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 September 30, 2020

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 Number: 001-02960

NEWPARK

Newpark Resources, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**72-1123385**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9320 Lakeside Boulevard, Suite 100 **The Woodlands, Texas**	**77381**
(Address of principal executive offices)	(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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	NR	New York Stock Exchange
Rights to Purchase Series D Junior Participating Preferred Stock	N/A	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files).

Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☑
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 30, 2020, a total of 90,803,610 shares of common stock, $0.01 par value per share, were outstanding.

NEWPARK RESOURCES, INC.

INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2020

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. Words such as "will," "may," "could," "would," "should," "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 as of the filing date of this Quarterly Report on Form 10-Q and include statements regarding the impact of the COVID-19 pandemic, as well as our future operating results related to compliance with certain financial covenants under our ABL Facility; however, various risks, uncertainties, contingencies, and other factors, some of which are beyond our control, are difficult to predict and could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, these statements.

We assume no obligation to update, amend, or clarify 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 that could cause actual results to differ, we refer you to the risk factors set forth in Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and in Part II Item 1A "Risk Factors" in our Quarterly Report on Form 10-Q for the period ended March 31, 2020.

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

(In thousands, except share data)	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 24,028	$ 48,672
Receivables, net	127,957	216,714
Inventories	159,567	196,897
Prepaid expenses and other current assets	17,327	16,526
Total current assets	328,879	478,809
Property, plant and equipment, net	287,332	310,409
Operating lease assets	32,306	32,009
Goodwill	42,234	42,332
Other intangible assets, net	26,103	29,677
Deferred tax assets	3,264	3,600
Other assets	2,927	3,243
Total assets	$ 723,045	$ 900,079
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current debt	$ 10,149	$ 6,335
Accounts payable	44,013	79,777
Accrued liabilities	35,923	42,750
Total current liabilities	90,085	128,862
Long-term debt, less current portion	92,206	153,538
Noncurrent operating lease liabilities	26,371	26,946
Deferred tax liabilities	14,513	34,247
Other noncurrent liabilities	10,787	7,841
Total liabilities	233,962	351,434
Commitments and contingencies (Note 9)		
Common stock, $0.01 par value (200,000,000 shares authorized and 107,587,786 and 106,696,719 shares issued, respectively)	1,076	1,067
Paid-in capital	625,328	620,626
Accumulated other comprehensive loss	(69,847)	(67,947)
Retained earnings	69,422	134,119
Treasury stock, at cost (16,786,446 and 16,958,418 shares, respectively)	(136,896)	(139,220)
Total stockholders' equity	489,083	548,645
Total liabilities and stockholders' equity	$ 723,045	$ 900,079

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 September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenues	$ 96,424	$ 202,763	$ 362,920	$ 630,648
Cost of revenues	99,301	169,429	357,675	522,338
Selling, general and administrative expenses	20,597	27,017	66,230	85,796
Other operating (income) loss, net	(820)	29	(1,906)	(367)
Impairments	3,038	—	3,038	—
Operating income (loss)	(25,692)	6,288	(62,117)	22,881
Foreign currency exchange loss	580	828	3,343	756
Interest expense, net	2,411	3,628	8,524	10,807
Gain on extinguishment of debt	—	—	(419)	—
Income (loss) before income taxes	(28,683)	1,832	(73,565)	11,318
Provision (benefit) for income taxes	(4,813)	3,273	(11,303)	7,171
Net income (loss)	$ (23,870)	$ (1,441)	$ (62,262)	$ 4,147
Net income (loss) per common share - basic:	$ (0.26)	$ (0.02)	$ (0.69)	$ 0.05
Net income (loss) per common share - diluted:	$ (0.26)	$ (0.02)	$ (0.69)	$ 0.05

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2020**	**2019**	**2020**	**2019**
Net income (loss)	$ (23,870)	$ (1,441)	$ (62,262)	$ 4,147
Foreign currency translation adjustments (net of tax benefit (expense) of $(330), $713, $268, $604)	3,461	(3,897)	(1,900)	(4,097)
Comprehensive income (loss)	$ (20,409)	$ (5,338)	$ (64,162)	$ 50

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Newpark Resources, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

(In thousands)	Common Stock	Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance at June 30, 2020	$ 1,074	$ 623,269	$ (73,308)	$ 93,292	$ (136,890)	$ 507,437
Net loss	—	—	—	(23,870)	—	(23,870)
Employee stock options, restricted stock and employee stock purchase plan	2	267	—	—	(6)	263
Stock-based compensation expense	—	1,792	—	—	—	1,792
Foreign currency translation, net of tax	—	—	3,461	—	—	3,461
Balance at September 30, 2020	$ 1,076	$ 625,328	$ (69,847)	$ 69,422	$ (136,896)	$ 489,083
Balance at June 30, 2019	$ 1,067	$ 618,626	$ (67,873)	$ 153,395	$ (139,086)	$ 566,129
Net loss	—	—	—	(1,441)	—	(1,441)
Employee stock options, restricted stock and employee stock purchase plan	—	(2,495)	—	(651)	2,979	(167)
Stock-based compensation expense	—	2,501	—	—	—	2,501
Treasury shares purchased at cost	—	—	—	—	(3,494)	(3,494)
Foreign currency translation, net of tax	—	—	(3,897)	—	—	(3,897)
Balance at September 30, 2019	$ 1,067	$ 618,632	$ (71,770)	$ 151,303	$ (139,601)	$ 559,631
Balance at December 31, 2019	$ 1,067	$ 620,626	$ (67,947)	$ 134,119	$ (139,220)	$ 548,645
Cumulative effect of accounting change	—	—	—	(735)	—	(735)
Net loss	—	—	—	(62,262)	—	(62,262)
Employee stock options, restricted stock and employee stock purchase plan	9	(167)	—	(1,700)	2,324	466
Stock-based compensation expense	—	4,869	—	—	—	4,869
Foreign currency translation, net of tax	—	—	(1,900)	—	—	(1,900)
Balance at September 30, 2020	$ 1,076	$ 625,328	$ (69,847)	$ 69,422	$ (136,896)	$ 489,083
Balance at December 31, 2018	$ 1,064	$ 617,276	$ (67,673)	$ 148,802	$ (129,788)	$ 569,681
Net income	—	—	—	4,147	—	4,147
Employee stock options, restricted stock and employee stock purchase plan	3	(8,019)	—	(1,646)	9,218	(444)
Stock-based compensation expense	—	9,375	—	—	—	9,375
Treasury shares purchased at cost	—	—	—	—	(19,031)	(19,031)
Foreign currency translation, net of tax	—	—	(4,097)	—	—	(4,097)
Balance at September 30, 2019	$ 1,067	$ 618,632	$ (71,770)	$ 151,303	$ (139,601)	$ 559,631

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands)	Nine Months Ended September 30, 2020	2019
Cash flows from operating activities:		
Net income (loss)	$ (62,262)	$ 4,147
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Impairments and other non-cash charges	13,024	—
Depreciation and amortization	34,186	34,891
Stock-based compensation expense	4,869	9,375
Provision for deferred income taxes	(19,023)	(787)
Credit loss expense	1,304	1,044
Gain on sale of assets	(2,916)	(5,779)
Gain on extinguishment of debt	(419)	—
Amortization of original issue discount and debt issuance costs	3,962	4,589
Change in assets and liabilities:		
Decrease in receivables	77,004	17,065
Decrease in inventories	26,566	11,873
Increase in other assets	(2,912)	(3,621)
Decrease in accounts payable	(34,606)	(11,806)
Increase (decrease) in accrued liabilities and other	1,516	(7,805)
Net cash provided by operating activities	40,293	53,186
Cash flows from investing activities:		
Capital expenditures	(14,609)	(35,803)
Proceeds from sale of property, plant and equipment	10,497	7,116
Net cash used in investing activities	(4,112)	(28,687)
Cash flows from financing activities:		
Borrowings on lines of credit	147,987	237,093
Payments on lines of credit	(180,440)	(242,263)
Purchases of Convertible Notes	(29,124)	—
Debt issuance costs	—	(1,214)
Proceeds from employee stock plans	—	1,236
Purchases of treasury stock	(332)	(21,678)
Other financing activities	1,029	1,336
Net cash used in financing activities	(60,880)	(25,490)
Effect of exchange rate changes on cash	(1,810)	(1,526)
Net decrease in cash, cash equivalents, and restricted cash	(26,509)	(2,517)
Cash, cash equivalents, and restricted cash at beginning of period	56,863	64,266
Cash, cash equivalents, and restricted cash at end of period	$ 30,354	$ 61,749

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 collectively 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, 2019. Our fiscal year end is December 31, our third quarter represents the three- month period ended September 30, and our first nine months represents the nine-month period ended September 30. The results of operations for the third quarter and first nine months of 2020 are not necessarily indicative of the results to be expected for the entire year. Unless otherwise noted, 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 September 30, 2020, our results of operations for the third quarter and first nine months of 2020 and 2019, and our cash flows for the first nine months of 2020 and 2019. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2019 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, 2019.

