted or to the extent that we determine it is unlawful to accept an Eligible Option that you elected to amend.

We may waive any or all of the conditions of the Offer for all Eligible Optionees. If we waive a condition to the Offer for any one Eligible Optionee, the condition will be waived for all Eligible Optionees.

We may waive any defect or irregularity in any Election Form with respect to any particular Eligible Option or any particular Eligible Optionee. No Eligible Option(s) will be accepted for amendment until all defects or irregularities in the submission have been cured by the Eligible Optionee or waived by us. However, neither we nor any other person is obligated to give notice of any defects or irregularities involved in the election to amend any Eligible Option, and no one will be liable for failing to give notice of any such defects or irregularities.

Our Acceptance Constitutes an Agreement. Your acceptance of the Offer pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Offer. If you receive a Final Election Confirmation Statement, you may assume that your properly executed and delivered Election Form has been accepted. Our acceptance of your properly submitted Election Form will form a binding agreement between you and us on the terms and subject to the conditions of this Offer. If we accept your election to amend your Eligible Option(s), the Eligible Option(s) will be considered automatically amended as to the Eligible Portion(s), effective as of the Amendment Date, without any further action by any party.

## **7. CONDITIONS OF THE OFFER.**

Notwithstanding any other provision of the Offer, we will not be required to accept the Eligible Option(s) that you elect to amend, and we may terminate or amend the Offer, or postpone our acceptance of the Eligible Option(s) that you elect to amend, in each case if at any time on or after the date hereof and on or before Thursday, December 6, 2007, or a later date if the Offer is extended, if we determine that any of the following events has occurred that, in our reasonable judgment, materially impairs the contemplated benefits of the Offer to us and thus makes it inadvisable for us to proceed with the Offer or to accept the Eligible Options that you elect to amend:

- if we are required by the SEC or other regulatory agency to extend the Expiration Time beyond 5:00 p.m., Central Time, on Thursday, December 6, 2007;
- if any action or proceeding is threatened, pending or taken, or any approval is withheld, by any court or any government agency, authority, or tribunal, or any other person, domestic or foreign, which action or withholding, in our reasonable judgment, would or might directly or indirectly:
  - i) challenge the making of the Offer or make it illegal for us to accept some or all of the Eligible Options or otherwise restrict or prohibit consummation of the Offer or otherwise relate to the Offer;
  - ii) delay or restrict our ability, or render us unable, to accept the Eligible Options for amendment for some or all of the Eligible Options elected for amendment; or
  - iii) materially and adversely affect our business, condition (financial or other), income, operations or prospects;
- if regulatory or legal actions or interpretations would cause the Offer to have adverse accounting consequences to us;
- if there is:
  - i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;
  - ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory; or
  - iii) any outbreak or material escalation of foreign or domestic hostilities or other calamity, crisis or terrorist action;
- if another person publicly makes or proposes a tender or exchange offer for some or all of our common stock, or an offer to merge with or acquire us, or we learn that:
  - i) any person, entity or **“group,”** within the meaning of Section 13(d)(3) of the Securities Exchange Act has acquired or proposed to acquire beneficial ownership of more than five percent (5%) of the outstanding shares of our common stock, or any new group shall have been formed that beneficially owns more than five percent (5%) of the outstanding shares of our common stock, other than any such person, entity or group that has filed a Schedule

13D or Schedule 13G with the SEC before the date hereof; or

- ii) any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 disclosing or making a public announcement that it intends to acquire us or any of our assets or securities; or

- the following change or changes occur in our business, condition (financial or other), assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to us;

- i) litigation or other proceedings instituted against us or our subsidiaries, or any of our officers or directors in their capacities as such, before or by any federal, state or local court, commission, regulatory body, administrative agency or other governmental or legislative body, domestic or foreign, in which an unfavorable ruling, decision, action, order, decree or finding resulting from such litigation or proceeding would materially and adversely affect Newport;
- ii) a material loss or interference with our business or properties from fire, explosion, earthquake, flood or other casualty, whether or not covered by insurance, or from any labor dispute;
- iii) a substantial decline or increase in our stock price or significant volatility in the market price of our stock resulting from any number of factors, including fluctuations in our operating results, announcements of technological innovations or new products, the announcement, commencement, developments in proprietary rights, or general market conditions;
- iv) the suspension of trading in our equity securities by the SEC or by the NYSE; or
- v) a material change in the prospects of our business resulting from any number of factors including, fluctuations in our operating results, announcements of technological innovations or new products, developments in proprietary rights, general market conditions, a material adverse change in the financial or securities markets in the United States or in political, financial or economic conditions in the United States or any outbreak or material escalation of foreign or domestic hostilities or other calamity or crisis.

- if we determine that an alternative solution is available to Newpark and the Eligible Optionees to resolve the adverse personal tax consequences for Eligible Optionees relating to the Eligible Options and the Board approves such alternative solution.

The conditions to the Offer are for our benefit. We may assert the conditions to the Offer in our discretion before the Expiration Time and we may waive the conditions to the Offer in accordance with applicable law, at any time and from time to time before the Expiration Time, whether or not we waive any other condition to the Offer. Should we decide to waive any of the conditions to the Offer, we must do so before 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later expiration date if the Offer is extended).

Our failure to exercise any of these rights is not a waiver of any of these rights. The waiver of any of these rights with respect to particular facts and circumstances is not a waiver with respect to any other facts and circumstances. However, once we choose to waive a particular right, we may not reassert that particular right again in this Offer. Any determination we make concerning the events described in this Section 7 will be final and binding on all Eligible Optionees.

We currently expect that we will accept promptly after the Expiration Time all Eligible Options that are properly submitted to be amended and have not been validly withdrawn prior to the Expiration Time.

The Offer is not conditioned upon any financing arrangement or financing plans.

## 8. PRICE RANGE OF COMMON STOCK.

There is no established trading market for the Eligible Options. The securities underlying the Eligible Options are shares of our common stock, which are quoted on the NYSE under the symbol "NR."

The following table sets forth the high and low sales price per share of our common stock for the periods indicated.

