

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File No. 1-2960

Newpark Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

72-1123385

(I.R.S. Employer
Identification No.)

**2700 Research Forest Drive, Suite 100
The Woodlands, Texas**

(Address of principal executive offices)

77381

(Zip Code)

(281) 362-6800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 16, 2014, a total of 83,667,901 shares of common stock, \$0.01 par value per share, were outstanding.

NEWPARK RESOURCES, INC.

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FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2014

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. The words "anticipates," "believes," "estimates," "expects," "plans," "intends," and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies, including the risks identified in Item 1A, "Risk Factors," in Part I of our Annual Report on Form 10-K for the year ended December 31, 2013, and those set forth from time to time in our filings with the Securities and Exchange Commission, could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the success or failure of our efforts to implement our business strategy.

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-Q might not occur.

For further information regarding these and other factors, risks and uncertainties affecting us, we refer you to the risk factors set forth in Item 1A, "Risk Factors", in Part I of our Annual Report on Form 10-K for the year ended December 31, 2013.

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

**Newpark Resources, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)**

(In thousands, except share data)	June 30, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents	\$ 56,753	\$ 65,840
Receivables, net	315,267	268,529
Inventories	199,129	189,680
Deferred tax asset	11,597	11,272
Prepaid expenses and other current assets	18,313	11,016
Assets of discontinued operations	-	13,103
Total current assets	<u>601,059</u>	<u>559,440</u>
Property, plant and equipment, net	257,244	217,010
Goodwill	94,218	94,064
Other intangible assets, net	21,254	25,900
Other assets	9,326	6,086
Assets of discontinued operations	-	65,917
Total assets	<u>\$ 983,101</u>	<u>\$ 968,417</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	\$ 20,463	\$ 12,867
Accounts payable	102,755	88,586
Accrued liabilities	51,836	46,341
Liabilities of discontinued operations	-	5,957
Total current liabilities	<u>175,054</u>	<u>153,751</u>
Long-term debt, less current portion	172,754	172,786
Deferred tax liability	25,523	27,060
Other noncurrent liabilities	11,001	11,026
Liabilities of discontinued operations	-	22,740
Total liabilities	<u>384,332</u>	<u>387,363</u>
Commitments and contingencies (Note 10)		
Common stock, \$0.01 par value, 200,000,000 shares authorized and 98,883,253 and 98,030,839 shares issued, respectively	989	980
Paid-in capital	512,010	504,675
Accumulated other comprehensive loss	(7,904)	(9,484)
Retained earnings	215,678	160,338
Treasury stock, at cost; 14,781,353 and 10,832,845 shares, respectively	(122,004)	(75,455)
Total stockholders' equity	<u>598,769</u>	<u>581,054</u>
Total liabilities and stockholders' equity	<u>\$ 983,101</u>	<u>\$ 968,417</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Newpark Resources, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues	\$ 272,466	\$ 259,376	\$ 515,290	\$ 527,299
Cost of revenues	214,711	214,710	411,271	435,445
Selling, general and administrative expenses	27,981	23,248	53,504	45,699
Other operating income, net	(2,042)	(178)	(2,058)	(302)
Operating income	31,816	21,596	52,573	46,457
Foreign currency exchange (gain) loss	(1,805)	475	(1,751)	107
Interest expense, net	2,830	2,802	5,750	5,322
Income from continuing operations before income taxes	30,791	18,319	48,574	41,028
Provision for income taxes	10,462	6,460	16,503	14,302
Income from continuing operations	20,329	11,859	32,071	26,726
Income from discontinued operations, net of tax	-	3,805	1,152	6,313
Gain from disposal of discontinued operations, net of tax	-	-	22,117	-
Net income	\$ 20,329	\$ 15,664	\$ 55,340	\$ 33,039
Income per common share -basic:				
Income from continuing operations	\$ 0.24	\$ 0.14	\$ 0.38	\$ 0.32
Income from discontinued operations	-	0.05	0.28	0.07
Net income	\$ 0.24	\$ 0.19	\$ 0.66	\$ 0.39
Income per common share -diluted:				
Income from continuing operations	\$ 0.21	\$ 0.13	\$ 0.34	\$ 0.29
Income from discontinued operations	-	0.04	0.23	0.06
Net income	\$ 0.21	\$ 0.17	\$ 0.57	\$ 0.35

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Newpark Resources, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(In thousands)	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net income	\$ 20,329	\$ 15,664	\$ 55,340	\$ 33,039
Foreign currency translation adjustments	375	(7,555)	1,580	(10,319)
Comprehensive income	<u>\$ 20,704</u>	<u>\$ 8,109</u>	<u>\$ 56,920</u>	<u>\$ 22,720</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Newpark Resources, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 55,340	\$ 33,039
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	20,301	21,836
Stock-based compensation expense	5,906	4,289
Provision for deferred income taxes	(13,788)	(278)
Net provision for doubtful accounts	438	220
Gain on sale of a business	(33,974)	-
Gain on sale of assets	(1,230)	(323)
Excess tax benefit from stock-based compensation	(903)	-
Change in assets and liabilities:		
Increase in receivables	(38,919)	(18,442)
(Increase) decrease in inventories	(8,480)	4,055
Increase in other assets	(6,813)	(199)
Increase (decrease) in accounts payable	12,029	(1,237)
Increase in accrued liabilities and other	4,783	935
Net cash (used in) provided by operating activities	(5,310)	43,895
Cash flows from investing activities:		
Capital expenditures	(56,727)	(37,417)
Proceeds from sale of property, plant and equipment	2,526	590
Proceeds from sale of a business	89,167	-
Net cash provided by (used in) investing activities	34,966	(36,827)
Cash flows from financing activities:		
Borrowings on lines of credit	51,787	159,612
Payments on lines of credit	(45,170)	(158,679)
Other financing activities	(30)	(39)
Proceeds from employee stock plans	922	6,928
Purchase of treasury stock	(47,450)	(2,010)
Excess tax benefit from stock-based compensation	903	-
Net cash (used in) provided by financing activities	(39,038)	5,812
Effect of exchange rate changes on cash	295	(1,681)
Net (decrease) increase in cash and cash equivalents	(9,087)	11,199
Cash and cash equivalents at beginning of year	65,840	46,846
Cash and cash equivalents at end of period	<u>\$ 56,753</u>	<u>\$ 58,045</u>
Cash paid for:		
Income taxes (net of refunds)	\$ 36,243	\$ 14,471
Interest	\$ 4,870	\$ 4,485

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

NEWPARK RESOURCES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Newpark Resources, Inc. and our wholly-owned subsidiaries, which we refer to as “we,” “our” or “us,” have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission (“SEC”), and do not include all information and footnotes required by the accounting principles generally accepted in the United States (“U.S. GAAP”) for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013. Our fiscal year end is December 31 and our second quarter represents the three month period ended June 30 and our first half represents the six month period ending June 30. The results of operations for the second quarter and first half of 2014 are not necessarily indicative of the results to be expected for the entire year. Unless otherwise stated, all currency amounts are stated in U.S. dollars.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of June 30, 2014, the results of our operations for the second quarter and first half of 2014 and 2013, and our cash flows for the first half of 2014 and 2013. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2013 is derived from the audited consolidated financial statements at that date.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For further information, see Note 1 in our Annual Report on Form 10-K for the year ended December 31, 2013.

New Accounting Standards

In April 2014, the Financial Accounting Standards Board (“FASB”) issued updated guidance that changes the criteria for reporting discontinued operations including enhanced disclosure requirements. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. The new guidance is effective for us in the first quarter of 2015; however, we do not expect the adoption to have a material effect on our consolidated financial statements.

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for us in the first quarter of 2017. Early adoption is not permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. We are currently evaluating the impact of these amendments and the transition alternatives on our consolidated financial statements.

Note 2 – Discontinued Operations

In March of 2014, we completed the sale of our Environmental Services business for \$100 million in cash, subject to adjustment based on actual working capital conveyed at closing. Cash proceeds from the sale were \$89.2 million in the first quarter of 2014, net of transaction related expenses. In addition, \$8 million of the sale price was withheld in escrow associated with transaction representations, warranties and indemnities, and is expected to be released over the next two years. As a result of the sale transaction, we recorded a gain on the disposal of the business of \$34.0 million (\$22.1 million after-tax). All assets, liabilities and results of operations for this business have been reclassified to discontinued operations for all periods presented.