<u>**New Accounting Pronouncements**</u>

Standards Adopted in 2020

Credit Losses. In 2016, the Financial Accounting Standards Board ("FASB") issued new guidance which requires financial assets measured at amortized cost basis, including trade receivables, to be presented at the net amount expected to be collected. The new guidance requires an entity to estimate its lifetime "expected credit loss" for such assets at inception, which will generally result in the earlier recognition of allowances for losses. Under previous guidance, reserves for uncollectible accounts receivable were determined on a specific identification basis when we believed that the required payment of specific amounts owed to us was not probable. Under the new guidance, our allowance for credit losses reflects losses that are expected over the contractual life of the asset, and takes into account historical loss experience, current and future economic conditions, and reasonable and supportable forecasts.

We adopted this new guidance as of January 1, 2020 using the modified retrospective transition method, and recorded a net reduction of $0.7 million to opening retained earnings to reflect the cumulative effect of adoption. Results for reporting periods beginning after December 31, 2019 are presented under the new guidance, while prior period amounts were not adjusted and continue to be reported in accordance with previous guidance. See Note 5 for additional required disclosures.

The cumulative effect of the changes made to our consolidated balance sheet for the adoption of the new accounting guidance for credit losses were as follows:

(In thousands)	Balance at December 31, 2019	Impact of Adoption of New Credit Losses Guidance	Balance at January 1, 2020
Receivables, net	$ 216,714	$ (959)	$ 215,755
Deferred tax assets	3,600	59	3,659
Deferred tax liabilities	34,247	(165)	34,082
Retained earnings	134,119	(735)	133,384

Standards Not Yet Adopted

Income Taxes: Simplifying the Accounting for Income Taxes. In December 2019, the FASB issued new guidance which is intended to simplify various aspects related to accounting for income taxes. This guidance is effective for us in the first quarter of 2021. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements or related disclosures.

Note 2 – Earnings Per Share

The following table presents the reconciliation of the numerator and denominator for calculating net income (loss) per share:

	Third Quarter		First Nine Months	
(In thousands, except per share data)	2020	2019	2020	2019
Numerator				
Net income (loss) - basic and diluted	$ (23,870)	$ (1,441)	$ (62,262)	$ 4,147
Denominator				
Weighted average common shares outstanding - basic	90,535	89,675	90,056	89,863
Dilutive effect of stock options and restricted stock awards	—	—	—	1,676
Dilutive effect of Convertible Notes	—	—	—	—
Weighted average common shares outstanding - diluted	90,535	89,675	90,056	91,539
Net income (loss) per common share				
Basic	$ (0.26)	$ (0.02)	$ (0.69)	$ 0.05
Diluted	$ (0.26)	$ (0.02)	$ (0.69)	$ 0.05

We excluded the following weighted-average potential shares from the calculations of diluted net income (loss) per share during the applicable periods because their inclusion would have been anti-dilutive:

	Third Quarter		First Nine Months	
(In thousands)	2020	2019	2020	2019
Stock options and restricted stock awards	5,608	4,989	5,172	1,812

For the third quarter and first nine months of 2020, as well as the third quarter of 2019, we excluded all potentially dilutive stock options and restricted stock awards in calculating diluted earnings per share as the effect was anti-dilutive due to the net loss incurred for these periods. The Convertible Notes (as defined in Note 7) only impact the calculation of diluted net income per share in periods that the average price of our common stock, as calculated in accordance with the terms of the indenture governing the Convertible Notes, exceeds the conversion price of $9.33 per share. We have the option to pay cash, issue shares of common stock, or any combination thereof for the aggregate amount due upon conversion of the Convertible Notes as further described in Note 7. If converted, we currently intend to settle the principal amount of the notes in cash and as a result, only the amounts payable in excess of the principal amount of the notes, if any, would be assumed to be settled with shares of common stock for purposes of computing diluted net income per share.

Note 3 – Capital Stock and Repurchase Program

Our securities repurchase program remains available for repurchases of any combination of our common stock and our Convertible Notes. The repurchase program has no specific term. Repurchases are expected to be funded from operating cash flows, available cash on hand, and borrowings under our ABL Facility (as defined in Note 7). As part of the share repurchase program, our management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934. As of September 30, 2020, we had $51.9 million remaining under the program.

During the first nine months of 2020, we repurchased $33.1 million of our Convertible Notes in the open market under the repurchase program for a total cost of $29.1 million. There were no Convertible Notes repurchased under the program during 2019.

There were no shares of common stock repurchased under the repurchase program during the first nine months of 2020. During the first nine months of 2019, we repurchased an aggregate of 2,537,833 shares of our common stock under the program for a total cost of $19.0 million.

On May 27, 2020, our Board of Directors adopted a limited duration stockholder rights agreement which expires on May 1, 2021, whereby a dividend distribution of one right (each, a “Right”) for each outstanding share of our common stock was paid to holders of record as of the close of business on June 12, 2020. Each Right entitles the registered holder to purchase from us one one-thousandth of a share of Series D Junior Participating Preferred Stock, par value $0.01 per share, at a purchase price of $12.00, subject to adjustment. Subject to certain exceptions, if a person or group acquires more than 10% of our outstanding common stock, the Rights will become exercisable for common stock having a value equal to two times the purchase price.

Note 4 – Stock-Based and Other Long-Term Incentive Compensation

During the second quarter of 2020, the Compensation Committee of our Board of Directors (“Compensation Committee”) approved equity-based compensation to executive officers and other key employees consisting of 2,474,377 restricted stock units which will primarily vest in equal installments over a three-year period. At September 30, 2020, 1,622,532 shares remained available for award under the 2015 Employee Equity Incentive Plan (“2015 Plan”). In addition, non-employee directors received a grant of 156,886 restricted stock awards 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 grant-date fair value was $2.06 per share for both the restricted stock units and restricted stock awards.

Also during the second quarter of 2020, the Compensation Committee approved the issuance of performance-based cash awards to certain executive officers with a target amount of $2.6 million. The performance-based cash awards will be settled based on the relative ranking of our total shareholder return (“TSR”) as compared to the TSR of our designated peer group over a three-year performance period. The performance period began May 2, 2020 and ends May 31, 2023, with the ending TSR price being equal to the average closing price of our shares over the 30-calendar days ending May 31, 2023 and the cash payout for each executive ranging from 0% to 200% of target. The performance-based cash awards are accrued as a liability award over the performance period based on the estimated fair value. The fair value of the performance-based cash awards is remeasured each period using a Monte-Carlo valuation model with changes in fair value recognized in the consolidated statements of operations.

Note 5 – Receivables

Receivables consisted of the following:

(In thousands)	September 30, 2020	December 31, 2019
Trade receivables:		
Gross trade receivables	$ 119,705	$ 207,554
Allowance for credit losses	(5,753)	(6,007)
Net trade receivables	113,952	201,547
Income tax receivables	4,403	7,393
Other receivables	9,602	7,774
Total receivables, net	$ 127,957	$ 216,714

Other receivables included $8.4 million and $6.2 million for value added, goods and service taxes related to foreign jurisdictions as of September 30, 2020 and December 31, 2019, respectively.

We adopted the new accounting guidance for credit losses as of January 1, 2020 (see Note 1 for additional information). To measure expected credit losses, we evaluate our receivables on a collective basis for assets that share similar risk characteristics. Our allowance for credit losses reflects losses that are expected over the contractual life of the asset, and takes into account historical loss experience, current and future economic conditions, and reasonable and supportable forecasts.