	<u>High</u>	<u>Low</u>
<b>Year ended December 31, 2007</b>		
Fourth Quarter (through November 1, 2007)	\$6.50	\$ 5.36
Third Quarter	\$8.14	\$ 4.97
Second Quarter	\$8.41	\$ 6.99
First Quarter	\$7.25	\$ 5.75
<b>Year ended December 31, 2006</b>		
Fourth Quarter	\$7.68	\$ 5.06
Third Quarter	\$6.40	\$ 4.87
Second Quarter	\$8.36	\$ 5.05
First Quarter	\$9.65	\$ 6.90
<b>Year ended December 31, 2005</b>		
Fourth Quarter	\$8.54	\$6.7626

	<u>High</u>	<u>Low</u>
Third Quarter	\$8.99	\$7.25
Second Quarter	\$7.64	\$5.65
First Quarter	\$6.65	\$4.72

As of November 1, 2007, there were approximately 2,353 holders of record of our common stock who together held approximately 90,436,690 shares of our common stock. The remainder of our shares outstanding are held by brokers and other institutions on behalf of stockholders.

We have not paid or declared any cash dividends in the past five years. We currently expect to retain working capital for use in the operation and expansion of our business and therefore do not anticipate paying any cash dividends for the foreseeable future.

As of November 1, 2007, the closing price of our common stock, as reported on the NYSE, was \$5.84 per share.

#### **9. INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS; TRANSACTIONS AND ARRANGEMENTS INVOLVING OPTIONS.**

The directors and executive officers of Newpark and their positions and offices as of November 1, 2007 are set forth in the following table:

<u>Name</u>	<u>Age</u>	<u>Position(s) Held With Newpark</u>
Jerry W. Box		Chairman of the Board, Director
Paul L. Howes		Chief Executive Officer, President and Director
James Braun		Vice President and Chief Financial Officer
Sammy Cooper		Vice President and President of Environmental Services
Bruce Smith		Vice President and President of Fluids Systems and Engineering
Sean Mikaelian		Vice President and President of Mats and Integrated Services
Mark Airola		Vice President, General Counsel, Corporate Secretary and Chief Administrative Officer
Gregg Piontek		Vice President, Controller and Chief Accounting Officer
Joe Gocke		Vice President and Treasurer
Frank Lyon, Ph.D.		Vice President — Technical Services
David C. Anderson		Director
G. Stephen Finley		Director
James W. McFarland, Ph.D.		Director
F. Walker Tucei Jr.		Director
Gary L. Warren		Director

The address of each director and executive officer is c/o Newpark Resources, Inc., 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381 and the telephone number is (281) 362-6800. None of our current or former executive officers or members of our Board is eligible to participate in the Offer.

As of November 1, 2007, our executive officers and directors as a group (15 persons) held outstanding options to purchase a total of 125,000 shares of our common stock under the 1995 Plan. This represented approximately 7.46% of the shares subject to all outstanding options under the 1995 Plan as of that date. The following table sets forth the beneficial ownership of each of our directors and executive officers and all of our executive officers and directors as a group (15 persons) of the aggregate number of shares subject to all outstanding options held by such persons under the 1995 Plan as of November 1, 2007. The percentages below are based upon the total number of outstanding options under the 1995 Plan.

Name of Optionee	Number of Outstanding Options Beneficially Owned (Total Options) (#)	Percentage of Options Outstanding (%)
<i>Directors:</i>		
Jerry W. Box	—	*%
Paul L. Howes	—	*%
David C. Anderson	—	*%
G. Stephen Finley	—	*%
James W. McFarland, Ph.D.	—	*%
F. Walker Tucei Jr.	—	*%
Gary L. Warren	—	*%
<i>Executive Officers (Non-Directors):</i>		
James Braun	—	*%
Sammy Cooper	6,000	*%
Bruce Smith	81,000	4.83%
Sean Mikaelian	—	*%
Mark Airola	—	*%
Gregg Piontek	—	*%
Joe Gocke	—	*%
Frank Lyon Ph.D.	38,000	2.27%
All directors and executive officers as a group (15 persons)	125,000	7.46%

\* Indicates less than 1%.

As of November 1, 2007, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers is a party to any agreement, arrangement, understanding or relationship, whether or not legally enforceable, with any other person relating directly or indirectly, with respect to options to purchase our common stock or Eligible Options, including but not limited to, any agreement, arrangement, understanding or relationship concerning the transfer or the voting of our securities, joint ventures, loan or option arrangements, puts or call, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations, except for the following:

- outstanding options to purchase an aggregate of 1,674,676 shares of our common stock pursuant to our 1995 Plan;

- outstanding options to purchase an aggregate of 1,960,600 shares of our common stock pursuant to our equity compensation plans (other than the 1995 Plan); and
- the outstanding stock options granted to our Named Executive Officers and described in our definitive Proxy Statement for our 2007 Annual Meeting of Stockholders, filed with the SEC on April 30, 2007 and in our other filings with the SEC pursuant to the rules and regulations promulgated under the Securities Exchange Act, which are incorporated herein by reference.

To the best of our knowledge, neither we, our directors, our executive officers or the affiliates of any of our directors or executive officers have engaged in any transactions that involved options to purchase our common stock during the 60 days prior to the date of this Offer to Amend other than option grants made in the ordinary course of business to Newpark employees.

#### **10. ACCOUNTING CONSEQUENCES OF THE OFFER.**

Assuming all of the Eligible Options subject to this Offer are tendered, we anticipate that we will incur a cash expense of up to approximately \$175,000. This amount includes, but is not limited to, filing, legal and accounting fees and printing costs. According to Financial Accounting Standards No. 123(R) (“**FAS No. 123(R)**”), *Share-Based Payment*, a company modifying an award under FAS No. 123(R) would incur non-cash compensation cost for any incremental difference in fair value between the new award and the old award, measuring the old award’s fair value immediately before the modification. If the Eligible Options are tendered, the modified awards are expected to result in a lower fair value than the original awards, and thus, the modification is not expected to result in an accounting consequence.

#### **11. LEGAL MATTERS; REGULATORY APPROVALS.**

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by the Offer, or of any approval or other action by any government or regulatory authority or agency that is required for completion of the Offer. If any other approval or action should be required, we presently intend to seek the approval or take the action. This could require us to delay the acceptance of the Eligible Option(s) that you elect to amend. We cannot assure you that we would be able to obtain any required approval or take any other required action. Our failure to obtain any required approval or take any required action might result in harm to our business or delay in the Offer. Our obligation under the Offer to amend Eligible Options is subject to conditions, including the conditions described in Section 7 of this Offer to Amend.



## 12. MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES.

The following is a general summary of the material U.S. federal income tax consequences of the amendment of Eligible Options under the Offer. **Before accepting the Offer, we strongly recommend that you consult with your personal financial, tax and legal advisors to determine the federal, state, local and foreign tax consequences of electing or declining to participate in the Offer. Actual tax liability or any penalties as a result of a failure to timely remit the proper amount of taxes will be your responsibility to pay.** This discussion is based on the Code, its legislative history, Treasury Regulations (including those in proposed form) and administrative and judicial interpretations as of the date of the Offer, all of which may change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of Eligible Optionees.