Summarized results of operations from discontinued operations through the date of sale are as follows:

(In thousands)	Second Quarter		First Half	
	2014	2013	2014	2013
Revenues	\$ -	\$ 17,246	\$ 11,744	\$ 31,841
Income from discontinued operations before income taxes	-	5,321	1,770	8,829
Income from discontinued operations, net of tax	-	3,805	1,152	6,313
Gain from disposal of discontinued operations before income taxes	-	-	33,974	-
Gain from disposal of discontinued operations, net of tax	-	-	22,117	-

Assets and liabilities of discontinued operations as of December 31, 2013 were as follows:

(In thousands)	December 31, 2013
Receivables, net	\$ 11,915
Prepaid expenses and other current assets	1,188
Property, plant and equipment	62,333
Other assets	3,584
Assets of discontinued operations	<u>\$ 79,020</u>
Accounts payable	\$ 4,415
Other Accrued liabilities	1,542
Deferred tax liability	12,449
Other noncurrent liabilities	10,291
Liabilities of discontinued operations	<u>\$ 28,697</u>

Note 3 – Earnings per Share

The following table presents the reconciliation of the numerator and denominator for calculating earnings per share from continuing operations:

(In thousands, except per share data)	Second Quarter		First Half	
	2014	2013	2014	2013
Basic EPS:				
Income from continuing operations	\$ 20,329	\$ 11,859	\$ 32,071	\$ 26,726
Weighted average number of common shares outstanding	83,010	84,813	83,872	84,459
Basic income from continuing operations per common share	\$ 0.24	\$ 0.14	\$ 0.38	\$ 0.32
Diluted EPS:				
Income from continuing operations	\$ 20,329	\$ 11,859	\$ 32,071	\$ 26,726
Assumed conversions of Senior Notes	1,253	1,251	2,514	2,501
Adjusted income from continuing operations	\$ 21,582	\$ 13,110	\$ 34,585	\$ 29,227
Weighted average number of common shares outstanding-basic	83,010	84,813	83,872	84,459
Add: Dilutive effect of stock options and restricted stock awards	1,743	1,810	1,705	1,727
Dilutive effect of Senior Notes	15,682	15,682	15,682	15,682
Diluted weighted average number of common shares outstanding	100,435	102,305	101,259	101,868
Diluted income from continuing operations per common share	\$ 0.21	\$ 0.13	\$ 0.34	\$ 0.29
Stock options and restricted stock excluded from calculation of diluted earnings per share because anti-dilutive for the period	816	377	719	240

Weighted average dilutive stock options and restricted stock outstanding totaled approximately 4.9 million and 5.3 million shares for the second quarter of 2014 and 2013, respectively, and 4.9 million and 5.7 million shares for the first half of 2014 and 2013, respectively. The resulting net effect of stock options and restricted stock were used in calculating diluted earnings per share for the period.

Note 4 – Stock-Based Compensation

During the second quarter of 2014, the Compensation Committee of our Board of Directors approved equity-based compensation to executive officers and other key employees. These awards included a grant of 745,608 shares of time-vesting restricted stock and restricted stock units, which vest equally over a three-year period. Non-employee directors received shares of restricted stock totaling 81,849 shares, which will vest in full on the earlier of: the day prior to the next annual meeting of stockholders following the grant date; or the first anniversary of the grant date. The weighted average fair value on the date of grant for these awards was \$11.21 per share.

Additionally, 554,641 stock options were granted to executive officers and other key employees at an exercise price of \$11.20, which provides for equal vesting over a three-year period with a term of ten years. The estimated fair value of the stock options on the grant date using the Black-Scholes option-pricing model was \$4.97. The assumptions used in the Black-Scholes model included a risk free interest rate of 1.53%, expected life of 5.22 years and expected volatility of 48.6%.

The Compensation Committee also approved performance-based awards during the second quarter of 2014 to executive officers. The performance-based restricted stock units will be settled in shares of common stock and will be based on the relative ranking of the Company's total shareholder return ("TSR") as compared to the TSR of the Company's designated peer group for 2014. The performance period began June 1, 2014 and ends May 31, 2017, with the ending TSR price being equal to the average closing price of our shares over the 30-calendar days ending May 31, 2017. A total of 104,359 performance based restricted stock units were granted with the payout of shares for each executive ranging from 0%-150% of target. The estimated fair value of each restricted stock unit at the date of grant using the Monte Carlo valuation model was \$12.55. The valuation was done as of the date of grant, which included a risk free interest rate of 0.81%, the average closing price of our shares over the 30-calendar days ending May 16, 2014 of \$11.28 and expected volatility of 44.5%.

Note 5 – Acquisition

In December 2013, we completed the acquisition of Terrafirma Roadways ("Terrafirma"), a provider of temporary roadways and worksites based in the United Kingdom, for total cash consideration of \$6.8 million, net of cash acquired. Additional consideration up to £1.0 million (\$1.6 million) may be payable based on earnings of the business over the 18-month period following the acquisition. Prior to the acquisition, Terrafirma had been operating as a partner to the Company since 2008, developing a rental business with DURA-BASE® composite mats, primarily focused in the utility industry in the U.K.

The transaction has been recorded using the acquisition method of accounting and accordingly, assets acquired and liabilities assumed were recorded at their fair values as of the acquisition date. The excess of the total consideration, including projected additional consideration, was recorded as goodwill and includes the value of the assembled workforce. While the initial purchase price allocation has been completed, the allocation of the purchase price is subject to change for a period of one year following the acquisition. The following table summarizes the amounts recognized for assets acquired and liabilities assumed as of the December 2013 acquisition date:

(In thousands)

Receivables, net	\$	2,155
Property, plant and equipment, net		2,160
Goodwill		4,544
Other intangibles, net		4,528
Total assets acquired		13,387
Accounts payable		3,350
Short-term debt		284
Accrued liabilities		285
Deferred tax liability		1,092
Other noncurrent liabilities		1,600
Total liabilities assumed		6,611
Total cash conveyed at closing	\$	6,776

Pro forma results of operation for the acquired business have not been presented as the effect of this acquisition is not material to our consolidated financial statements.

Note 6 – Treasury Stock

In April 2013, our Board of Directors approved a share repurchase program that authorizes the Company to purchase up to \$50.0 million of its outstanding shares of common stock. In February 2014, our Board of Directors increased the total authorization of the program to \$100.0 million, subject to the completion of the Environmental Services divestiture that subsequently closed in March of 2014. These purchases are funded with a combination of cash generated from operations, the sale of the Environmental Services business and borrowings under the Company's revolving credit facility. The repurchase program has no specific term. The Company may repurchase shares in the open market or as otherwise determined by management, subject to market conditions, business opportunities and other factors. As part of the share repurchase program, the Company's management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934.

During the first half of 2014, 3,875,978 shares were repurchased for an average price of approximately \$11.65 per share, including commissions, leaving \$48.1 million remaining under the program. All of the shares repurchased are held as treasury stock. We record treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock.

Note 7 – Receivables

Receivables consist of the following:

(In thousands)	June 30, 2014	December 31, 2013
Gross trade receivables	\$ 293,999	\$ 252,168
Allowance for doubtful accounts	(4,334)	(4,142)
Net trade receivables	289,665	248,026
Other receivables	25,602	20,503
Total receivables, net	<u>\$ 315,267</u>	<u>\$ 268,529</u>

Note 8 – Inventories

Inventories consist of the following:

(In thousands)	June 30, 2014	December 31, 2014
Raw materials:		
Drilling fluids	\$ 157,846	\$ 153,901
Mats	833	790
Total raw materials	158,679	154,691
Blended drilling fluids components	39,518	34,075
Finished goods- mats	932	914
Total	<u>\$ 199,129</u>	<u>\$ 189,680</u>

Raw materials consist primarily of barite, chemicals, and other additives that are consumed in the production of our drilling fluid systems. Our blended drilling fluids components consist of base drilling fluid systems that have been either mixed internally at our mixing plants or purchased from third party vendors. These base systems require raw materials to be added, as required to meet specified customer requirements.