Changes in our allowance for credit losses were as follows:

	First Nine Months	
(In thousands)	2020	2019
Balance at beginning of period	$ 6,007	$ 10,034
Cumulative effect of accounting change	959	—
Credit loss expense	1,304	1,044
Write-offs, net of recoveries	(2,517)	(2,530)
Balance at end of period	$ 5,753	$ 8,548

Note 6 – Inventories

Inventories consisted of the following:

(In thousands)	September 30, 2020	December 31, 2019
Raw materials:		
Fluids systems	$ 106,484	$ 141,314
Mats and integrated services	3,724	5,049
Total raw materials	110,208	146,363
Blended fluids systems components	34,221	39,542
Finished goods - mats	15,138	10,992
Total inventories	$ 159,567	$ 196,897

Raw materials for the Fluids Systems segment consists primarily of barite, chemicals, and other additives that are consumed in the production of our fluids systems. Raw materials for the Mats and Integrated Services segment consists primarily of resins, chemicals, and other materials used to manufacture composite mats, as well as materials that are consumed in providing spill containment and other services to our customers. Our blended fluids systems components consist of base fluid systems that have been either mixed internally at our blending facilities or purchased from third-party vendors. These base fluid systems require raw materials to be added, as needed to meet specified customer requirements.

Fluids Systems segment cost of revenues includes a total of $10.0 million of charges for the first nine months of 2020 for inventory write-downs, primarily attributable to the reduction in carrying values of certain inventory to their net realizable value.

Note 7 – Financing Arrangements and Fair Value of Financial Instruments

Financing arrangements consisted of the following:

	September 30, 2020			December 31, 2019		
(In thousands)	Principal Amount	Unamortized Discount and Debt Issuance Costs	Total Debt	Principal Amount	Unamortized Discount and Debt Issuance Costs	Total Debt
Convertible Notes	$ 66,912	$ (5,262)	$ 61,650	$ 100,000	$ (12,291)	$ 87,709
ABL Facility	29,900	—	29,900	65,000	—	65,000
Other debt	10,805	—	10,805	7,164	—	7,164
Total debt	107,617	(5,262)	102,355	172,164	(12,291)	159,873
Less: Current portion	(10,149)	—	(10,149)	(6,335)	—	(6,335)
Long-term debt	$ 97,468	$ (5,262)	$ 92,206	$ 165,829	$ (12,291)	$ 153,538

Convertible Notes. In December 2016, we issued $100.0 million of unsecured convertible senior notes ("Convertible Notes") that mature on December 1, 2021, of which $66.9 million principal amount was outstanding at September 30, 2020. The notes bear interest at a rate of 4.0% per year, payable semiannually in arrears on June 1 and December 1 of each year.

Holders may convert the notes at their option at any time prior to the close of business on the business day immediately preceding June 1, 2021, only under the following circumstances:

- during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (regardless of whether consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the notes in effect on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of notes for each trading day was less than 98% of the last reported sale price of our common stock on such date multiplied by the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events, as described in the indenture governing the notes, such as a consolidation, merger, or share exchange.

On or after June 1, 2021 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of whether any of the foregoing conditions have been satisfied. As of October 30, 2020, the notes were not convertible.

The notes are convertible into, at our election, cash, shares of common stock, or a combination of both, subject to satisfaction of specified conditions and during specified periods, as described above. If converted, we currently intend to pay cash for the principal amount of the notes converted. The conversion rate is 107.1381 shares of our common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of $9.33 per share of common stock), subject to adjustment in certain circumstances. We may not redeem the notes prior to their maturity date.

In accordance with accounting guidance for convertible debt with a cash conversion option, we separately accounted for the debt and equity components of the notes in a manner that reflected our estimated nonconvertible debt borrowing rate. As of September 30, 2020, the carrying amount of the debt component was $61.7 million, which is net of the unamortized debt discount and debt issuance costs of $5.3 million. Including the impact of the unamortized debt discount and debt issuance costs, the effective interest rate on the notes is approximately 11.3%.

During the first nine months of 2020, we repurchased $33.1 million of our Convertible Notes in the open market for a total cost of $29.1 million, and recognized a net gain of $0.4 million reflecting the difference in the amount paid and the net carrying value of the extinguished debt, including original issue discount and debt issuance costs.

Asset-Based Loan Facility. In May 2016, we entered into an asset-based revolving credit agreement which replaced our previous credit agreement. In October 2017, we entered into an Amended and Restated Credit Agreement and in March 2019, we entered into a First Amendment to Amended and Restated Credit Agreement (as amended, the "ABL Facility"). The ABL Facility provides financing of up to $200.0 million available for borrowings (inclusive of letters of credit) and can be increased up to a maximum capacity of $275.0 million, subject to certain conditions. As of September 30, 2020, our total availability under the ABL Facility was $99.0 million, of which $29.9 million was drawn, resulting in remaining availability of $69.1 million.

The ABL Facility terminates in March 2024; however, the ABL Facility has a springing maturity date that will accelerate the maturity of the ABL Facility to September 1, 2021 if, prior to such date, the Convertible Notes have not been repurchased, redeemed, refinanced, exchanged or otherwise satisfied in full or we have not escrowed an amount of funds, that together with the amount that we establish as a reserve against our borrowing capacity, is sufficient for the future settlement of the Convertible Notes at their maturity. The ABL Facility requires compliance with a minimum consolidated fixed charge coverage ratio of 1.25 to 1.0 calculated based on the trailing twelve-month period ended June 30, 2021 and remaining unused availability of at least $25.0 million to utilize borrowings or assignment of availability under the ABL Facility towards funding the repayment of the Convertible Notes.

Borrowing availability under the ABL Facility is calculated based on eligible U.S. accounts receivable, inventory, and, subject to satisfaction of certain financial covenants as described below, composite mats included in the rental fleet, net of reserves and limits on such assets included in the borrowing base calculation. To the extent pledged by us, the borrowing base calculation also includes the amount of eligible pledged cash. The lender may establish such reserves, in part based on appraisals of the asset base, and other limits at its discretion which could reduce the amounts otherwise available under the ABL Facility. Availability associated with eligible rental mats will also be subject to maintaining a minimum consolidated fixed charge coverage ratio of 1.5 to 1.0 and at least $1.0 million of operating income for the Mats and Integrated Services segment, each calculated based on a trailing twelve-month period.

As of November 3, 2020, our total availability under the ABL Facility was $112.3 million, of which $29.0 million was drawn, resulting in remaining availability of $83.3 million. As of November 3, 2020, our total availability under the ABL Facility included $25.3 million from eligible rental mats. After the filing of our quarterly compliance certificate under the ABL Facility for the third quarter of 2020 in November, we will not satisfy the minimum consolidated fixed charge coverage ratio that is required to continue including eligible rental mats in the borrowing availability under the ABL Facility. While this does not represent a default, it would reduce the borrowing availability under the ABL Facility noted above as of November 3, 2020 by $25.3 million.

Under the terms of the ABL Facility, we may elect to borrow at a variable interest rate based on either, (1) LIBOR subject to a floor of zero or (2) a base rate equal to the highest of: (a) the federal funds rate plus 50 basis points, (b) the prime rate of Bank of America, N.A. and (c) LIBOR, subject to a floor of zero, plus 100 basis points, plus, in each case, an applicable margin per annum. The applicable margin ranges from 150 to 200 basis points for LIBOR borrowings, and 50 to 100 basis points for base rate borrowings, based on the consolidated fixed charge coverage ratio as defined in the ABL Facility calculated based on a trailing twelve-month period. As of September 30, 2020, the applicable margin for borrowings under our ABL Facility was 150 basis points with respect to LIBOR borrowings and 50 basis points with respect to base rate borrowings. The weighted average interest rate for the ABL Facility was 1.9% at September 30, 2020. In November 2020, the applicable margins for borrowings under our ABL Facility will increase 50 basis points based on the consolidated fixed charge coverage ratio. In addition, we are required to pay a commitment fee on the unused portion of the ABL Facility ranging from 25 to 37.5 basis points, based on the level of outstanding borrowings, as defined in the ABL Facility. As of September 30, 2020, the applicable commitment fee was 37.5 basis points.