*Tax Consequences Generally Applicable to Non-qualified Stock Options.* As a result of our determination that Eligible Options were granted with an exercise price per share that was less than the fair market value per share of the Newpark common stock underlying the option on the option's grant date for accounting purposes, and regardless of whether an Eligible Option was intended at the grant date to qualify as an ISO, all Eligible Options will be treated as NQOs from and after the date on which the Offer commences, including any awards that were intended to qualify as ISOs.

Under the Code, no taxable income is recognized by an optionee upon the grant of a non-qualified stock option. In general, the optionee will recognize ordinary income, in the year in which the option is exercised, equal to the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for the shares, and the optionee will be required to satisfy the tax withholding requirements applicable to such income. Newpark will generally be entitled to an income tax deduction equal to the amount of ordinary income recognized by the optionee with respect to the exercised non-qualified stock option. The deduction will generally be allowed for our taxable year in which such ordinary income is recognized by the optionee.

*Tax Consequences Related to Eligible Options that Are Not Amended in the Offer.* Because Eligible Options were granted with an exercise price that was less, or may have been less, than the fair market value of the underlying shares on the date of grant for tax purposes, and if such Eligible Options were not fully vested prior to January 1, 2005 and were not exercised on or prior to December 31, 2004, such Eligible Options may be deemed to be nonqualified deferred compensation that is subject to adverse taxation under Section 409A (and state tax laws of similar effect). Although it is not entirely clear how options that are deemed to be nonqualified deferred compensation would be treated under Section 409A (and state tax laws of similar effect), we believe that the following adverse U.S. federal tax consequences may apply to the Eligible Options:

- For Eligible Options which remain unexercised as of the end of a year after 2004, the Eligible Optionee would generally recognize taxable income in the tax year(s) after 2004 when the discounted option vests. However, during the Section 409A

limited transition period, which is anticipated to expire December 31, 2007, a special rule generally provides for a delay in recognition of taxable income with respect to these unexercised Eligible Options until the year after the transition relief ends (2008). The amount of income recognized in connection with vesting will likely be equal to the fair market value of the newly vested shares, less the exercise price payable for those shares and less any income previously recognized. It is not clear how this value would be measured at this point. Please note that taxation could occur in such manner even though the Eligible Option remains unexercised.

- The Eligible Optionee would generally recognize taxable income in the tax year(s) when the Eligible Option is exercised. The amount of income recognized in connection with the exercise of the option will likely be equal to the fair market value of the purchased shares, less the sum of the exercise price and any income previously recognized.
- The Eligible Optionee would incur an additional twenty percent (20%) tax because of Section 409A on the income recognized in connection with the paragraphs above.
- The Eligible Optionee may also be liable for additional tax in the nature of interest if the income should have been recognized in an earlier year than first reported.
- We believe that taxation could occur in such manner even though the option remains unexercised. It is also possible that the optionee may be subject to additional annual income taxes and interest as described above, each year after vesting on any increase in the value of the option shares that has not previously been recognized as income, until the option is exercised or expires. It is not clear how any future annual increases in value would be measured at this point.

In addition, certain states have also adopted laws similar to Section 409A such that an optionee may also incur additional taxes and penalties under such state law provisions with respect to discounted options based on the state in which he or she is subject to taxation. You are strongly encouraged to consult with your personal tax advisor to confirm your individual state tax exposure.

You should consult with your personal financial, tax and legal advisors with regard to the impact of Section 409A (and applicable state tax laws) on your Eligible Option(s). Please note that Newpark will report to the IRS (and any applicable state taxing authorities), and make applicable tax withholdings in respect of, any income that should be recognized by Eligible Optionees under Section 409A (and applicable state tax laws) in connection with those Eligible Options that are not amended in the Offer, as provided by applicable law. ***You will be solely responsible for any income taxes, penalties, and interest payable under Section 409A and state and foreign tax laws.***

*Tax Consequences Related to Eligible Options that Are Amended in the Offer.*

- *Acceptance of Offer.* If you accept the Offer to amend the Eligible Portion(s) of your Eligible Option(s), there should be no taxable event for U.S. federal income tax purposes at the time of your acceptance.
- *Amendment of the Eligible Option.* The amendment of your Eligible Option and the Promise to Make Payment (as set forth in the Final Election Confirmation Statement) should not be a taxable event for U.S. federal income tax purposes.
- *Payment of the Cash Payment.* The Cash Payment will be deemed compensation income to you. Newpark will withhold from the Cash Payment amounts required to be withheld for employment and income taxes on the Cash Payment. Newpark will generally be entitled to an income tax deduction equal to the amount of compensation income recognized by you with respect to the Cash Payment.
- *Exercise of Amended Option.* Amended Options will be treated as non-qualified stock options for U.S. federal income tax purposes. Accordingly, upon each exercise of your Amended Option, you will recognize ordinary income taxable at regular rates equal to the excess of (i) the fair market value of the purchased shares at the time of exercise over (ii) the exercise price paid for those shares, and Newpark will collect the applicable withholding taxes with respect to such income.
- *Sale of Acquired Shares.* The subsequent sale of the shares acquired upon the exercise of an Amended Option will give rise to a capital gain to the extent the amount realized upon that sale exceeds the sum of the (i) exercise price paid for the shares plus (ii) the taxable income recognized in connection with the exercise of the Amended Option for those shares. A capital loss will result to the extent the amount realized upon such sale is less than such sum. The gain or loss will be long-term if the shares are sold more than one (1) year after the date the Amended Option is exercised for those shares.

At this time there is relatively little guidance as to how Section 409A applies to Eligible Options that are amended pursuant to the Offer. However, we believe that we have complied in good faith with available guidance with respect to offering to amend Eligible Options pursuant to the Offer to avoid the adverse personal tax consequences of Section 409A and applicable state tax laws of similar effect. Nevertheless, guidance issued after the date of this Offer or a determination by the IRS or other taxing authority could provide that Amended Options do not avoid such adverse personal tax consequences.

*Other Tax Consequences.* If you are subject to the tax laws in more than one jurisdiction, you should be aware that tax consequences of more than one country may apply to you as a result of your receipt, vesting or exercise of an Eligible Option and/or your participation in the Offer. You should be certain to consult your personal tax advisor to discuss these consequences. In addition to this Offer, you should review the prospectuses for the 1995 Plan and its discussion of U.S. federal income tax consequences. You can request copies of the 1995 Plan prospectuses

from Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or (281) 362-6800. We will provide copies, free of charge, upon request.