Note 9 – Financing Arrangements and Fair Value of Financial Instruments

Our financing arrangements include \$172.5 million of unsecured convertible senior notes (“Senior Notes”) and a \$125.0 million revolving credit facility which can be increased by \$75.0 million for a maximum \$200.0 million of capacity. At June 30, 2014, we had no outstanding borrowings under the revolving credit facility. The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of our common stock per \$1,000 principal amount of Senior Notes (equivalent to an initial conversion price of \$11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes prior to their maturity date.

Our financial instruments include cash and cash equivalents, receivables, payables and debt. We believe the carrying values of these instruments, with the exception of our Senior Notes, approximated their fair values at June 30, 2014 and December 31, 2013. The estimated fair value of our Senior Notes was \$231.2 million at June 30, 2014 and December 31, 2013, based on quoted market prices at these respective dates.

Note 10 – Commitments and Contingencies

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state and local levels. During the second quarter of 2014, a lawsuit was filed by Jesse Davida, a former employee, in Federal Court in Texas against Newpark Drilling Fluids LLC, alleging violations of the Fair Labor Standards Act (“FLSA”). The plaintiff seeks damages and penalties for the Company’s alleged failure to: properly classify its field service employees as “non-exempt” under the FLSA; and pay them on an hourly basis (including overtime). The plaintiff seeks recovery on his own behalf, and seeks certification of a class of similarly situated employees. We are investigating the allegations, but plan to vigorously defend this litigation. Because this case is in the very early stages, we cannot predict the outcome of the litigation at this time and, accordingly, cannot estimate any possible loss or range of loss. In the opinion of management, any liability in these matters should not have a material effect on our consolidated financial statements.

Note 11 – Segment Data

Summarized operating results for our reportable segments are shown in the following table (net of inter-segment transfers):

(In thousands)	Second Quarter		First Half	
	2014	2013	2014	2013
Revenues				
Fluids systems	\$ 241,386	\$ 233,964	\$ 452,786	\$ 481,303
Mats & integrated services	31,080	25,412	62,504	45,996
Total Revenues	<u>\$ 272,466</u>	<u>\$ 259,376</u>	<u>\$ 515,290</u>	<u>\$ 527,299</u>
Operating Income (loss)				
Fluids systems	\$ 27,571	\$ 17,684	\$ 43,311	\$ 40,306
Mats & integrated services	13,653	10,341	27,026	18,821
Corporate office	(9,408)	(6,429)	(17,764)	(12,670)
Operating Income	<u>\$ 31,816</u>	<u>\$ 21,596</u>	<u>\$ 52,573</u>	<u>\$ 46,457</u>

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition, results of operations, liquidity and capital resources should be read together with our unaudited condensed consolidated financial statements and notes to unaudited condensed consolidated financial statements contained in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2013. Our second quarter represents the three month period ended June 30 and our first half represents the six month period ending June 30. Unless otherwise stated, all currency amounts are stated in U.S. dollars.

Overview

We are a diversified oil and gas industry supplier providing products and services primarily to the oil and gas exploration and production ("E&P") industry. We operate our business through two reportable segments: Fluids Systems and Mats and Integrated Services.

In March 2014, we completed the sale of our Environmental Services business, which was historically reported as a third operating segment for \$100 million in cash. The proceeds were used for general corporate purposes, including investments in our core drilling fluids and mats segments, along with share purchases under the current repurchase program. See Note 2 Discontinued Operations in our Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 for additional information.

Our Fluids Systems segment, which generated 88% of consolidated revenues in the first half of 2014, provides customized drilling fluids solutions to E&P customers globally, operating through four geographic regions: North America, Europe, the Middle East and Africa ("EMEA"), Latin America, and Asia Pacific.

In 2013, we announced several international contract awards, including two in the deepwater market. In Brazil, we were awarded a two-year contract from a subsidiary of Total S.A., to provide drilling fluids and related services for a series of wells planned in the Campos Basin. In our EMEA region, we were awarded a contract by another customer to provide drilling fluids and related services for a series of wells to be drilled in the Black Sea. In addition, we were awarded two contracts to provide drilling fluids and related services for land operations, including a five year contract by the Kuwait Oil Company ("Kuwait") and a four year contract by another customer in India. With the exception of the Kuwait contract, work under all of these contracts began in the first half of 2014, while work under the Kuwait contract is expected to begin in the third quarter of 2014. Total revenue generated under these contracts was approximately \$11 million for the first half of 2014.

We are continuing the roll-out of Evolution[®], our family of high performance water-based drilling fluid systems initially launched in 2010, which we believe provide superior performance and environmental benefits to our customers, as compared to traditional fluid systems used in the industry. After completing the roll-out of the systems into most major North American drilling basins in 2011 and 2012, we began expanding into key international markets. The systems have now been used in our EMEA and Asia Pacific regions. Total revenues from wells using Evolution systems were approximately \$115 million in the first half of 2014, including \$22 million from international markets, compared to total revenues of \$54 million in the first half of 2013.

Our Mats and Integrated Services segment, which generated 12% of consolidated revenues through the first half of 2014, provides composite mat rentals, well site construction and related site services to oil and gas customers and mat rentals to the petrochemicals industry in the U.S. and the utility industry in the U.K. We also sell composite mats to E&P customers outside of the U.S., and to domestic customers outside of the oil and gas industry.

In October 2013, we announced plans to expand our mat manufacturing facility, located in Carencro, Louisiana. The \$40 million expansion project is expected to be completed in early 2015. Upon completion, the project will significantly increase our production capacity and support expansion into new markets, both domestically and internationally. The new facility will also include a research and development center, intended to drive continued new product development efforts. Until this manufacturing facility expansion project is completed, we expect revenues from mat sales to continue to be limited by our manufacturing capacity limitations, along with our efforts to meet growing demand for mat rentals. During the first half of both 2014 and 2013, we allocated the majority of our composite mat production toward the expansion of our rental fleet, leaving fewer mats available for sale to customers.

In December 2013, we completed the acquisition of Terrafirma Roadways (“Terrafirma”), a provider of temporary roadways and worksites based in the United Kingdom, for total cash consideration of \$6.8 million, net of cash acquired. Prior to the acquisition, Terrafirma had been operating as a partner to the Company since 2008, developing a rental business with DURA-BASE® composite mats, primarily focused in the utility industry in the U.K.

Rig count data is the most widely accepted indicator of drilling activity. Average North American rig count data for the second quarter and first half of 2014, as compared to the same periods of 2013 is as follows:

	Second Quarter		2014 vs 2013	
	2014	2013	Count	%
U.S. Rig Count	1,852	1,761	91	5%
Canadian Rig Count	199	152	47	31%
North America	2,051	1,913	138	7%

	First Half		2014 vs 2013	
	2014	2013	Count	%
U.S. Rig Count	1,816	1,760	56	3%
Canadian Rig Count	362	342	20	6%
North America	2,178	2,102	76	4%

Source: Baker Hughes Incorporated

Second Quarter of 2014 Compared to Second Quarter of 2013

Consolidated Results of Operations

Summarized results of operations for the second quarter of 2014 compared to the second quarter of 2013 are as follows:

(In thousands)	Second Quarter		2014 vs 2013	
	2014	2013	\$	%
Revenues	\$ 272,466	\$ 259,376	\$ 13,090	5%
Cost of revenues	214,711	214,710	1	-
Selling, general and administrative expenses	27,981	23,248	4,733	20%
Other operating income, net	(2,042)	(178)	(1,864)	1047%
Operating income	31,816	21,596	10,220	47%
Foreign currency exchange (gain) loss	(1,805)	475	(2,280)	(480%)
Interest expense, net	2,830	2,802	28	1%
Income from continuing operations before income taxes	30,791	18,319	12,472	68%
Provision for income taxes	10,462	6,460	4,002	62%
Income from continuing operations	20,329	11,859	8,470	71%
Income from discontinued operations, net of tax	-	3,805	(3,805)	(100%)
Net income	<u>\$ 20,329</u>	<u>\$ 15,664</u>	<u>\$ 4,665</u>	<u>30%</u>

Revenues

Revenues increased 5% to \$272.5 million in the second quarter of 2014, compared to \$259.4 million in the second quarter of 2013. This \$13.1 million increase includes a \$1.4 million (1%) increase in revenues in North America, including a \$4.0 million increase in the Mats and Integrated Services segment, partially offset by a \$2.6 million decline in our Fluids Systems segment. Revenues from our international operations increased by \$11.7 million (16%), as compared to the second quarter of 2013, including increases in our Fluids Systems EMEA and Latin America regions, partially offset by declines in Asia Pacific. International revenues in 2014 also include a \$1.5 million increase from the December 2013 acquisition of Terrafirma. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of revenues

Cost of revenues were essentially unchanged at \$214.7 million in the second quarter of 2014 compared to the second quarter of 2013. Despite a 5% increase in revenues, cost of revenues remained flat to the prior year second quarter, benefitting from an improved sales mix, including continued growth in our higher margin family of Evolution drilling fluid systems. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$4.7 million to \$28.0 million in the second quarter of 2014 from \$23.2 million in the second quarter of 2013. The increase is primarily attributable to an increase of \$1.9 million in performance-based incentive compensation, a \$1.1 million increase in spending related to strategic planning projects, including the development of our deepwater market penetration strategy and other growth initiatives, an increase of \$1.1 million related to stock based compensation and increases in personnel and administrative costs associated with company growth.