The ABL Facility is a senior secured obligation, secured by first liens on substantially all of our U.S. tangible and intangible assets, and a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral. The ABL Facility contains customary operating covenants and certain restrictions including, among other things, the incurrence of additional debt, liens, dividends, asset sales, investments, mergers, acquisitions, affiliate transactions, stock repurchases and other restricted payments. The ABL Facility also requires compliance with a minimum consolidated fixed charge coverage ratio of 1.0 to 1.0 calculated based on a trailing twelve-month period if availability under the ABL Facility falls below $22.5 million. In addition, the ABL Facility contains customary events of default, including, without limitation, a failure to make payments under the facility, acceleration of more than $25.0 million of other indebtedness, certain bankruptcy events, and certain change of control events.

Other Debt. Certain of our foreign subsidiaries maintain local credit arrangements consisting primarily of lines of credit or overdraft facilities which are generally renewed on an annual basis. We utilize local financing arrangements in our foreign operations in order to provide short-term local liquidity needs. We had $7.9 million and $4.8 million outstanding under these arrangements at September 30, 2020 and December 31, 2019, respectively.

In addition, at September 30, 2020, we had $57.5 million in outstanding letters of credit, performance bonds, and other guarantees for which certain of the letters of credit are collateralized by $6.3 million in restricted cash.

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 Convertible Notes, approximated their fair values at September 30, 2020 and December 31, 2019. The estimated fair value of our Convertible Notes was $59.2 million at September 30, 2020 and $101.4 million at December 31, 2019, based on quoted market prices at these respective dates.

Note 8 – Income Taxes

The benefit for income taxes was $11.3 million for the first nine months of 2020, reflecting an effective tax benefit rate of 15%. This result primarily reflects the impact of the geographic composition of our pretax loss, where the tax benefit from losses in the U.S was partially offset by the tax expense related to earnings from our international operations. The provision for income taxes was $7.2 million for the first nine months of 2019, reflecting an effective tax rate of 63%. The 2019 effective tax rate was impacted by the geographic composition of our pretax income as well as non-deductible expenses relative to the amount of pretax income.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in March 2020 in the United States. The CARES Act contains several tax provisions, including additional carryback opportunities for net operating losses, temporary increases in the interest deductibility threshold, and the acceleration of refunds for any remaining alternative minimum tax ("AMT") carryforwards. While there was no material impact from the CARES Act in our provision for income taxes for the first nine months of 2020, we are continuing to evaluate the provisions of the CARES Act. In addition, we filed an amendment to our 2018 U.S. federal income tax return in the second quarter of 2020 and received a refund of $0.7 million for AMT carryforwards in July 2020.

The CARES Act also permits most companies to defer paying their portion of certain applicable payroll taxes from the date the CARES Act was signed into law through December 31, 2020. The deferred amount will be due in two equal installments on December 31, 2021 and December 31, 2022. The deferred amount of applicable payroll taxes was $2.3 million at September 30, 2020.

Note 9 – 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. While the outcome of litigation or other proceedings against us cannot be predicted with certainty, management does not expect that any loss resulting from such litigation or other proceedings, in excess of any amounts accrued or covered by insurance, will have a material adverse impact on our consolidated financial statements.

Kenedy, Texas Drilling Fluids Facility Fire

In July 2018, a fire occurred at our Kenedy, Texas drilling fluids facility, destroying the distribution warehouse, including inventory and surrounding equipment. In addition, nearby residences and businesses were evacuated as part of the response to the fire. In order to avoid any customer service disruptions, we implemented contingency plans to supply products from alternate facilities in the area and region. Subsequently, we received petitions seeking payment for alleged bodily injuries, property damage, and punitive damages claimed to have been incurred as a result of the fire and the subsequent efforts we undertook to remediate any potential smoke damage. As of September 30, 2020, all plaintiffs' claims have been settled under our insurance program and the matter is closed. As of September 30, 2020, our claims related to the fire under our property, business interruption, and general liability insurance programs have not been finalized.

Note 10 – Supplemental Disclosures to the Statements of Cash Flows

Supplemental disclosures to the statements of cash flows are presented below:

	First Nine Months	
(In thousands)	**2020**	**2019**
Cash paid for:		
Income taxes (net of refunds)	$ 4,733	$ 10,095
Interest	$ 4,160	$ 5,702

Cash, cash equivalents, and restricted cash in the consolidated statements of cash flows consisted of the following:

(In thousands)	**September 30, 2020**	**December 31, 2019**
Cash and cash equivalents	$ 24,028	$ 48,672
Restricted cash (included in prepaid expenses and other current assets)	6,326	8,191
Cash, cash equivalents, and restricted cash	$ 30,354	$ 56,863

Note 11 – Segment Data

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

	Third Quarter		First Nine Months	
(In thousands)	**2020**	**2019**	**2020**	**2019**
Revenues				
Fluids systems	$ 67,711	$ 152,547	$ 275,178	$ 485,744
Mats and integrated services	28,713	50,216	87,742	144,904
Total revenues	$ 96,424	$ 202,763	$ 362,920	$ 630,648
Operating income (loss)				
Fluids systems	$ (18,957)	$ 5,893	$ (46,284)	$ 21,951
Mats and integrated services	(139)	10,049	3,928	32,863
Corporate office	(6,596)	(9,654)	(19,761)	(31,933)
Total operating income (loss)	$ (25,692)	$ 6,288	$ (62,117)	$ 22,881

The following table presents further disaggregated revenues for the Fluids Systems segment:

	Third Quarter		First Nine Months	
(In thousands)	**2020**	**2019**	**2020**	**2019**
United States	$ 40,314	$ 98,140	$ 156,644	$ 318,353
Canada	1,961	8,029	18,287	26,283
Total North America	42,275	106,169	174,931	344,636
EMEA	23,207	41,126	91,380	123,346
Other	2,229	5,252	8,867	17,762
Total International	25,436	46,378	100,247	141,108
Total Fluids Systems revenues	$ 67,711	$ 152,547	$ 275,178	$ 485,744

The following table presents further disaggregated revenues for the Mats and Integrated Services segment:

	Third Quarter		First Nine Months	
(In thousands)	**2020**	**2019**	**2020**	**2019**
Service revenues	$ 13,469	$ 18,930	$ 40,500	$ 59,989
Rental revenues	9,327	16,700	31,999	55,955
Product sales revenues	5,917	14,586	15,243	28,960
Total Mats and Integrated Services revenues	$ 28,713	$ 50,216	$ 87,742	$ 144,904

During March 2020, oil prices collapsed due to geopolitical events along with the worldwide effects of the COVID-19 pandemic, which led to a rapid decline in customer activity in the oil and natural gas exploration and production ("E&P") industry. As of September 30, 2020, the U.S. active rig count was 261, reflecting a 67% decline from the first quarter 2020 average level. The average U.S. active rig count was 477 for the first nine months of 2020 reflecting a 52% decline from the first nine months of 2019. In addition, international activity levels have also been negatively impacted by the COVID-19 pandemic and decline in oil prices. In response to these market changes, we initiated workforce reductions and other cost reduction programs late in the first quarter of 2020, and continued these actions throughout 2020.

As part of the cost reduction programs, we have reduced our global employee base by approximately 620 (28%) in the first nine months of 2020. As a result of these workforce reductions, our operating results for the third quarter of 2020 include $0.4 million of total severance costs ($0.2 million in Fluids Systems and $0.2 million in the Corporate office), with $0.1 million in cost of revenues and $0.3 million in selling, general and administrative expenses. Our operating results for the first nine months of 2020 include $3.9 million of total severance costs ($3.3 million in Fluids Systems and $0.6 million in the Corporate office), with $2.6 million in cost of revenues and $1.3 million in selling, general and administrative expenses. These costs have been substantially paid as of September 30, 2020.

For the third quarter of 2020, we recognized $4.7 million of total charges primarily for the impairment of certain fixed assets and other non-cash charges, with $4.5 million in the Fluids Systems segment and $0.2 million in the Corporate Office. For the first nine months of 2020, we recognized $18.0 million of total charges primarily for inventory write-downs, severance costs, fixed asset impairments, and facility exit costs, with $17.4 million in the Fluids Systems segment and $0.6 million in the Corporate office. See below for details of charges in the Fluids Systems segment.