### **13. EXTENSION OF OFFER; TERMINATION; AMENDMENT.**

We expressly reserve the right, in our discretion, at any time and from time to time, to extend the period of time during which the Offer is open and delay accepting any options tendered for amendment by announcing the extension and giving oral or written notice of the extension to the Eligible Optionees.

We also expressly reserve the right, in our discretion, prior to the Expiration Time, to terminate or amend the Offer and to postpone our acceptance of any Eligible Options tendered for amendment if any of the conditions specified in Section 7 of this Offer to Amend occur. To postpone the acceptance of any Eligible Option, we must announce the postponement and give oral or written notice of the postponement to the Eligible Optionees.

As long as we comply with any applicable laws, we may amend the Offer in any way, including decreasing or increasing the number of Eligible Options to be amended in the Offer. We may amend the Offer at any time by announcing the amendment. If we extend the length of time during which the Offer is open, we will issue the amendment no later than 5:00 p.m., Central Time, on Thursday, December 6, 2007. Any announcement relating to the Offer will be sent promptly to Eligible Optionees in a manner reasonably designed to inform Eligible Optionees of the change.

If we materially change the terms of the Offer or the information about the Offer, or if we waive a material condition of the Offer, we may extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Securities Exchange Act. Under these rules, the minimum period an Offer must remain open following material changes in the terms of the Offer or information about the Offer will depend on the facts and circumstances. We will publish a notice if we decide to take any of the following actions:

- increase or decrease the number of Eligible Options to be amended in the Offer; or
- extend or terminate the Offer.

If the Offer is scheduled to expire within ten (10) business days from the date we notify you of such an increase or decrease, we intend to extend the Offer until ten (10) business days after the date the notice is published.

#### **14. FEES AND EXPENSES.**

We will not pay any fees or commissions to any broker, dealer or other person asking holders of Eligible Options to amend their Eligible Options in connection with this Offer.

#### **15. SOURCE AND AMOUNT OF CONSIDERATION.**

In addition to the Amended Options, we will issue Cash Payments with respect to the Eligible Portions of the Amended Options. Cash Payments will be made from Newpark's general corporate assets, and Eligible Optionees will be general creditors of Newpark with respect to the Cash Payments until they are received.

If we receive and accept elections from all Eligible Optionees as to all of the Eligible Options, subject to the terms and conditions of this Offer, we will amend options to purchase a total of approximately 140,279 shares of our common stock, or approximately 0.15% of the total shares of our common stock outstanding as of November 2, 2007 on a fully diluted basis, and the maximum aggregate Cash Payments payable pursuant to this Offer will be approximately \$132,618.

#### **16. INFORMATION ABOUT NEWPARK.**

*General.* Our principal executive offices are located at Newpark Resources, Inc., 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381 and our telephone number is (281) 362-6800. Our website address is [www.newpark.com](http://www.newpark.com). The information on our website is not a part of this Offer.

Newpark Resources, Inc. was organized in 1932 as a Nevada corporation. In April 1991, we changed our state of incorporation to Delaware. We are a diversified oil and gas industry supplier with three operating segments: fluids systems and engineering, mat and integrated services, and environmental services.

We provide these products and services principally to the oil and gas exploration and production ("E&P") industry in the U.S. Gulf Coast, West Texas, U.S. Mid-continent, U.S. Rocky Mountains, Canada, Mexico, Brazil and areas of Europe and North Africa surrounding the Mediterranean Sea. Further, we are expanding our presence outside the E&P sector, particularly in mat and integrated services, where we are marketing to utilities, municipalities, and government sectors.

*Financial.* The following selected financial data is derived from our consolidated financial statements, as filed with the SEC. The selected financial data should be read in conjunction with the consolidated financial statements and notes thereto and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on March 16, 2007, and our Quarterly Report on Form 10-Q for the period ended June 30, 2007 filed with the SEC on August 3, 2007. All amounts are in thousands, except per share data.

	Year Ended		Six Months Ended	
	December 31, 2005	December 31, 2006	June 30, 2006	June 30, 2007
			(unaudited)	
(in thousands, except per share data)				
<b>Statement of Operations Data:</b>				
Revenue	\$553,632	\$668,199	\$322,603	\$334,251
Operating income (loss)	49,969	(3,706)	29,952	32,658
Net income (loss)	22,781	(32,281)	12,108	12,533
Net income (loss) per common and common equivalent share – basic	\$ 0.26	\$ (0.36)	\$ 0.14	\$ 0.14
Net income (loss) per common and common equivalent share – diluted	\$ 0.26	\$ (0.36)	\$ 0.13	\$ 0.14

**Balance Sheet Data:**

Working capital	\$180,549	\$217,723	\$191,687	\$219,375
Total assets	651,294	627,669	683,967	618,090
Short-term debt	23,586	15,146	19,650	10,929
Long-term debt	185,933	198,186	196,087	166,040
Total stockholders' equity	346,725	323,143	365,904	341,738

*Ratio of Earnings to Fixed Charges.*

The financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on March 16, 2007, and our Quarterly Report on Form 10-Q for the period ended June 30, 2007 filed with the SEC on August 3, 2007 are incorporated by reference herein and may be inspected at, and copies may be obtained from, the places and in the manner described in Section 17— “Additional Information.”

	9 months Ended 9/30/2007	(RESTATED) 2006	(RESTATED) 2005
<b>Earnings:</b>			
Income from continuing before income taxes	\$ 11,562	\$ 41,910	\$ 28,245
Interest expense	12,655	19,948	16,123
Capitalized expenses related to indebtedness	839	541	801
Portion of rents representative of the interest factor	516	1,671	1,560
	<u>\$ 25,572</u>	<u>\$ 64,070</u>	<u>\$ 46,729</u>
<b>Fixed Charges:</b>			
Interest expense, including amount capitalized	\$ 13,494	\$ 20,489	\$ 16,924
Capitalized expenses related to indebtedness	839	541	801
Portion of rent representative of the interest factor	516	1,671	1,560
	<u>\$ 14,849</u>	<u>\$ 22,701</u>	<u>\$ 19,285</u>
Ratio of earnings to fixed charges	\$ 1.72	\$ 2.82	\$ 2.42

*Litigation.*

Settlement of Shareholder Derivative and Class Action Litigation

On April 13, 2007, we announced that, subject to court approval, we had reached a settlement of our pending derivative and class action litigation described below. Under the terms of the settlement, we will pay \$1.6 million, and our directors and officers' liability insurance carrier will pay \$8.3 million. A portion of these amounts will be used to pay administration costs and legal fees. The settlement resolves all pending shareholder class and derivative litigation against us, our former and current directors, and former officers. As part of the settlement, however, we will preserve certain claims against our former Chief Executive Officer and Chief Financial Officer for matters arising from the potential invoicing irregularities at Soloco Texas, LP and the backdating of stock options. The settlement received final approval at a hearing held on October 9, 2007 in the United States District Court for the Eastern District of Louisiana. The history and nature of this litigation is set forth below.