Other Operating Income, net

Other operating income was \$2.0 million in the second quarter of 2014 as compared to \$0.2 million in the second quarter of 2013. The increase is primarily attributable to \$1.2 million of gains recognized on the sale of two properties in the second quarter of 2014.

Foreign currency exchange

Foreign currency exchange was a \$1.8 million gain in the second quarter of 2014, compared to a \$0.5 million loss in the second quarter of 2013. The second quarter 2014 gain primarily reflects the impact of the weakening U.S. dollar on currency translations on assets and liabilities (including intercompany balances) held in our international operations that are denominated in currencies other than functional currencies.

Interest expense, net

Interest expense totaled \$2.8 million for both the second quarter of 2014 and 2013. The impact of increased borrowings in our Brazilian subsidiary is offset by the benefit of no borrowings under our U.S. revolving credit facility in the second quarter of 2014.

Provision for income taxes

The provision for income taxes for the second quarter of 2014 was \$10.5 million, reflecting an effective tax rate of 34.0%, compared to \$6.5 million in the second quarter of 2013, reflecting an effective tax rate of 35.3%.

Discontinued operations

Income from our discontinued Environmental Services operations that were sold in March 2014 was \$3.8 million in the second quarter of 2013. See Note 2 Discontinued Operations in our Notes to the unaudited condensed consolidated financial statements in Item 1.

Operating Segment Results

Summarized financial information for our reportable segments is shown in the following table (net of inter-segment transfers):

(In thousands)	Second Quarter		2014 vs 2013	
	2014	2013	\$	%
Revenues				
Fluids systems	\$ 241,386	\$ 233,964	\$ 7,422	3%
Mats and integrated services	31,080	25,412	5,668	22%
Total revenues	<u>\$ 272,466</u>	<u>\$ 259,376</u>	<u>\$ 13,090</u>	<u>5%</u>
Operating income (loss)				
Fluids systems	\$ 27,571	\$ 17,684	\$ 9,887	
Mats and integrated services	13,653	10,341	3,312	
Corporate office	(9,408)	(6,429)	(2,979)	
Operating income	<u>\$ 31,816</u>	<u>\$ 21,596</u>	<u>\$ 10,220</u>	
Segment operating margin				
Fluids systems	11.4%	7.6%		
Mats and integrated services	43.9%	40.7%		

Fluids Systems

Revenues

Total revenues for this segment consisted of the following:

(In thousands)	Second Quarter		2014 vs 2013	
	2014	2013	\$	%
United States	\$ 149,416	\$ 157,574	\$ (8,158)	(5%)
Canada	9,334	3,786	5,548	147%
Total North America	158,750	161,360	(2,610)	(2%)
EMEA	49,835	39,042	10,793	28%
Latin America	26,983	22,492	4,491	20%
Asia Pacific	5,818	11,070	(5,252)	(47%)
Total	\$ 241,386	\$ 233,964	\$ 7,422	3%

North American revenues decreased 2% to \$158.8 million in the second quarter of 2014, compared to \$161.4 million in the second quarter of 2013. While the North American rig count improved by 7% over this period, the decrease is largely attributable to market share losses in South Texas, along with reduced drilling activity of a key customer in the U.S. In addition, our U.S. completion services and equipment rental business, which was sold in December of 2013, contributed \$4.2 million of revenue to the second quarter of 2013.

Internationally, revenues increased 14% to \$82.6 million in the second quarter of 2014, as compared to \$72.6 million in the second quarter of 2013. This increase is primarily attributable to the impact of the new contracts mentioned above, including approximately \$5 million associated with the deepwater Black Sea contract and approximately \$3 million associated with the Total deepwater contract in Brazil that was completed during the second quarter. Revenues in EMEA also benefitted from unusually high down-hole losses of drilling fluids which are billable to the customer, in the second quarter of 2014. The decline in the Asia Pacific region is primarily attributable to the timing of customer drilling activities under an offshore contract.

Operating Income

Operating income increased \$9.9 million in the second quarter of 2014, as compared to the second quarter of 2013. The increase in operating income includes a \$5.7 million increase from North American operations, along with a \$4.2 million increase from international operations. Despite the decrease in U.S. revenues described above, the increase in North American operating income is largely attributable to improved sales mix, including approximately a \$29 million increase in revenue from our proprietary Evolution drilling fluid systems, which generate higher margins relative to our traditional product offering. Also, operating income in the second quarter of 2014 includes a \$0.6 million gain from the sale of real estate, while the second quarter of 2013 included a \$1.1 million operating loss associated with the exited completions service and rental business.

The increase in operating income for our international operations primarily reflects the benefit from the increased revenues in EMEA and Brazil described above, offset partially by the declines in Asia Pacific. In addition, the second quarter of 2013 included a \$1.8 million charge in Brazil, reflecting an adjustment to previously estimated margins on unbilled sales to Petrobras.

In recent quarters, the business environment in Brazil has become increasingly challenging, particularly as Petrobras, our primary customer in the region, has focused more efforts on well completions and less on drilling activities. Also, the lack of timely payment of Petrobras-related invoicing has caused increases in invested working capital associated with participation in this market. In response to these changes in the business environment, we have taken certain actions to reduce the cost structure of this operation and are continuing to evaluate further actions. While the Brazilian deepwater drilling market remains an important component of our long-term strategy, the profitability of our business remains highly dependent on increasing levels of drilling activity by Petrobras and other E&P customers. In the absence of a longer-term increase in drilling activity, we may incur additional charges, as we seek to reduce our cost structure in country, which may negatively impact our future operating results.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

(In thousands)	Second Quarter		2014 vs 2013	
	2014	2013	\$	%
Mat rental and services	\$ 27,702	\$ 17,978	\$ 9,724	54%
Mat sales	3,378	7,434	(4,056)	(55%)
Total	\$ 31,080	\$ 25,412	\$ 5,668	22%

Mat rental and services revenues increased \$9.7 million compared to the second quarter of 2013, primarily due to increasing demand for our composite mat products in the Northeast U.S. region. In addition, the second quarter of 2014 benefitted from a \$1.5 million increase from the U.K. rental operation, following the December 2013 TerraFirma acquisition, as described above. Mat sales in the second quarter of 2014 decreased \$4.1 million from the second quarter of 2013 as we allocated the majority of our composite mat production toward the expansion of our rental fleet. As described further below, quarterly revenues from mat sales typically fluctuate based on management's allocation of plant capacity, along with the timing of mat orders from customers.

Operating Income

Segment operating income increased by \$3.3 million, as compared to the second quarter of 2013, largely attributable to the \$5.7 million increase in revenues described above along with a \$0.6 million gain on the sale of real estate. The segment operating margin remains strong, driven by high utilization of mats in our rental fleet, and high utilization of our production facility, which continues to run at maximum production capacity levels.

The levels of mats sales in a given quarter are determined by several factors, including customer demand, as well as our allocation of mat production between sales and deployment into our rental fleet. The allocation of our production between additions to our rental fleet and sales in any given quarter is driven by a number of factors including commitments to meeting customer schedules, ability of our customers to take delivery of mats, timing of large mat rental projects/events, and plant capacity/efficiencies. As noted above, in the second quarter of 2014, we allocated the majority of our composite mat production toward the expansion of our rental fleet, leaving fewer mats available for sale to customers. Based on the continuing strong demand for our mats in the rental fleet, we expect the majority of our production to continue to be dedicated toward the expansion of our rental fleet until completion of the new mat manufacturing facility, resulting in lower mat sales revenues and income.