	Third Quarter		First Nine Months	
(In thousands)	2020	2019	2020	2019
Inventory write-downs	$ 990	$ —	$ 9,986	$ —
Severance costs	189	284	3,288	1,152
Property, plant and equipment impairments	3,038	—	3,038	—
Facility exit costs and other	286	—	1,086	—
Total Fluids Systems impairments and other charges	$ 4,503	$ 284	$ 17,398	$ 1,152

We also made the decision in late 2019 to wind down our Brazil operations. At September 30, 2020, we had $11.8 million of accumulated translation losses related to our subsidiary in Brazil. As such, we will reclassify these losses and recognize a charge to income at such time when we have substantially liquidated our subsidiary in Brazil.

As of September 30, 2020, our consolidated balance sheet includes $42.2 million of goodwill, all of which relates to the Mats and Integrated Services segment. Goodwill and other indefinite-lived intangible assets are tested for impairment annually as of November 1, or more frequently, if indicators of impairment exists. In March 2020, primarily as a result of the collapse in oil prices and the expected declines in the U.S. land E&P markets, along with a significant decline in the quoted market prices of our common stock, we considered these developments to be a potential indicator of impairment that required us to complete an interim goodwill impairment evaluation. As such, in March 2020, we estimated the fair value of our Mats and Integrated Services reporting unit based on our current forecasts and expectations for market conditions and determined that even though the estimated fair value had decreased, the fair value remained substantially in excess of its net carrying value, and therefore, no impairment was required. During the second quarter and third quarter of 2020, we determined that there were no further indicators of events or changes in circumstances that would more likely than not reduce the fair value below its carrying amount.

As of September 30, 2020, our consolidated balance sheet also includes $287.3 million of property, plant and equipment, net, and $25.6 million of finite-lived intangible assets, net, which combined includes $159.6 million in the Fluids Systems segment and $143.6 million in the Mats and Integrated Services segment. We review property, plant and equipment, finite-lived intangible assets and certain other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We assess recoverability based on expected undiscounted future net cash flows. Due to the changes in market conditions, we have reviewed these assets for impairment during the first nine months of 2020 and determined that the estimated undiscounted cash flows exceeded the carrying value, and therefore, no impairment was required. Fluids Systems segment includes a $3.0 million impairment charge for the first nine months of 2020, attributable to the abandonment of certain property, plant and equipment.

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 in conjunction with the unaudited condensed consolidated financial statements and notes thereto included in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2019. Our third quarter represents the three-month period ended September 30 and our first nine months represents the nine-month period ended September 30. Unless otherwise noted, all currency amounts are stated in U.S. dollars. The reference to a "Note" herein refers to the accompanying Notes to Unaudited Condensed Consolidated Financial Statements contained in Item 1 "Financial Statements."

Overview

We are a geographically diversified supplier providing products, as well as rentals and services. We operate our business through two reportable segments: Fluids Systems, which primarily serves the oil and natural gas exploration and production ("E&P") industry, and Mats and Integrated Services, which serves a variety of industries, including electrical transmission & distribution, E&P, pipeline, renewable energy, petrochemical, and construction industries.

Our operating results, particularly for the Fluids Systems segment, depend on oil and natural gas drilling activity levels in the markets we serve and the nature of the drilling operations (including the depth and whether the wells are drilled vertically or horizontally), which governs the revenue potential of each well. Drilling activity levels, in turn, depend on a variety of factors, including oil and natural gas commodity pricing, inventory levels, product demand, and regulatory restrictions. Oil and natural gas prices and activity are cyclical and volatile, and this market volatility has a significant impact on our operating results.

While our revenue potential is driven by a number of factors including those described above, rig count data remains the most widely accepted indicator of drilling activity. Average North American rig count data for the third quarter and first nine months of 2020 as compared to the same periods of 2019 is as follows:

	Third Quarter		2020 vs 2019	
	2020	**2019**	**Count**	**%**
U.S. Rig Count	254	920	(666)	(72)%
Canada Rig Count	47	132	(85)	(64)%
North America Rig Count	301	1,052	(751)	(71)%

	First Nine Months		2020 vs 2019	
	2020	**2019**	**Count**	**%**
U.S. Rig Count	477	984	(507)	(52)%
Canada Rig Count	89	132	(43)	(33)%
North America Rig Count	566	1,116	(550)	(49)%

Source: Baker Hughes Company

During 2019, U.S. rig count steadily declined, exiting the year at 805 active rigs, a 26% decline from the end of 2018. During March 2020, oil prices collapsed due to geopolitical events along with the worldwide effects of the COVID-19 pandemic. As a result, average U.S. rig count in the second quarter of 2020 declined 50% from the first quarter of 2020 and further declined another 35% in the third quarter of 2020 from the average level in the second quarter of 2020. After reaching a low of 244 in mid-August, the U.S. rig count has since increased to 296 as of October 30, 2020. The Canada rig count reflects both the current weakness in oil prices as well as normal seasonality for this market, with the highest rig count levels generally observed in the first quarter of each year, prior to Spring break-up. We anticipate that market activity will continue to modestly improve from current levels, although the ongoing impacts of the COVID-19 pandemic and an uncertain economic environment that will likely persist through the remainder of 2020 and into 2021 make the timing and pace of recovery difficult to predict.

Outside of North America, drilling activity is generally more stable as drilling activity in many countries is based on longer-term economic projections and multi-year drilling programs, which tends to reduce the impact of short-term changes in commodity prices on overall drilling activity. However, operations in several countries in the EMEA region experienced activity disruptions and project delays beginning in March 2020 and continuing through the third quarter of 2020, driven by government-imposed restrictions on movements of personnel, quarantines of staffing, and logistical limitations as a result of the COVID-19 pandemic. We currently expect these disruptions and project delays will continue to impact international activity levels through the remainder of 2020 before beginning to gradually recover in early 2021, although the impact from the duration and magnitude of the ongoing health pandemic and related government responses are very difficult to predict.

In response to these market changes and reduced demand for our products and services as a result of the decline in oil prices and the COVID-19 pandemic, we initiated a number of actions late in the first quarter of 2020 and continuing throughout 2020 aimed at conserving cash and protecting our liquidity, including:

- The implementation of cost reduction programs, including workforce reductions, employee furloughs, the suspension of the Company's matching contributions to its U.S. defined contribution plan, and temporary salary reductions effective April 1, 2020 for a significant portion of U.S. employees, including a 15% cut to the salaries paid to executive officers (with a further 10% cut for the CEO effective August 12, 2020) and the annual cash retainers paid to all non-employee members of the Board of Directors;
- The initiation of additional actions to further reduce the operational footprint of the Fluids Systems business in U.S. land, to better align our cost structure with the lower market activity levels; and
- The elimination of all non-critical capital investments.

As part of the cost reduction programs, we have reduced our global employee base by approximately 620 (28%) in the first nine months of 2020.

For the first nine months of 2020, we recognized $18.0 million of total charges primarily for inventory write-downs, severance costs, fixed asset impairments, and facility exit costs, with $17.4 million in the Fluids Systems segment and $0.6 million in the Corporate office. The $17.4 million of Fluids Systems charges includes $10.0 million for inventory write-downs, $3.3 million in severance costs, $3.0 million in fixed asset impairments, and $1.1 million in facility exit costs and other.

While we have taken certain actions to reduce our workforce and cost structure, our business contains high levels of fixed costs, including significant facility and personnel expenses. We continue to evaluate under-performing areas as well as opportunities to further enable a more efficient and scalable cost structure. In the absence of a longer-term increase in activity levels, we may incur future charges related to further cost reduction efforts or potential asset impairments, which may negatively impact our future results.

Segment Overview

Our Fluids Systems segment, which generated 76% of consolidated revenues for the first nine months of 2020, provides customized drilling, completion, and stimulation fluids solutions to E&P customers primarily in North America and Europe, the Middle East and Africa ("EMEA"), as well as certain countries in Asia Pacific and Latin America. International expansion, including the penetration of international oil companies ("IOCs") and national oil companies ("NOCs"), is a key element of our Fluids Systems strategy, which has historically helped to stabilize segment revenues while North American oil and natural gas exploration activities have fluctuated significantly. Revenues from IOC and NOC customers represented approximately 43% of Fluids Systems segment revenues for the first nine months of 2020 compared to approximately 31% for the first nine months of 2019.