Derivative Actions

On August 17, 2006, a shareholder derivative action was filed in the 24th Judicial District Court for the Parish of Jefferson, captioned: *Victor Dijour, Derivatively on Behalf of Nominal Defendant Newpark Resources, Inc., v. James D. Cole, et al.* On August 28, 2006, a second shareholder derivative action was filed in the 24th Judicial District Court for the Parish of Jefferson, captioned: *James Breaux, Derivatively on Behalf of Nominal Defendant Newpark Resources, Inc., v. James D. Cole, et al.* These actions, which are substantially similar, were brought, allegedly for the benefit of us, in which we are sued as a nominal defendant in each of these actions, against James D. Cole, our former Chief Executive Officer and director; Matthew W. Hardey, our former Chief Financial Officer; William Thomas Ballantine, our former Chief Operating Officer, President and director; and directors David P. Hunt, Alan J. Kaufman, Roger C. Stull and James H. Stone. The plaintiffs in these respective actions allege improper backdating of stock option grants to our executives, improper recording and accounting of the backdated stock option grants and producing and disseminating false financial statements and other SEC filings to our shareholders and the market. The plaintiffs do not seek any recovery against us. Instead, they seek unspecified damages from the individual defendants on our behalf for alleged breach of fiduciary duty, and against Messrs. Cole and Hardey, and also against Mr. Ballantine in the second shareholder derivative action, for alleged unjust enrichment. These two cases were voluntarily dismissed without prejudice by the plaintiffs on December 29, 2006 and have subsequently been re-filed in the U.S. District Court for the Eastern District of Louisiana. The complaints in the re-filed cases are virtually identical to the complaints filed in the *Galchutt* and *Pomponi* cases described below.

On October 5, 2006, a third shareholder derivative action was filed in the U.S. District Court, Eastern District of Louisiana, captioned: *Vincent Pomponi, Derivatively on Behalf of Newpark Resources, Inc., v. James D. Cole, et al.* On October 6, 2006, a fourth derivative action was filed in the U.S. District Court, Eastern District of Louisiana, captioned: *David Galchutt, Derivatively on Behalf of Newpark Resources, Inc., v. James D. Cole, et al.* These complaints are virtually identical and were brought, allegedly for the benefit of us, in which we are sued as a nominal defendant, against Messrs. Cole and Hardey and current and previous directors Hunt, Kaufman,

Stone, Stull, Jerry W. Box, F. Walker Tucei, Jr., Gary L. Warren, Ballantine, Michael Still, Dibo Attar, Phillip S. Sassower, Lawrence I. Schneider and David C. Baldwin, alleging improper financial reporting and backdating of stock option grants to our employees. The plaintiffs do not seek any recovery against us. Instead, they seek unspecified damages from Messrs. Cole and Hardey for alleged disgorgement under the Sarbanes-Oxley Act of 2002 and alleged rescission, against Messrs. Hardey, Hunt, Kaufman, Stone, Ballantine, Still, Attar, Sassower, Schneider, and Baldwin for alleged violation of Section 14(a) of the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and against all of the individual defendants on behalf of us for alleged unjust enrichment, breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and constructive trust. All four derivative actions have been consolidated in Judge Livaudais' court.

Pursuant to previously existing indemnification agreements, we are advancing to the officer and director defendants the fees they incur to defend themselves, subject to repayment in the event of a determination that they are not entitled to indemnification. We have also agreed to advance to the former directors the fees they incur to defend themselves subject to certain restrictions on reasonableness and an agreement to repay in the event of a determination that they are not entitled to indemnification.

Our Board of Directors formed a Special Litigation Committee consisting of David C. Anderson and James W. McFarland, recently elected independent directors who are not named in any of the derivative actions, to review the allegations in these actions and in any other derivative actions that may be filed that involve the same subject matter, and the Special Litigation Committee has retained outside counsel to assist it. After conducting its investigation and analysis of the claims made in the derivative actions, the Special Litigation Committee approved the settlement of the derivative actions on the terms outlined above. The Special Litigation Committee has recommended that we preserve our causes of action against Messrs. Cole and Hardey, but that we not pursue claims against any other officer or director of our company named in the derivative actions.

#### Class Action Lawsuit

Between April 21, 2006 and May 9, 2006, five lawsuits asserting claims against us for violation of Section 10(b) of the Exchange Act, and SEC Rule 10b-5 were filed in the U.S. District Court for the Eastern District of Louisiana. All five lawsuits have been transferred to Judge Marcel Livaudais who has consolidated these actions as *In re: Newpark Resources, Inc. Securities Litigation*. Following the filing of the Amendment No. 2 to our Annual Report on Form 10-K/A for 2005 (filed on October 10, 2006), the plaintiffs filed (on November 9, 2006) a Consolidated Class Action Complaint for Securities Fraud (the "Consolidated Class Complaint") against us and the following directors and officers: James Cole, Matthew Hardey, Thomas Ballantine, David Hunt, Alan Kaufman, James Stone, Roger Stull and Jerry Box. The Consolidated Class Complaint alleges that we and the individual defendants made false and misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act. These allegations arise from our disclosure of an internal investigation into potential irregularities in the processing and payment of invoices at one of our subsidiaries, Soloco Texas, LP, and alleged improper granting, recording and accounting of backdated grants of our stock options to our



executives. The Consolidated Class Complaint does not specify the damages sought by the Plaintiffs and no discovery has been conducted to date.

Pursuant to previously existing indemnification agreements, we are advancing to the officer and director defendants the fees they incur to defend themselves, subject to repayment in the event of a determination that they are not entitled to indemnification.

#### James D. Cole Demand Letter

By letter dated April 25, 2007, counsel for James D. Cole, our former Chief Executive Officer and former director, notified us that Mr. Cole is pursuing claims against us for breach of his employment agreement and other causes of action. Mr. Cole seeks recovery of approximately \$3.1 million purportedly due under his employment agreement and reimbursement of certain defense costs incurred in connection with the shareholder litigation and our internal investigation. Mr. Cole also claims that he is entitled to the sum of \$640,000 pursuant to the non-compete provision of his employment agreement. We believe that Mr. Cole's claims regarding his employment agreement are without merit and intend to vigorously defend any action brought by him.