Corporate Office

Corporate office expenses increased \$3.0 million to \$9.4 million in the second quarter of 2014, compared to \$6.4 million in the second quarter of 2013. The increase is attributable to increases in personnel and administrative costs related to company growth, higher performance-based incentive compensation, and a \$1.0 million increase in spending related to strategic planning projects, including the development of our deepwater market penetration strategy and international tax planning projects.

First Half of 2014 Compared to First Half of 2013

Consolidated Results of Operations

Summarized results of operations for the first half of 2014 compared to the first half of 2013 are as follows:

(In thousands)	First Half		2014 vs 2013	
	2014	2013	\$	%
Revenues	\$ 515,290	\$ 527,299	\$ (12,009)	(2%)
Cost of revenues	411,271	435,445	(24,174)	(6%)
Selling, general and administrative expenses	53,504	45,699	7,805	17%
Other operating income, net	(2,058)	(302)	(1,756)	581%
Operating income	52,573	46,457	6,116	13%
Foreign currency exchange (gain) loss	(1,751)	107	(1,858)	(1736%)
Interest expense, net	5,750	5,322	428	8%
Income from continuing operations before income taxes	48,574	41,028	7,546	18%
Provision for income taxes	16,503	14,302	2,201	15%
Income from continuing operations	32,071	26,726	5,345	20%
Income from discontinued operations, net of tax	1,152	6,313	(5,161)	(82%)
Gain from disposal of discontinued operations, net of tax	22,117	-	22,117	-
Net income	\$ 55,340	\$ 33,039	\$ 22,301	67%

Revenues

Revenues decreased 2% to \$515.3 million in the first half of 2014, compared to \$527.3 million in the first half of 2013. This \$12.0 million decrease includes a \$20.7 million (5%) decrease in revenues in North America, including a \$33.9 million decline in our Fluids Systems segment. Revenues from our international operations increased by \$8.7 million (6%), primarily attributable to increases in the EMEA region partially offset by declines in Asia Pacific. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of revenues

Cost of revenues decreased 6% to \$411.3 million in the first half of 2014, compared to \$435.4 million in the first half of 2013. The lower cost of revenues is due to the 2% decrease in revenues in the first half of 2014 along with an improved sales mix, including continued growth in our higher margin family of Evolution drilling fluid systems. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$7.8 million to \$53.5 million in the first half of 2014 from \$45.7 million in the first half of 2013. The increase is primarily attributable to increases in personnel and administrative costs associated with company growth, a \$1.7 million increase in performance-based incentive compensation, a \$1.3 million increase in stock-based compensation, and a \$2.8 million increase in spending related to strategic planning projects, including the development of our deepwater market penetration strategy, international treasury and tax planning projects, and other growth initiatives.

Other Operating Income, net

Other operating income was \$2.1 million in the first half of 2014 as compared to \$0.3 million in the first half of 2013. The increase is primarily attributable to \$1.2 million of gains recognized on the sale of two properties in 2014.

Foreign currency exchange

Foreign currency exchange was a \$1.8 million gain in the first half of 2014, compared to a \$0.1 million loss in the first half of 2013. The 2014 gain primarily reflects the impact of the weakening U.S. dollar in the second quarter of 2014 on currency translations on assets and liabilities (including intercompany balances) held in our international operations that are denominated in currencies other than functional currencies.

Interest expense, net

Interest expense totaled \$5.8 million for the first half of 2014 compared to \$5.3 million for the first half of 2013. The impact of increased borrowings in our Brazilian subsidiary is offset by the benefit of lower borrowings under our U.S. line of credit in the first half of 2014.

Provision for income taxes

The provision for income taxes for the first half of 2014 was \$16.5 million, reflecting an effective tax rate of 34.0%, compared to \$14.3 million in the first half of 2013, reflecting an effective tax rate of 34.9%.

Discontinued operations

Income from our discontinued Environmental Services operations that was sold in March 2014 was \$1.2 million in 2014 compared to \$6.3 million in the first half of 2013. In addition, 2014 includes a \$22.1 million gain from the March 2014 sale of the business, described above. See Note 2 Discontinued Operations in our Notes to the unaudited condensed consolidated financial statements in Item 1.

Operating Segment Results

Summarized financial information for our reportable segments is shown in the following table (net of inter-segment transfers):

(In thousands)	First Half		2014 vs 2013	
	2014	2013	\$	%
Revenues				
Fluids systems	\$ 452,786	\$ 481,303	\$ (28,517)	(6%)
Mats and integrated services	62,504	45,996	16,508	36%
Total revenues	<u>\$ 515,290</u>	<u>\$ 527,299</u>	<u>\$ (12,009)</u>	<u>(2%)</u>
Operating income (loss)				
Fluids systems	\$ 43,311	\$ 40,306	3,005	
Mats and integrated services	27,026	18,821	8,205	
Corporate office	(17,764)	(12,670)	(5,094)	
Operating income	<u>\$ 52,573</u>	<u>\$ 46,457</u>	<u>\$ 6,116</u>	
Segment operating margin				
Fluids systems and engineering	9.6%	8.4%		
Mats and integrated services	43.2%	40.9%		

Fluids Systems

Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Half		2014 vs 2013	
	2014	2013	\$	%
United States	\$ 274,192	\$ 316,718	\$ (42,526)	(13%)
Canada	31,045	22,437	8,608	38%
Total North America	305,237	339,155	(33,918)	(10%)
EMEA	84,555	73,560	10,995	15%
Latin America	48,986	47,453	1,533	3%
Asia Pacific	14,008	21,135	(7,127)	(34%)
Total	<u>\$ 452,786</u>	<u>\$ 481,303</u>	<u>\$ (28,517)</u>	<u>(6%)</u>

North American revenues decreased 10% to \$305.2 million in the first half of 2014, compared to \$339.2 million in the first half of 2013. While the North American rig count improved by 4% over this period, the decrease is largely attributable to market share losses in South Texas, along with reduced drilling activity of a key customer in the U.S. In addition, our U.S. completion services and equipment rental business, which was sold in December of 2013, contributed \$9.7 million of revenue to the first half of 2013.

Internationally, revenues increased 4% to \$147.5 million in the first half of 2014, as compared to \$142.1 million in first half of 2013. This increase is primarily attributable to the impact of the new contracts described in the Overview section above, including approximately \$6 million associated with the deepwater Black Sea contract and approximately \$4 million associated with the Total deepwater contract in Brazil. The decline in the Asia Pacific region is attributable to the timing of customer drilling activities under an offshore contract in Australia and lower land drilling revenues.

Operating Income

Operating income increased \$3.0 million in the first half of 2014, as compared to the first half of 2013. The increase in operating income includes a \$3.8 million increase from international operations, along with a \$0.8 million decrease from North American operations. Despite the 10% decrease in North American revenues described above, operating income in North America only decreased approximately 3% primarily attributable to improved sales mix, including an approximately \$46 million increase in revenue from our proprietary Evolution drilling fluid systems, which generate higher margins relative to our traditional product offering. Operating income in the first half of 2014 also includes a \$0.6 million gain from the sale of real estate.

The increase in operating income for our international operations includes the benefit from the increased revenues in the EMEA region described above offset partially by lower earnings in Asia Pacific. In addition, the first half of 2013 results included a \$1.8 million charge in Brazil, reflecting an adjustment to previously estimated margins on unbilled sales to Petrobras.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Half		2014 vs 2013	
	2014	2013	\$	%
Mat rental and services	\$ 52,239	\$ 32,756	\$ 19,483	59%
Mat sales	10,265	13,240	(2,975)	(22%)
Total	<u>\$ 62,504</u>	<u>\$ 45,996</u>	<u>\$ 16,508</u>	<u>36%</u>

Mat rental and services revenues increased \$19.5 million compared to the first half of 2013, largely due to increasing demand for our composite mat products, primarily in the Northeast U.S. region. In addition, the first half of 2014 benefitted from a \$3.1 million increase from the U.K. rental operation, following the December 2013 Terraforma acquisition. Mat sales decreased by \$3.0 million from the first half of 2013, as we allocated the majority of our composite mat production toward the expansion of our rental fleet. Quarterly revenues from mat sales typically fluctuate based on management's allocation of plant capacity, along with the timing of mat orders from customers.