In addition to our international expansion efforts, we have also expanded our presence in the deepwater Gulf of Mexico, capitalizing on our capabilities, infrastructure, and strong market position, as well as through product line extensions into adjacent product offerings, including completion fluids. Revenues for drilling and completion fluids from offshore Gulf of Mexico increased to $37 million for the first nine months of 2020 compared to $32 million for the first nine months of 2019.

In response to the increasing market demand for cleaning products following the COVID-19 pandemic, we began leveraging our chemical blending capacity and technical expertise to begin producing disinfectants and industrial cleaning products in the second quarter of 2020. After initial production start-up in the second quarter of 2020, revenues from these products tripled in the third quarter of 2020 to nearly $3 million. Following the third quarter 2020 installation of required packaging equipment for these products, we plan to continue to ramp up production over the next several months.

Our Mats and Integrated Services segment, which generated 24% of consolidated revenues for the first nine months of 2020, provides composite mat rentals utilized for temporary worksite access, along with related site construction and services to customers in various markets including electrical transmission & distribution, E&P, pipeline, renewable energy, petrochemical, and construction industries across North America and Europe. We also sell composite mats to customers around the world.

The expansion of our rental and service activities in utility infrastructure and other non-E&P markets remains a strategic priority for us due to the magnitude of this market growth opportunity, as well as the market's relative stability compared to E&P. The Mats and Integrated Services segment rental and service revenues from non-E&P markets was approximately $45 million for the first nine months of 2020 compared to approximately $50 million for the first nine months of 2019. Product sales revenues largely reflect sales to utility customers and other non-E&P markets, and typically fluctuate based on the timing of customer orders. Including product sales, total revenues from non-E&P markets represented approximately 66% of total segment revenues for the first nine months of 2020 compared to approximately 47% of total segment revenues for the first nine months of 2019. During the first nine months of 2020, our business was impacted by the COVID-19 pandemic, as customers delayed sales orders and project timing citing COVID-related market uncertainty, permitting delays, and logistical restrictions. As a result, we reduced our mat production levels during the third quarter of 2020 and expect to continue to do so for the remainder of the year to reduce current inventory levels, which negatively impacts our results due to the high level of fixed costs in our manufacturing operations. We currently expect that increased activity for both rental projects and product sales remains highly dependent on our customers gaining confidence in the broader economic recovery. While customer quoting activity has improved from the lull seen during the second quarter of 2020, the ongoing impact of these uncertainties, permitting delays, and logistical restrictions are difficult to predict.

Third Quarter of 2020 Compared to Third Quarter of 2019

Consolidated Results of Operations

Summarized results of operations for the third quarter of 2020 compared to the third quarter of 2019 are as follows:

	Third Quarter		2020 vs 2019	
(In thousands)	2020	2019	$	%
Revenues	$ 96,424	$ 202,763	$ (106,339)	(52)%
Cost of revenues	99,301	169,429	(70,128)	(41)%
Selling, general and administrative expenses	20,597	27,017	(6,420)	(24)%
Other operating income, net	(820)	29	(849)	NM
Impairments	3,038	—	3,038	NM
Operating income (loss)	(25,692)	6,288	(31,980)	NM
Foreign currency exchange loss	580	828	(248)	(30)%
Interest expense, net	2,411	3,628	(1,217)	(34)%
Income (loss) before income taxes	(28,683)	1,832	(30,515)	NM
Provision (benefit) for income taxes	(4,813)	3,273	(8,086)	NM
Net income (loss)	$ (23,870)	$ (1,441)	$ (22,429)	NM

Revenues

Revenues decreased 52% to $96.4 million for the third quarter of 2020, compared to $202.8 million for the third quarter of 2019. This $106.3 million decrease includes a $86.1 million (56%) decrease in revenues in North America, comprised of a $63.9 million decrease in the Fluids Systems segment and a $22.2 million decrease in the Mats and Integrated Services segment. Revenues from our North America operations decreased primarily due to the 71% reduction in North America rig count. Revenues from our international operations decreased by $20.3 million (41%), primarily driven by activity disruptions and project delays resulting from the COVID-19 pandemic in our EMEA region. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of revenues

Cost of revenues decreased 41% to $99.3 million for the third quarter of 2020, compared to $169.4 million for the third quarter of 2019. This $70.1 million decrease was primarily driven by the 52% decrease in revenues described above. Fluids Systems segment cost of revenues for the third quarter of 2020 includes a total of $1.1 million of charges related to inventory write-downs and severance costs.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased $6.4 million to $20.6 million for the third quarter of 2020, compared to $27.0 million for the third quarter of 2019. This decrease was primarily driven by lower personnel costs, lower stock-based compensation expense, and lower spending related to legal matters. In addition, the third quarter of 2019 includes higher professional fees related to the October 2019 acquisition of Cleansorb Limited ("Cleansorb") and our long-term strategic planning project. Selling, general and administrative expenses as a percentage of revenues was 21.4% for the third quarter of 2020 compared to 13.3% for the third quarter of 2019.

Impairments

Fluids Systems segment includes a $3.0 million impairment charge for the third quarter of 2020, attributable to the abandonment of certain property, plant and equipment.

Foreign currency exchange

Foreign currency exchange was a $0.6 million loss for the third quarter of 2020 compared to a $0.8 million loss for the third quarter of 2019, and reflects the impact of currency translation on assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies.

Interest expense, net

Interest expense was $2.4 million for the third quarter of 2020 compared to $3.6 million for the third quarter of 2019. Interest expense for the third quarter of 2020 and 2019 includes $1.2 million and $1.6 million, respectively, in non-cash amortization of original issue discount and debt issuance costs. The decrease in interest expense is primarily due to lower debt balances as well as a decrease in interest rates on the ABL Facility.

Provision (benefit) for income taxes

The benefit for income taxes was $4.8 million for the third quarter of 2020, reflecting an effective tax benefit rate of 17%. This result primarily reflects the impact of the geographic composition of our pretax loss, where the tax benefit from losses in the U.S was partially offset by the tax expense related to earnings from our international operations. The provision for income taxes was $3.3 million for the third quarter of 2019 and included a $2.0 million charge, primarily reflecting the impact of an increase in the projected full year 2019 tax rate resulting from a decline in projected U.S. earnings for 2019.

Operating Segment Results

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

	Third Quarter		2020 vs 2019	
(In thousands)	2020	2019	$	%
Revenues				
Fluids systems	$ 67,711	$ 152,547	$ (84,836)	(56)%
Mats and integrated services	28,713	50,216	(21,503)	(43)%
Total revenues	$ 96,424	$ 202,763	$ (106,339)	(52)%
Operating income (loss)				
Fluids systems	$ (18,957)	$ 5,893	$ (24,850)	
Mats and integrated services	(139)	10,049	(10,188)	
Corporate office	(6,596)	(9,654)	3,058	
Total operating income (loss)	$ (25,692)	$ 6,288	$ (31,980)	
Segment operating margin				
Fluids systems	(28.0)%	3.9 %		
Mats and integrated services	(0.5)%	20.0 %		

Fluids Systems

Revenues

Total revenues for this segment consisted of the following:

	Third Quarter		2020 vs 2019	
(In thousands)	2020	2019	$	%
United States	$ 40,314	$ 98,140	$ (57,826)	(59)%
Canada	1,961	8,029	(6,068)	(76)%
Total North America	42,275	106,169	(63,894)	(60)%
EMEA	23,207	41,126	(17,919)	(44)%
Other	2,229	5,252	(3,023)	(58)%
Total International	25,436	46,378	(20,942)	(45)%
Total Fluids Systems revenues	$ 67,711	$ 152,547	$ (84,836)	(56)%

North America revenues decreased 60% to $42.3 million for the third quarter of 2020, compared to $106.2 million for the third quarter of 2019. This decrease was primarily attributable to a $57.8 million decrease from U.S. land markets driven by the 72% decline in U.S. rig count partially offset by an increase in market share. Revenues from offshore Gulf of Mexico decreased $2.4 million, as our expanding market share was more than offset by activity disruptions in 2020 resulting from elevated hurricane activity. For the third quarter of 2020, U.S. revenues included $30.3 million from land markets and $7.4 million from offshore Gulf of Mexico.

Internationally, revenues decreased 45% to $25.4 million for the third quarter of 2020, compared to $46.4 million for the third quarter of 2019. The decrease in EMEA was driven by lower activity primarily attributable to COVID-19 disruptions and the impact of lower oil prices in Algeria, Romania, and various other countries. The decrease in other international was primarily attributable to lower activity in Australia.