#### Matthew Hardey Lawsuit

On November 2, 2007, we were served with a lawsuit filed on behalf of Matthew Hardey against Newpark Resources and Paul Howes. The lawsuit was filed on October 9, 2007, in the 24<sup>th</sup> Judicial District Court in Jefferson Parish, Louisiana. The lawsuit includes a variety of allegations arising from our internal investigation and Mr. Hardey's termination, including breach of contract, unfair trade practices, defamation, and negligence. The lawsuit does not specify the amount of damages being sought by Mr. Hardey. We dispute the allegations in the lawsuit and intend to vigorously defend our position.

#### Other Legal Items

In addition, we and our subsidiaries are involved in litigation and other claims or assessments on matters arising in the normal course of business. In the opinion of management, any recovery or liability in these matters should not have a material effect on our consolidated financial statements.

#### Environmental Proceedings

In the ordinary course of conducting our business, we become involved in judicial and administrative proceedings involving governmental authorities at the federal, state and local levels, as well as private party actions. Pending proceedings that allege liability related to environmental matters are described below. We believe that none of these matters involves material exposure. We cannot assure you, however, that this exposure does not exist or will not arise in other matters relating to our past or present operations.

We continue to be involved in the voluntary cleanup associated with the DSI sites in southern Mississippi. This includes three facilities known as Clay Point, Lee Street and

Woolmarket. The Mississippi Department of Environmental Quality (“MDEQ”) is overseeing the cleanup. The DSI Technical Group that represents the potentially responsible parties, including us, awarded us a contract to perform the remediation work at the three sites. The cleanup of Clay Point and Lee Street has been completed. We believe that payments previously made into an escrow account by all potentially responsible parties are sufficient to cover any remaining costs of cleanup at the Woolmarket site. We anticipate that the Woolmarket cleanup will be completed in 2007 following recent approval of the closure plan by the MDEQ.

Recourse against our insurers under general liability insurance policies for reimbursement in the actions described above is uncertain as a result of conflicting court decisions in similar cases. In addition, certain insurance policies under which coverage may be afforded contain self-insurance levels that may exceed our ultimate liability.

We believe that any liability incurred in the environmental matters described above will not have a material adverse effect on our consolidated financial statements.

## **17. ADDITIONAL INFORMATION.**

This Offer to Amend is part of a Tender Offer Statement on Schedule TO that we have filed with the SEC. This Offer to Amend does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits, and the following materials that we have filed with the SEC before making a decision on whether to elect to accept this Offer with respect to your Eligible Options:

1. Definitive Proxy Statement on Schedule 14A, filed on April 30, 2007.
2. Current Reports on Form 8-K, filed on January 4, 2007, February 15, 2007, March 9, 2007, March 13, 2007, April 5, 2007, April 13, 2007, May 1, 2007, May 4, 2007, June 19, 2007, August 3, 2007, September 14, 2007, and October 17, 2007.
3. Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, filed on May 8, 2007 and August 3, 2007, including all materials incorporated by reference therein.
4. Annual Report on Form 10-K for the year ended December 31, 2006 filed on March 16, 2007, including all materials incorporated by reference therein.
5. Registration Statements on Form S-8, filed on June 28, 1996 and June 23, 2000.
6. All other reports filed by us pursuant to Section 13(a) or 15(d) of the Securities Exchange Act since January 1, 2007, including all materials incorporated by reference therein.
7. The description of the common stock contained in our Registration Statement on Form 8-A, filed on November 15, 1995, and any further amendment or report filed hereafter for the purpose of updating such description.

You can receive copies of these filings and other information, at prescribed rates, from the SEC by addressing written requests to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. In addition, you can read such reports, proxy and information statements, and other information at the public reference facilities at that address. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC also maintains a web site that contains reports, proxy and information statements and other information regarding registrants such as Newpark that file electronically with the SEC. The address of the SEC web site is [www.sec.gov](http://www.sec.gov).

We will also provide without charge to each person to whom we deliver a copy of this Offer to Amend, upon his or her written or oral request, a copy of any or all of the documents to which we have referred you, other than exhibits to these documents (unless the exhibits are specifically incorporated by reference into the documents). Requests should be directed to:

Attention: Equity Compensation  
Newpark Resources, Inc.  
2700 Research Forest Drive, Suite 100  
The Woodlands, Texas 77381

or by e-mailing Mark Airola at [mairola@newpark.com](mailto:mairola@newpark.com) or by telephoning us at (281) 362-6800 between 9:00 a.m. and 5:00 p.m., Central Time.

As you read the documents listed in this Section 17, you may find some inconsistencies in information from one document to another. Should you find inconsistencies between the documents, or between a document and this Offer to Amend, you should rely on the statements made in the most recent document.

The information contained in this Offer to Amend about Newpark should be read together with the information contained in the documents to which we have referred you.

#### **18. FORWARD-LOOKING STATEMENTS; MISCELLANEOUS.**

This Offer to Amend and our SEC reports referred to above include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. However, the safe harbors of Section 27A of the Securities Act and 21E of the Securities Exchange Act do not apply to statements made in connection with this Offer. These forward-looking statements involve risks and uncertainties that include, among others, those set forth in the Section entitled "*Risk Factors Related To the Offer.*" More information about factors that potentially could affect our financial results is included in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 16, 2007, and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2007 and June 30, 2007 filed with the SEC on May 8, 2007 and August 3, 2007.

We will assess whether we are permitted to make the Offer in all jurisdictions. In the event that we determine that we are not legally able to make the Offer in a particular jurisdiction, we reserve the right to withdraw the Offer in that particular jurisdiction and we will inform you

of this decision. If we withdraw the Offer in a particular jurisdiction, the Offer will not be made to, nor will amendments be accepted from or on behalf of, the Eligible Optionees residing in that jurisdiction.

The Board recognizes that the decision to accept or reject this Offer is an individual one that should be based on a variety of factors and you should consult your personal advisors if you have questions about your financial or tax situation. The information about this Offer from Newpark is limited to this document, the Exhibits to the Schedule TO available at [www.sec.gov](http://www.sec.gov) or by contacting Mark Airola at [maiola@newpark.com](mailto:maiola@newpark.com) or (281) 362-6800 and the Attachments hereto.

Newpark Resources, Inc.