Operating Income

Segment operating income in 2014 increased by \$8.2 million, as compared to the first half of 2013, largely attributable to the \$16.5 million increase in revenues described above, along with a \$0.6 million gain on the sale of real estate. The segment operating margin remains strong, driven by high utilization of mats in our rental fleet, and high utilization of our production facility, which continues to run at maximum production capacity levels.

Corporate Office

Corporate office expenses increased \$5.1 million to \$17.8 million in the first half of 2014, compared to \$12.7 million in the first half of 2013. The increase is attributable to increases in personnel and administrative costs related to company growth, higher performance-based incentive compensation, higher stock-based compensation, and a \$2.7 million increase in spending related to strategic planning projects, including the development of our deepwater market penetration strategy, international tax planning projects, and other growth initiatives.

Liquidity and Capital Resources

Net cash used in operating activities during the first half of 2014 totaled \$5.3 million. Net income adjusted for non-cash items provided \$32.1 million of cash during the period while changes in operating assets used \$37.4 million of cash. Uses of cash included increases in accounts receivable of \$38.9 million attributable to higher revenue levels, and increases in inventories of \$8.5 million largely associated with the timing of receipts of barite ore purchased from China which were partially offset by a combined \$16.8 million increase in accounts payable and accrued liabilities.

Net cash provided by investing activities during the first half of 2014 was \$35.0 million, primarily consisting of net proceeds from the sale of the Environmental Services business of \$89.2 million partially offset by capital expenditures of \$56.7 million. The first half of 2014 capital expenditures included \$34.0 million in the Mats & Integrated Services segment, including \$17.7 million related to the deployment of produced mats into the rental fleet and \$14.5 million related to the manufacturing plant expansion project at our Carencro, Louisiana facility.

We anticipate that our future working capital requirements for our operations will fluctuate directionally with revenues. We have increased our estimated capital expenditures and now expect total 2014 capital expenditures to range between \$90 million to \$110 million. As of June 30, 2014, we had cash on-hand of \$56.8 million of which \$54.4 million resides within our foreign subsidiaries which we intend to leave permanently reinvested abroad. We expect our subsidiary cash on-hand, along with cash generated by operations and availability under our existing credit agreement to be adequate to fund our anticipated capital needs during the next 12 months.

Our capitalization is as follows:

(In thousands)	June 30, 2014	December 31, 2013
Senior Notes	\$ 172,500	\$ 172,500
Revolving credit facility	-	-
Other	20,717	13,153
Total	193,217	185,653
Stockholder's equity	598,769	581,054
Total capitalization	\$ 791,986	\$ 766,707
Total debt to capitalization	24.4%	24.2%

Our financing arrangements include \$172.5 million of Senior Notes and a \$125.0 million revolving credit facility. The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of our common stock per \$1,000 principal amount of Senior Notes (equivalent to an initial conversion price of \$11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes prior to their maturity date.

Our revolving credit facility (the "Credit Agreement") provides for a \$125.0 million revolving loan facility available for borrowings and letters of credit which expires in November 2016. The Credit Agreement can be increased by \$75.0 million for a maximum \$200.0 million of capacity. Under the terms of the Credit Agreement, we can elect to borrow at an interest rate either based on LIBOR plus a margin based on our consolidated leverage ratio, ranging from 175 to 300 basis points, or at an interest rate based on the greatest of: (a) prime rate, (b) the federal funds rate in effect plus 50 basis points, or (c) the Eurodollar rate for a Eurodollar Loan with a one-month interest period plus 100 basis points, in each case plus a margin ranging from 75 to 200 basis points. The applicable margin on LIBOR borrowings on June 30, 2014 was 200 basis points. In addition, we are required to pay a commitment fee on the unused portion of the Credit Agreement of 37.5 basis points. The Credit Agreement contains customary financial and operating covenants, including a consolidated leverage ratio, a senior secured leverage ratio and an interest coverage ratio. We were in compliance with these covenants as of June 30, 2014.

At June 30, 2014, we had letters of credit issued and outstanding under the Credit Agreement which totaled \$43.1 million leaving \$81.9 million of availability at June 30, 2014. Additionally, our foreign operations had \$20.7 million outstanding under lines of credit and other borrowings, as well as \$1.3 million outstanding in letters of credit.

The Credit Agreement is a senior secured obligation, secured by first liens on all of our U.S. tangible and intangible assets, including our accounts receivable and inventory. Additionally, a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires us to make assumptions, estimates and judgments that affect the amounts reported. We periodically evaluate our estimates and judgments related to uncollectible accounts and notes receivable, customer returns, reserves for obsolete and slow moving inventory, impairments of long-lived assets, including goodwill and other intangibles and our valuation allowance for deferred tax assets. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

For additional discussion of our critical accounting estimates and policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2013. Our critical accounting policies have not changed materially since December 31, 2013.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates and changes in foreign currency rates. A discussion of our primary market risk exposure in financial instruments is presented below.

Interest Rate Risk

At June 30, 2014, we had total debt outstanding of \$193.2 million, including \$172.5 million of Senior Notes, bearing interest at a fixed rate of 4.0%. Variable rate debt totaled \$20.7 million which relates to our foreign operations under lines of credit and other borrowings. At the June 30, 2014 balance, a 200 basis point increase in market interest rates during 2014 would cause our annual interest expense to increase approximately \$0.4 million.

Foreign Currency

Our principal foreign operations are conducted in certain areas of EMEA, Latin America, Asia Pacific, and Canada. We have foreign currency exchange risks associated with these operations, which are conducted principally in the foreign currency of the jurisdictions in which we operate which include European euros, Algerian dinar, Romanian new leu, Canadian dollars, Australian dollars, British pound and Brazilian reais. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies because the dollar amount of these transactions has not warranted our using hedging instruments.

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Based on their evaluation of our disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of June 30, 2014, the end of the period covered by this quarterly report.

Changes in internal control over financial reporting

There has been no change in internal control over financial reporting during the quarter ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The information set forth in the legal proceedings section of “Note 10, Commitments and Contingencies,” to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1.

ITEM 1A. Risk Factors

There have been no material changes during the period ended June 30, 2014 in our “Risk Factors” as discussed in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) The following table details our repurchases of shares of our common stock, for the three months ended June 30, 2014:

Period	Total Number of Shares Purchased	(1)	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs
April 1 - 30, 2014	1,541,468		\$ 11.42	1,541,468	\$ 62.7
May 1 - 31, 2014	-		-	-	\$ 62.7
June 1 - 30, 2014	1,417,459		11.80	1,239,097	\$ 48.1
Total	2,958,927		\$ 11.60	2,780,565	

(1) During the three months ended June 30, 2014, we purchased an aggregate of 178,362 shares surrendered in lieu of taxes under vesting of restricted stock awards.

In February 2014, the Company's Board of Directors authorized an amendment to the \$50.0 million repurchase program to increase the amount authorized to \$100.0 million, subject to completion of the Environmental Services divestiture that subsequently closed in March 2014.

Subsequent to June 30, 2014, we repurchased an additional 441,300 shares at an average cost of approximately \$12.33 per share.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

The information concerning mine safety violations and other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 of this Quarterly Report on Form 10-Q, which is incorporated by reference.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

- *4.1 Form of Indemnification Agreement
- 10.1 Newpark Resources, Inc. 2014 Non-Employee Directors' Restricted Stock Plan, incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8 filed on May 22, 2014 (SEC File No. 333-196164).
- 10.2 Form of Restricted Stock Agreement under the Newpark Resources, Inc. 2014 Non-Employee Directors' Restricted Stock Plan, incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-8 filed on May 22, 2014 (SEC File No. 333-196164).
- *31.1 Certification of Paul L. Howes pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *31.2 Certification of Gregg S. Piontek pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *32.1 Certification of Paul L. Howes pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- *32.2 Certification of Gregg S. Piontek pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- *95.1 Reporting requirements under the Mine Safety and Health Administration.
- *101.INS XBRL Instance Document
- *101.SCH XBRL Schema Document
- *101.CAL XBRL Calculation Linkbase Document
- *101.LAB XBRL Label Linkbase Document
- *101.PRE XBRL Presentation Linkbase Document
- *101.DEF XBRL Definition Linkbase Document

* Filed herewith.