Operating income (loss)

The Fluids Systems segment incurred an operating loss of $19.0 million for the third quarter of 2020, reflecting a $24.9 million change from the $5.9 million of operating income generated for the third quarter of 2019. The decrease in operating income includes a $14.0 million decline from North American operations and a $6.4 million decline from international operations, which are primarily attributable to the changes in revenues described above, partially offset by the benefit of cost reduction programs. The Fluids Systems operating loss for the third quarter of 2020 also includes $4.5 million of charges primarily for the impairment of certain fixed assets and other non-cash charges.

During the fourth quarter of 2019, we made the decision to wind down our Brazil operations. We may incur operating losses and asset write-downs as we wind down these operations. In addition, at September 30, 2020, we had $11.8 million of accumulated translation losses related to our subsidiary in Brazil, that are reflected in accumulated other comprehensive loss in stockholders' equity. Accounting guidance requires that we reclassify these accumulated translation losses and recognize a charge to income at such time when we have substantially liquidated the assets of our subsidiary in Brazil.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

	Third Quarter		2020 vs 2019	
(In thousands)	**2020**	**2019**	$	%
Rental and service revenues	$ 22,796	$ 35,630	$ (12,834)	(36)%
Product sales revenues	5,917	14,586	(8,669)	(59)%
Total Mats and Integrated Services revenues	$ 28,713	$ 50,216	$ (21,503)	(43)%

Rental and service revenues decreased $12.8 million (36%) to $22.8 million for the third quarter of 2020, which includes a $12.0 million decrease from E&P customers, primarily resulting from lower U.S. activity caused by the decline in oil and natural gas prices. In addition, revenues from non-E&P customers decreased $0.8 million as our continued expansion into non-E&P markets, including increased demand to support repairs of hurricane-damaged utility infrastructure along the U.S. Gulf Coast region, was more than offset by the impact of delays in customer project timing resulting from COVID-related market uncertainty, permitting delays, and logistical restrictions. Revenues from product sales, which typically fluctuate based on the timing of mat orders from customers, was negatively impacted in the third quarter of 2020 as certain customers delayed orders due to the uncertainty related to the COVID-19 pandemic.

Operating income (loss)

The Mats and Integrated Services segment incurred an operating loss of $0.1 million for the third quarter of 2020 compared to operating income of $10.0 million for the third quarter of 2019, the decrease being primarily attributable to the change in revenues as described above.

Corporate Office

Corporate office expenses decreased $3.1 million to $6.6 million for the third quarter of 2020, compared to $9.7 million for the third quarter of 2019. This decrease was primarily driven by reduced personnel costs and lower spending related to legal matters, as well as higher professional fees incurred in the third quarter of 2019 related to the Cleansorb acquisition and our long-term strategic planning project.

First Nine Months of 2020 Compared to First Nine Months of 2019

Consolidated Results of Operations

Summarized results of operations for the first nine months of 2020 compared to the first nine months of 2019 are as follows:

	First Nine Months		2020 vs 2019	
(In thousands)	2020	2019	$	%
Revenues	$ 362,920	$ 630,648	$ (267,728)	(42)%
Cost of revenues	357,675	522,338	(164,663)	(32)%
Selling, general and administrative expenses	66,230	85,796	(19,566)	(23)%
Other operating income, net	(1,906)	(367)	(1,539)	NM
Impairments	3,038	—	3,038	NM
Operating income (loss)	(62,117)	22,881	(84,998)	NM
Foreign currency exchange loss	3,343	756	2,587	NM
Interest expense, net	8,524	10,807	(2,283)	(21)%
Gain on extinguishment of debt	(419)	—	(419)	NM
Income (loss) before income taxes	(73,565)	11,318	(84,883)	NM
Provision (benefit) for income taxes	(11,303)	7,171	(18,474)	NM
Net income (loss)	$ (62,262)	$ 4,147	$ (66,409)	NM

Revenues

Revenues decreased 42% to $362.9 million for the first nine months of 2020, compared to $630.6 million for the first nine months of 2019. This $267.7 million decrease includes a $228.4 million (47%) decrease in revenues in North America, comprised of a $169.7 million decrease in the Fluids Systems segment and a $58.7 million decrease in the Mats and Integrated Services segment. Revenues from our North America operations decreased primarily due to the 49% reduction in North America rig count. Revenues from our international operations decreased by $39.3 million (26%), primarily driven by activity disruptions and project delays resulting from the COVID-19 pandemic as well as lower oil prices in our EMEA region. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of revenues

Cost of revenues decreased 32% to $357.7 million for the first nine months of 2020, compared to $522.3 million for the first nine months of 2019. This $164.7 million decrease was primarily driven by the 42% decrease in revenues described above. Fluids Systems segment cost of revenues for the first nine months of 2020 includes a total of $13.4 million of charges related to inventory write-downs, severance costs, and facility exit costs.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased $19.6 million to $66.2 million for the first nine months of 2020, compared to $85.8 million for the first nine months of 2019. The first nine months of 2019 included a $4.0 million charge for stock-based compensation expense associated with the February 2019 retirement policy modification and $3.7 million in professional fees related to our long-term strategic planning project and the Cleansorb acquisition. The remaining decrease of $11.9 million was primarily driven by reduced personnel costs and lower spending related to legal matters in the first nine months of 2020. Selling, general and administrative expenses as a percentage of revenues was 18.2% for the first nine months of 2020 compared to 13.6% for the first nine months of 2019.

Impairments

Fluids Systems segment includes a $3.0 million impairment charge for the first nine months of 2020, attributable to the abandonment of certain property, plant and equipment.

Foreign currency exchange

Foreign currency exchange was a $3.3 million loss for the first nine months of 2020 compared to a $0.8 million loss for the first nine months of 2019, and reflects the impact of currency translation on assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies.

Interest expense, net

Interest expense was $8.5 million for the first nine months of 2020 compared to $10.8 million for the first nine months of 2019. Interest expense for the first nine months of 2020 and 2019 includes $4.0 million and $4.6 million, respectively, in non-cash amortization of original issue discount and debt issuance costs. The decrease in interest expense is primarily due to lower debt balances as well as a decrease in interest rates on the ABL Facility.

Gain on extinguishment of debt

The $0.4 million gain for the first nine months of 2020 reflects the difference in the amount paid and the net carrying value of the extinguished debt, including original issue discount and debt issuance costs, related to the repurchase of $33.1 million of our Convertible Notes in the open market for $29.1 million.

Provision (benefit) for income taxes

The benefit for income taxes was $11.3 million for the first nine months of 2020, reflecting an effective tax benefit rate of 15%. This result primarily reflects the impact of the geographic composition of our pretax loss, where the tax benefit from losses in the U.S was partially offset by the tax expense related to earnings from our international operations. The provision for income taxes was $7.2 million for the first nine months of 2019, reflecting an effective tax rate of 63%. The 2019 effective tax rate was impacted by the geographic composition of our pretax income as well as non-deductible expenses relative to the amount of pretax income.

Operating Segment Results

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

	First Nine Months		2020 vs 2019	
(In thousands)	2020	2019	$	%
Revenues				
Fluids systems	$ 275,178	$ 485,744	$ (210,566)	(43)%
Mats and integrated services	87,742	144,904	(57,162)	(39)%
Total revenues	$ 362,920	$ 630,648	$ (267,728)	(42)%
Operating income (loss)				
Fluids systems	$ (46,284)	$ 21,951	$ (68,235)	
Mats and integrated services	3,928	32,863	(28,935)	
Corporate office	(19,761)	(31,933)	12,172	
Total operating income (loss)	$ (62,117)	$ 22,881	$ (84,998)	
Segment operating margin				
Fluids systems	(16.8)%	4.5 %		
Mats and integrated services	4.5 %	22.7 %		

Fluids Systems

Revenues

Total revenues for this segment consisted of the following:

	First Nine Months		2020 vs 2019	
(In thousands)	2020	2019	$	%
United States	$ 156,644	$ 318,353	$ (161,709)	(51)%
Canada	18,287	26,283	(7,996)	(30)%
Total North America	174,931	344,636	(169,705)	(49)%
EMEA	91,380	123,346	(31,966)	(26)%
Other	8,867	17,762	(8,895)	(50)%
Total International	100,247	141,108	(40,861)	(29)%
Total Fluids Systems revenues	$ 275,178	$ 485,744	$ (210,566)	(43)%

North America revenues decreased 49% to $174.9 million for the first nine months of 2020, compared to $344.6 million for the first nine months of 2019. This decrease was primarily attributable a $169.5 million decrease from U.S. land markets driven by the 52% decline in U.S. rig count, partially offset by a $5.0 million increase from offshore Gulf of Mexico driven primarily by the completion fluids product line extension. For the first nine months of 2020, U.S. revenues included $116.4 million from land markets and $36.9 million from offshore Gulf of Mexico.