November 5, 2007

**ATTACHMENT A**  
**TABLE OF GRANT DATES**

<b>Original Date of Grant</b>	<b>Original Option Exercise Price (\$)</b>	<b>FMV on Revised Grant Date (Corrected Exercise Price)(\$)</b>	<b>Price Differential (\$)</b>
October 30, 2002	2.90	4.35	1.45
February 12, 2003	3.46	4.47	1.01
March 10, 2003	4.51	4.67	0.16
May 1, 2003	4.68	5.90	1.22
December 17, 2003	4.28	4.30	0.02
December 21, 2004	5.40	5.81	0.41
January 7, 2005	4.90	5.81	0.91
January 10, 2005	4.90	5.81	0.91
January 31, 2005	5.20	5.81	0.61
February 1, 2005	5.19	5.81	0.62
June 1, 2005	6.16	6.47	0.31

FORM OF ELECTION FORM

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**ELECTION FORM**

**OFFER TO AMEND ELIGIBLE PORTION OF ELIGIBLE OPTION**

I hereby make the following election(s) with respect to my Eligible Option(s) in the Offer made by Newpark Resources, Inc. (“**Newpark**”) pursuant to the Offer to Amend Eligible Options dated November 5, 2007 (the “**Offer to Amend**”). Capitalized terms not otherwise defined in this Election Form shall have the meaning set forth in the Offer to Amend.

Subject to the foregoing, with respect to each Eligible Option identified in the table below, I hereby elect to amend or not amend the Eligible Portion(s) of my Eligible Option(s) as identified in the table below:

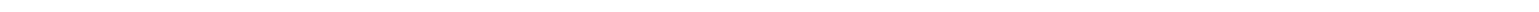
<u>Eligible Option (Grant Number)</u>	<u>Original Date of Grant</u>	<u>Original Option Exercise Price (\$)</u>	<u>Shares Subject to Eligible Portion (#)</u>	<u>Corrected Exercise Price for Eligible Portion (\$)</u>	<u>Cash Payment (Aggregate Price Differential) (\$)</u>	<u>Elect to Amend Entire Eligible Portion &amp; Receive Cash Payment</u>
		\$		\$	\$	<input type="radio"/> Yes
						<input type="radio"/> No
		\$		\$	\$	<input type="radio"/> Yes
						<input type="radio"/> No
		\$		\$	\$	<input type="radio"/> Yes
						<input type="radio"/> No
		\$		\$	\$	<input type="radio"/> Yes
						<input type="radio"/> No

I hereby agree that, unless I revoke my election before 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later expiration time if Newpark extends the Offer), my election will be irrevocable, and if accepted by Newpark, this Election Form shall operate to amend the Eligible Option as outlined above, subject to the terms and conditions described in the Offer to Amend.

I hereby acknowledge that I may change the terms of my election by submitting a new Election Form to Mark Airola in the manner described in the Offer to Amend. Any change of election received after the Expiration Time will be void and of no effect.

I agree that my decision to amend or not amend the Eligible Portion(s) of all my Eligible Option(s) in the Offer is entirely voluntary and is subject to the terms of the Offer. I further understand and agree I am not required to tender my Eligible Option(s). I understand that if I elect to tender an Eligible Option, I must tender the entire Eligible Portion of the Eligible Option. If I hold more than one Eligible Option and elect to participate in the Offer, I further understand that I must tender all of my Eligible Options and the Eligible Portions of each of my Eligible Options will be amended.

I acknowledge and agree that neither the ability to participate in the Offer nor actual participation in the Offer shall be construed as a right to continued employment with Newpark



(except on an at-will basis, unless otherwise required by local law). I agree that, except as set forth in the Offer to Amend, Newport has made no representations or warranties to me regarding this Offer or the future pricing of Newport stock, and that my participation in this Offer is at my own discretion.

*If I exercise my Eligible Option(s) as to the Eligible Portion(s) prior to the conclusion of this Offer, I will no longer be eligible to tender my Eligible Option(s) as to the portion that has been exercised and any election I have made as to such exercised portion will be of no further force and effect. If my service with Newport terminates prior to the Expiration Time, I understand that I will no longer be eligible to participate in the Offer and any election I have made to amend my Eligible Option(s) will be of no further force and effect.*

I agree that to ensure timely payment of the Cash Payment, I will provide Newport with any changes in my mailing address and e-mail address prior to the payment of the Cash Payment.

**I hereby acknowledge and agree that neither Newport nor any of its respective employees or agents, has made any recommendation to me as to whether or not I should accept the Offer to amend the Eligible Portion(s) of my Eligible Option(s) and that I am not relying on any information provided or representation made by Newport or any of its respective employees or agents in accepting or rejecting the Offer, other than any information contained in the Offer to Amend. I acknowledge that I have been afforded the opportunity to consult with my own investment, legal and tax advisors before making this election and that I have knowingly done so or knowingly declined to do so.**

I understand that I should print and keep a copy of this completed Election Form as well as a copy of the “**delivery receipt**” from Outlook that I receive upon submitting the Election Form.

I understand that I will receive a Notice of Receipt of Election Form within three business days after the date on which Newport receives this Election Form. In addition, within three business days after the Expiration Time, I will receive the Final Election Confirmation Statement that confirms the last election that I made for my Eligible Option(s) as of the Expiration Time. I agree that I will print and keep a copy of all Notice of Receipt of Election Form(s) and the Final Election Confirmation Statement that I receive. In the event that I do not receive these Notice of Receipt of Election Form(s) or the Final Election Confirmation Statement confirming my elections in the time frames described above, I understand that it is my responsibility to send my printed copies of this Election Form, any delivery receipt and any Notice of Receipt of Election Form or Final Election Confirmation Statement that I did receive to Mark Airola by any of the means set forth in the Offer to Amend to evidence proper and timely submission of my Election Form.

**I AGREE THAT NEWPARK SHALL NOT BE LIABLE FOR ANY COSTS, TAXES, LOSS OR DAMAGE THAT I MAY INCUR THROUGH MY ELECTION TO PARTICIPATE IN OR TO DECLINE PARTICIPATE IN THIS OFFER.**

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\_\_\_\_\_  
Optionee Signature

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Optionee Name (Please Print)

\_\_\_\_\_  
Newpark E-mail Address

\_\_\_\_\_  
Date

**PLEASE SEND THE COMPLETED ELECTION FORM TO MARK AIROLA SO THAT IT IS RECEIVED NO LATER THAN 5:00 P.M., CENTRAL TIME, ON THURSDAY, DECEMBER 6, 2007 (OR A LATER EXPIRATION DATE IF NEWPARK EXTENDS THE OFFER). YOU MAY SEND THE COMPLETED ELECTION FORM BY ANY OF THE FOLLOWING MEANS: VIA FAX AT (281) 362-6801, HAND DELIVERY, E-MAIL AT MAIROLA@NEWPARK.COM, INTEROFFICE MAIL, OR U.S. MAIL, COURIER OR EXPRESS DELIVERY TO 2700 RESEARCH FOREST DRIVE, SUITE 100, THE WOODLANDS, TEXAS 77381.**