NEWPARK RESOURCES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 25, 2014

NEWPARK RESOURCES, INC.

By: /s/ Paul L. Howes
Paul L. Howes, President and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Gregg S. Piontek
Gregg S. Piontek, Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Douglas L. White
Douglas L. White, Corporate Controller and
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

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* Filed herewith.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is made effective this ____ day of _____, _____, by and between NEWPARK RESOURCES, INC. a Delaware corporation (the "Company"), and _____ ("Indemnitee"), with reference to the following:

A. Indemnitee is currently serving as a director of the Company, and the Company wishes Indemnitee to continue to serve in such capacity.

B. The Certificate of Incorporation, as amended, and the Bylaws, as amended, of the Company provide that the Company shall indemnify its "agents" (as defined herein), including directors and officers, against specified expenses and losses arising as a result of their services as such agents, to the fullest extent permitted by the Delaware General Corporation Law (the "GCL").

C. Section 145(f) of the GCL provides that the indemnification provisions of the GCL are not exclusive of any rights to which a person seeking indemnification may be entitled under the Certificate of Incorporation or Bylaws of a corporation or under an agreement providing for indemnification. As part of the inducement to Indemnitee to serve as a director of the Company, the Company promised to enter into this Agreement with Indemnitee.

NOW, THEREFORE, as an inducement to Indemnitee to serve or to continue to serve as a director of the Company, the Company agrees with Indemnitee as follows:

1. Indemnification Rights.

1.1 Indemnification. The Company shall indemnify Indemnitee if Indemnitee was or is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any hearing, inquiry or investigation that Indemnitee in good faith reasonably believes might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, investigative or other (hereafter, a "Claim") (including but not limited to a proceeding by or in the right of the Company to procure a judgment in its favor) by reason of the fact that Indemnitee is or was an agent of the Company or of any other entity or enterprise for which Indemnitee served at the request of the Company, against any and all judgments, fines, penalties, amounts paid in settlement (if such settlement is approved in advance by the Company, such approval not to be unreasonably withheld) of any Claim and any federal, state, or local taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement (collectively, hereinafter "Losses"), which Losses shall also include all attorneys' fees and all other costs, expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participant in, any such action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation (collectively, hereinafter "Expenses") if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the Company and its subsidiaries, and, in the case of a criminal proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in the best interests of the Company and its subsidiaries or that the Indemnitee had reasonable cause to believe that the Indemnitee's conduct was unlawful.

1.2 Contribution. If the indemnification provided for in Section 1.1 above is for any reason held by a court of competent jurisdiction to be unavailable to an Indemnitee in respect of any losses, claims, damages, expenses or liabilities referred to therein (after a final judicial determination is made with respect thereto, and as to which all rights of appeal therefrom have been exhausted or lapsed), then the Company, in lieu of indemnifying Indemnitee thereunder, shall contribute to the amount paid or payable by Indemnitee as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and Indemnitee in connection with the action or inaction that resulted in such losses, claims, damages, expenses or liabilities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and Indemnitee in connection with the action or inaction that resulted in such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. The Company and Indemnitee agree that it would not be just and equitable if contribution pursuant to this Section 1.2 were determined by pro rata or per capita allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding sentence.

1.3 Survival Regardless of Investigation. The indemnification and contribution provided for herein will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee or any officer, director, employee, agent or controlling person of Indemnitee.

2. Mandatory Payment of Losses. To the extent that Indemnitee has been successful on the merits in defense of any action, suit, proceeding, inquiry or investigation referred to in Section 1.1 or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against all Losses incurred by Indemnitee in connection therewith to the fullest extent allowed by law.

3. Expenses; Indemnification Procedure.

3.1 Advance of Expenses. At the times specified in Section 3.4(a) hereof, the Company shall advance all expenses incurred by Indemnitee in defending any proceeding prior to the final disposition of such proceeding. Indemnitee hereby undertakes to repay such amounts advanced if it shall be determined ultimately that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement.

3.2 Notice/Cooperation by Indemnitee. As a condition precedent to Indemnitee's right to be indemnified under this Agreement, Indemnitee shall give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to the Secretary of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee). Delay in providing notice shall not preclude Indemnitee from asserting his rights under this Agreement unless, and only to the extent that, such delay causes actual loss to the Company. Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's reasonable ability to provide.

3.3 Determination of Standard of Conduct.

(a) It shall be a defense to any claim by Indemnitee for indemnification hereunder and to any action brought by Indemnitee pursuant to Section 3.4(a) (other than a claim or action to enforce a claim for expenses incurred in connection with any proceeding in advance of its final disposition) that Indemnitee has not met the standard of conduct which makes it permissible for the Company to indemnify Indemnitee for the amount claimed, but the burden of proving such defense (by clear and convincing evidence) shall be on the Company, and Indemnitee shall be entitled to receive interim payments of expenses pursuant to Section 3.1 unless and until such defense is finally adjudicated by court order or judgment from which no further right of appeal exists. It is the parties' intention that, if the Company contests Indemnitee's right to indemnification, the question of Indemnitee's right to indemnification shall be for the court to decide, and neither the failure of the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) to have made a determination that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) that Indemnitee has not met such standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. Except as provided in Sections 2 and 3.1, Indemnitee shall be indemnified by the Company under this Agreement unless it shall be determined by a court of competent jurisdiction that indemnification of Indemnitee is improper under the circumstances of the particular proceeding because the Indemnitee has not met the applicable standard of conduct set forth in Section 1.

(b) No indemnification or advance shall be made under this Agreement, except as provided in Section 2 or Section 3.1, in any circumstance where it appears that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

3.4 Certain Procedural Matters.

(a) Any indemnification and advances provided for in this Agreement shall be made no later than thirty (30) days after receipt of the written request of Indemnitee. If a claim under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or Bylaws providing for indemnification is not paid in full by the Company within thirty (30) days after a written request for payment thereof has first been received by the Company, Indemnitee may, but need not, at any time thereafter bring an action against the Company to recover the unpaid amount of the claim, and, subject to Section 15 of this Agreement, Indemnitee shall also be entitled to be paid for the expenses of bringing such action.

(b) Notice to Insurers. If, at the time of the receipt of a notice of a claim pursuant to Section 3.2 hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies. If the Company fails to take such action on Indemnitee's behalf, Indemnitee may do so, whereupon the Company shall indemnify Indemnitee against all expenses incurred by Indemnitee in connection with any proceeding brought by Indemnitee against the insurers for recovery under any such insurance.

(c) Selection of Counsel. The Company shall be entitled to assume the defense of any proceeding with respect to which it is obligated to advance expenses pursuant to Section 3.1, with counsel reasonably satisfactory to Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to advance counsel fees to Indemnitee with respect to the same proceeding, provided that (i) Indemnitee shall have the right to employ his or her counsel in any such proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

(d) Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending claim related to an event that is indemnifiable hereunder effected without the Company's prior written consent, which shall not be unreasonably withheld. The Company shall not settle any such claim in any manner that would impose any losses on the Indemnitee that are not indemnified hereunder without the Indemnitee's prior written consent.

4. Additional Indemnification Rights; Non-exclusivity.

4.1 Scope. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law (in effect at any time between the date the Indemnitee became an agent of the Company and the date the claim is resolved) notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, Bylaws or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its Board of Directors or an officer or other agent, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its Board of Directors or an officer or other agent, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

4.2 Other Rights Authorized. The indemnification provided by this Agreement shall not be exclusive of (a) any additional rights to indemnification for breach of duty to the Company and its stockholders while acting in the capacity of a director, officer, agent or employee of the Company or of any other entity or enterprise for which Indemnitee served at the request of the Company or (b) any other rights to which Indemnitee may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office, in each case, to the extent such additional rights to indemnification are authorized in the Company's Certificate of Incorporation. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though Indemnitee may have ceased to serve in such capacity at the time of any covered proceeding.

5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expense, judgments, fines or penalties actually or reasonably incurred by him or her in the investigation, defense, appeal or settlement of any civil or criminal action, suit or proceeding, but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled.