**FORM OF NOTICE OF RECEIPT OF ELECTION FORM  
(PRE-EXPIRATION TIME)**

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**FORM OF NOTICE OF RECEIPT OF ELECTION FORM  
(PRE-EXPIRATION TIME)**

Dear [Name]:

Under the terms of the Newpark Offer, we have received your Election Form and you have elected the following:

<u>Eligible Option (Grant Number)</u>	<u>Original Date of Grant</u>	<u>Original Option Exercise Price (\$)</u>	<u>Shares Subject to Eligible Portion (#)</u>	<u>Elect to Amend Entire Eligible Portion &amp; Receive Cash Payment</u>	<u>Corrected Exercise Price for Eligible Portion (\$)</u>	<u>Cash Payment (Aggregate Price Differential) (\$)</u>
		\$		<input type="radio"/> Yes <input type="radio"/> No	\$	\$
		\$		<input type="radio"/> Yes <input type="radio"/> No	\$	\$
		\$		<input type="radio"/> Yes <input type="radio"/> No	\$	\$
		\$		<input type="radio"/> Yes <input type="radio"/> No	\$	\$
		\$		<input type="radio"/> Yes <input type="radio"/> No	\$	\$

We strongly encourage you to print a copy of this page and keep it for your records.

You may change your election at any time before 5:00 p.m., Central Time, on Thursday, December 6, 2007 (or a later expiration date if Newpark extends the Offer) by submitting a new Election Form to Mark Airola by any of the means set forth in the Offer to Amend. All capitalized terms not otherwise defined herein shall be as defined in that certain Offer to Amend Eligible Options filed with the Securities and Exchange Commission on November 5, 2007 and separately provided to you.

Note: Your most recent Election Form submitted to Mark Airola before the Expiration Time will be the form considered for acceptance by Newpark.

A Final Election Confirmation Statement will be forwarded to you within three business days following the Expiration Time. The Final Election Confirmation Statement should contain the same information as the most recent Notice of Receipt of Election Form that you previously received from Mark Airola.

In the event that you do not receive the Final Election Confirmation Statement confirming your election in the time frame so described, please send your printed copies of your Election Form(s), any delivery receipt(s) and any Notice of Receipt of Election Form(s) that you did receive to Mark Airola by any of the means set forth in the Offer to Amend to evidence proper and timely submission of your election(s).

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*Please note that our receipt of your Election Form and your receipt of this Notice of Receipt of Election Form are not by themselves an acceptance of your election. Your Eligible Option is not deemed amended pursuant to the terms and conditions of the Offer until you receive a Final Election Confirmation Statement from us after the Expiration Time (or such later time if the Offer is extended).*

**FORM OF FINAL ELECTION CONFIRMATION STATEMENT  
(POST-EXPIRATION TIME FOR OFFER PARTICIPANTS)**

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**FORM OF FINAL ELECTION CONFIRMATION STATEMENT  
(POST-EXPIRATION TIME FOR OFFER PARTICIPANTS)**

To: [Name]

From: Newpark Resources, Inc.

Subject: Statement Regarding Final Election Confirmation Statement (Post-Expiration Time for Offer Participants)

This notice is to inform you that we have completed our Offer pursuant to the Offer to Amend Eligible Options (the “Offer to Amend”). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Amend.

Pursuant to the Offer, we have accepted your election with respect to the Eligible Portion(s) of your Eligible Option(s) and have amended the applicable exercise price(s) of the Eligible Portion(s) to be the Corrected Exercise Price(s) as set forth below:

Eligible Option (Grant Number)	Original Date of Grant	Original Option Exercise Price (\$)	Shares Subject to Eligible Portion (#)	Elect to Amend Entire Eligible Portion & Receive Cash Payment	Corrected Exercise Price for Eligible Portion (\$)	Cash Payment (Aggregate Price Differential) (\$)
		\$		<input type="radio"/> Yes	\$	\$
		\$		<input type="radio"/> Yes	\$	\$
		\$		<input type="radio"/> Yes	\$	\$
		\$		<input type="radio"/> Yes	\$	\$
		\$		<input type="radio"/> Yes	\$	\$

**Promise to Make Cash Payment:** In addition, as a result of the amendment of your Eligible Option(s), you are entitled to receive the Cash Payment(s) described above, payable at such time, and subject to the terms and conditions, as set forth in the Offer to Amend.

*We strongly encourage you to print a copy of this page and keep it for your records.*

This Final Election Confirmation Statement and the Offer to Amend reflect the entire agreement between you and Newpark with respect to the Offer.

**FORM OF FINAL ELECTION CONFIRMATION STATEMENT (POST-EXPIRATION  
TIME FOR OFFER NON-PARTICIPANTS)**

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**FORM OF FINAL ELECTION CONFIRMATION STATEMENT (POST-EXPIRATION  
TIME FOR OFFER NON-PARTICIPANTS)**

To: [Name]

From: Newpark Resources, Inc.

Subject: Final Election Confirmation Statement (Post-Expiration Time for Offer Non-Participants)

This notice is to inform you that we have completed our Offer pursuant to the Offer to Amend Eligible Options (the **“Offer to Amend”**). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Amend.

You have elected not to amend the Eligible Portion(s) of your Eligible Option(s) described below. As a result, the Eligible Portion(s) of your Eligible Option(s) will not be amended to reflect the applicable Corrected Exercise Price(e) and you are not eligible for any Cash Payment.

<u>Eligible Option (Grant Number)</u>	<u>Original Date of Grant</u>	<u>Original Option Exercise Price (\$)</u>	<u>Shares Subject to Eligible Portion (#)</u>	<u>Elect to Amend Entire Eligible Portion &amp; Receive Cash Payment</u>	<u>Corrected Exercise Price for Eligible Portion (\$)</u>	<u>Cash Payment (Aggregate Price Differential) (\$)</u>
		\$		No	Not Applicable	\$ 0.00
		\$		No	Not Applicable	\$ 0.00
		\$		No	Not Applicable	\$ 0.00
		\$		No	Not Applicable	\$ 0.00
		\$		No	Not Applicable	\$ 0.00
		\$		No	Not Applicable	\$ 0.00

***We strongly encourage you to print a copy of this page and keep it for your records.***

This Final Election Confirmation Statement and the Offer to Amend reflect the entire agreement between you and Newpark with respect to the Offer.