6. Mutual Acknowledgement. Both the Company and Indemnitee acknowledge that in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors, officers and agents under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

7. Charter Provisions. The Company at all times shall have and maintain in its Certificate of Incorporation or Bylaws, or both, as necessary in order to be effective under the GCL, provisions for exculpating directors from liability and for indemnifying officers, directors, employees and agents, in each case to the fullest extent permitted under the GCL, which provisions shall not be amended except as required by applicable law or except to make changes, permitted by law, that would enlarge Indemnitee's right of indemnification.

8. Officer and Director Liability Insurance. For the duration of Indemnitee's service as a director/[**officer**] of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim for which Indemnitee is entitled to indemnification by the Company, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. In all policies of directors' and officers' liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company's directors[, **if Indemnitee is a director, or of the Company's officers, if Indemnitee is an officer (and not a director)**] by such policy. Upon request, the Company will provide to Indemnitee copies of all directors' and officer's liability insurance applications, binders, policies, declarations, endorsements and other related materials. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy of the amounts otherwise indemnifiable by the Company hereunder.

9. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 9. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

10. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

10.1 To indemnify for Losses or advance Expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement, the Company's Certificate of Incorporation or Bylaws or any other statute or law or otherwise as required or permitted under Section 145 of the GCL, but such indemnification of Losses or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors has approved the initiation or bringing of such suit; or

10.2 To indemnify Indemnitee for any Losses or Expenses incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous; or

10.3 To indemnify Indemnitee for Expenses or liabilities or Losses of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Company; or

10.4 To indemnify Indemnitee for Expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute; or

10.5 To indemnify Indemnitee for any act, omission or transaction listed in the exceptions to waiver of personal liability of a director set forth in Section 102(b)(7) of the GCL; or

10.6 To indemnify Indemnitee for Losses or advance Expenses for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**") in connection with an accounting restatement of the Company or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

11. Construction of Certain Phrases.

11.1 For purposes of this Agreement, "agent" means any person who is or was a director, officer, employee or other agent of the Company, or is or was serving at the request of the Company as a director, member of a committee of the Board of Directors, officer, employee or agent of another foreign or domestic corporation which was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation; and "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative.

11.2 For purposes of this Agreement, "person" means any individual, and any domestic or foreign corporation, partnership, association, trust or other entity or organization, including a government or political subdivision or any agency or instrumentality thereof; and "predecessor or acquired person" means a person which was a predecessor of the Company or a majority of whose equity interests or assets is or was acquired by the Company.

11.3 For purposes of this Agreement, references to the "Company" shall include any subsidiary of the Company and, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

11.4 For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, member of a committee of the Board of Directors officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to any employee benefit plan, its participants, or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

12. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of any other enterprise) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible claim relating to any matter for which Indemnitee is entitled to indemnification hereunder and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his rights under this Agreement, even if, in either case, he may have ceased to serve in such capacity at the time of any such claim or proceeding.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

14. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of Indemnitee and the heirs, executors, and administrators of the Indemnitee.

15. Attorneys' Fees. In the event that any action is instituted by Indemnitee under this Agreement to enforce or interpret any of the terms hereof, Indemnitee shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by Indemnitee with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous. In the event of an action instituted by or in the name of the Company under this Agreement, or to enforce or interpret any of the terms of this Agreement, Indemnitee shall be entitled to be paid all court costs and expenses, including attorneys' fees, incurred by Indemnitee in defense of such action (including with respect to Indemnitee's counterclaims and cross-claims made in such action), unless as a part of such action the court determines that each of Indemnitee's material defenses to such action was not made in good faith or was frivolous.

16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (a) if delivered by hand and receipted for by the party addressed, on the date of such receipt, or (b) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

17. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

18. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

19. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NEWPARK RESOURCES, INC. (the "Company")
2700 Research Forest Drive, Suite 100
The Woodlands, Texas 77381

By: _____
_____, Chairman of the Board

AGREED TO AND ACCEPTED:

("Indemnatee")

Name:
Address:

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul L. Howes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newpark Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2014

/s/ Paul L. Howes
Paul L. Howes, President and Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregg S. Piontek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newpark Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2014

/s/ Gregg S. Piontek

Gregg S. Piontek, Vice President and
Chief Financial Officer

Certification
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2014, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul L. Howes, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 25, 2014

/s/ Paul L. Howes
Paul L. Howes, President and Chief Executive Officer

Certification
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2014, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg S. Piontek, Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 25, 2014

/s/ Gregg S. Piontek

Gregg S. Piontek, Vice President and
Chief Financial Officer

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the Securities and Exchange Commission (“SEC”). Our subsidiary, Excalibar Minerals LLC (“Excalibar”), engages in the processing of barite ore and is subject to the jurisdiction of the Mine Safety and Health Administration (“MSHA”). For that reason, we are providing below the required mine safety data for the four specialized barite and calcium carbonate grinding facilities operated by Excalibar that are subject to the regulation by MSHA under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

As required by the reporting requirements regarding mine safety in Section 1503 of the Dodd-Frank Act and the SEC’s final rules promulgated thereunder, the table below presents the following information for the three months ended June 30, 2014 for each of the specialized facilities operated by our subsidiary:

- (a) The total number of Mine Act Section 104 significant and substantial citations received, which are for alleged violations of a mining safety standard or regulation where there exists a reasonable likelihood that the hazard could result in an injury or illness of a reasonably serious nature;
 - (b) The total number of Mine Act Section 104(b) orders received, which are for an alleged failure to totally abate the subject matter of a Mine Act Section 104(a) citation within the period specified in the citation;
 - (c) The total number of Mine Act Section 104(d) citations and orders received, which are for an alleged unwarrantable failure to comply with a mining safety standard or regulation;
 - (d) The total number of flagrant violations under Section 110(b)(2) of the Mine Act received;
 - (e) The total number of imminent danger orders issued under Section 107(a) of the Mine Act;
 - (f) The total dollar value of proposed assessments from MSHA under the Mine Act;
 - (g) The total number of mining-related fatalities;
 - (h) Mine Act Section 104(e) written notices for an alleged pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of a coal mine health or safety hazard, or the potential to have such a pattern; and
 - (i) The total number of pending legal actions before the Federal Mine Safety and Health Review Commission as required by Section 1503(a) (3) of the Dodd-Frank Act. The number of legal actions pending as of June 30, 2014 that are:

(1)	contests of citations and orders referenced in Subpart B of 29 CFR Part 2700:	0
(2)	contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700:	0
(3)	complaints for compensation referenced in Subpart D of 29 CFR Part 2700:	0
(4)	complaints of discharge, discrimination or interference referenced in Subpart E of 29 CFR Part 2700:	0
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- (5) applications for temporary relief referenced in Subpart F of 29 CFR Part 2700: 0
- (6) appeals of judges' decisions or orders to the Federal Mine Safety and Health Review Commission referenced in Subpart H of 29 CFR Part 2700: 0

For the Three Months Ended June 30, 2014

Mine or Operating Name/MSHA Identification Number	(A) Section 104 S&S Citations (#)	(B) Section 104(b) Orders (#)	(C) Section 104(d) and Orders (#)	(D) Section 110(b)(2) Violations (#)	(E) Section 107(a) Orders (#)	(F) Total Dollar Value of MSHA Assessments Proposed (#)	(G) Total Number of Mining Related Fatalities (#)	(H) Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	(H) Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	(I) Legal Actions Pending as of Last Day of Period (#)	(J) Legal Actions Initiated During Period (#)	(K) Legal Actions Resolved During Period (#)
Houston Plant /41-04449	3	-	-	-	-	\$5,961	-	No	No	-	-	-
Dyersburg Plant / 40-03183	1	-	-	-	-	\$946	-	No	No	-	-	-
Excalibar Minerals (New Iberia Plant) / 16-01302	-	-	-	-	-	-	-	No	No	-	-	-
Corpus Christi Plant / 41-04002	-	-	-	-	-	-	-	No	No	-	-	-
Collins Gulch Gravel Pit	-	-	-	-	-	-	-	No	No	-	-	-

In evaluating the above information regarding mine safety and health, investors should take into account factors such as (i) the number of citations and orders will vary depending on the size of the coal mine or facility, (ii) the number of citations issued will vary from inspector-to-inspector and mine-to-mine, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.