Internationally, revenues decreased 29% to $100.2 million for the first nine months of 2020, compared to $141.1 million for the first nine months of 2019. The decrease in EMEA was driven by lower activity primarily attributable to COVID-19 disruptions and the impact of lower oil prices in Algeria, Romania, and various other countries, partially offset by increases in Tunisia, Italy, and Kuwait, as well as the October 2019 acquisition of Cleansorb. The decrease in other international was primarily attributable to lower activity in Australia, including the completion of the Baker Hughes Greater Enfield project in the third quarter of 2019.

Operating income (loss)

The Fluids Systems segment incurred an operating loss of $46.3 million for the first nine months of 2020, reflecting a $68.2 million change from the $22.0 million of operating income generated for the first nine months of 2019. The decrease in operating income includes a $41.5 million decline from North American operations and a $11.1 million decline from international operations, which are primarily attributable to the changes in revenues described above, partially offset by the benefit of cost reduction programs. The Fluids Systems operating loss for the first nine months of 2020 also includes $17.4 million of charges primarily related to inventory write-downs, severance costs, fixed asset impairments, and facility exit costs, whereas the first nine months of 2019 included $1.8 million of charges related to severance costs and the February 2019 retirement policy modification.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

	First Nine Months		2020 vs 2019	
(In thousands)	**2020**	**2019**	$	%
Rental and service revenues	$ 72,499	$ 115,944	$ (43,445)	(37)%
Product sales revenues	15,243	28,960	(13,717)	(47)%
Total Mats and Integrated Services revenues	$ 87,742	$ 144,904	$ (57,162)	(39)%

Rental and service revenues decreased $43.4 million (37%) to $72.5 million for the first nine months of 2020, which includes a $38.4 million decrease from E&P customers, primarily resulting from lower U.S. activity caused by the decline in oil and natural gas prices. In addition, revenues from non-E&P customers decreased $5.0 million as our continued expansion into non-E&P markets was more than offset by the impact of delays in customer project timing resulting from COVID-related market uncertainty, permitting delays, and logistical restrictions. Revenues from product sales, which typically fluctuate based on the timing of mat orders from customers, was negatively impacted in the first nine months of 2020 as certain customers delayed orders due to the market uncertainty related to the COVID-19 pandemic.

Operating income

The Mats and Integrated Services segment generated operating income of $3.9 million for the first nine months of 2020 compared to $32.9 million for the first nine months of 2019, the decrease being primarily attributable to the change in revenues as described above.

Corporate Office

Corporate office expenses decreased $12.2 million to $19.8 million for the first nine months of 2020, compared to $31.9 million for the first nine months of 2019. The first nine months of 2019 included a $3.4 million charge for stock-based compensation expense associated with the February 2019 retirement policy modification and $3.7 million in professional fees related to our long-term strategic planning project and the Cleansorb acquisition. The remaining decrease of $5.1 million is primarily driven by reduced personnel costs and lower spending related to legal matters in the first nine months of 2020.

Liquidity and Capital Resources

Net cash provided by operating activities was $40.3 million for the first nine months of 2020 compared to $53.2 million for the first nine months of 2019. During the first nine months of 2020, net loss adjusted for non-cash items used cash of $27.3 million, while changes in working capital provided cash of $67.6 million.

Net cash used in investing activities was $4.1 million for the first nine months of 2020, including capital expenditures of $14.6 million. Capital expenditures during the first nine months of 2020 included $7.6 million for the Mats and Integrated Services segment, including investments in the mat rental fleet as well as new products, and $5.5 million for the Fluids Systems segment.

Net cash used in financing activities was $60.9 million for the first nine months of 2020, which primarily includes $29.1 million in repurchases of our Convertible Notes and a net repayment of $35.1 million on our ABL Facility (as defined below).

Substantially all our $24.0 million of cash on hand at September 30, 2020 resides in our international subsidiaries, and we expect to continue to repatriate excess cash from these international subsidiaries, subject to exchange or cash controls and the cash requirements to support the strategic objectives of these international subsidiaries. In addition, we may continue to purchase our Convertible Notes under our existing repurchase program from time to time.

Our revenues and operating results in 2020 have been negatively impacted by the decrease in demand for our products and services following the decline in the price of oil as well as the COVID-19 pandemic and related economic shutdowns around the world. We have taken a number of actions aimed at conserving cash and protecting our liquidity, including workforce and salary reductions, elimination of all non-critical capital expenditures, as well as actions to reduce our operational footprint to match current and anticipated activity levels by operating region. We currently expect capital expenditures to remain limited for the foreseeable future. We anticipate that revenues will begin to increase in the fourth quarter of 2020 as market activity improves from current levels, although the ongoing impacts of the COVID-19 pandemic and an uncertain economic environment that will likely persist through the remainder of 2020 and into early 2021 make the timing and pace of recovery difficult to predict. We anticipate that our near-term working capital requirements to support the revenue growth will largely be offset by the benefit from our on-going efforts to reduce inventory levels and international receivables, which remain elevated from historical levels. As we progress through 2021, we anticipate that future working capital requirements for our operations will fluctuate directionally with revenues.

Availability under our ABL Facility also provides additional liquidity as discussed further below. Total availability under the ABL Facility will fluctuate directionally based on the level of eligible U.S. accounts receivable, inventory, and, subject to satisfaction of certain financial covenants as described below, composite mats included in the rental fleet. As of November 3, 2020, our total availability under the ABL Facility was $112.3 million, of which $29.0 million was drawn, resulting in remaining availability of $83.3 million. As of November 3, 2020, our total availability under the ABL Facility included $25.3 million from eligible rental mats. As discussed further below, in November 2020, we will no longer satisfy a financial covenant required for the composite mats to be included in the borrowing availability under the ABL Facility, and therefore, the adjusted total availability under the ABL Facility would be reduced by such amount. Based on our current projections of operating results through the first half of 2021, we currently anticipate satisfying the financial covenants required such that the eligible rental mats would again be included in the borrowing availability under the ABL Facility following the second quarter of 2021.

Considering the above, we expect our available cash on-hand, cash generated by operations, and remaining availability under our ABL Facility to be adequate to fund current operations during the next 12 months. We also continue to evaluate other sources of additional liquidity to support our longer-term liquidity options, which include possible financing or alternative arrangements secured by certain assets in the U.S. or our international operations.

Our capitalization is as follows:

(In thousands)	September 30, 2020	December 31, 2019
Convertible Notes	$ 66,912	$ 100,000
ABL Facility	29,900	65,000
Other debt	10,805	7,164
Unamortized discount and debt issuance costs	(5,262)	(12,291)
Total debt	$ 102,355	$ 159,873
Stockholder's equity	489,083	548,645
Total capitalization	$ 591,438	$ 708,518
Total debt to capitalization	17.3 %	22.6 %

Convertible Notes. In December 2016, we issued $100.0 million of unsecured convertible senior notes ("Convertible Notes") that mature on December 1, 2021, of which $66.9 million principal amount was outstanding at September 30, 2020. The notes bear interest at a rate of 4.0% per year, payable semiannually in arrears on June 1 and December 1 of each year.

Holders may convert the notes at their option at any time prior to the close of business on the business day immediately preceding June 1, 2021, only under the following circumstances:

- during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (regardless of whether consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the notes in effect on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of notes for each trading day was less than 98% of the last reported sale price of our common stock on such date multiplied by the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events, as described in the indenture governing the notes, such as a consolidation, merger, or share exchange.

On or after June 1, 2021 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of whether any of the foregoing conditions have been satisfied. As of October 30, 2020, the notes were not convertible.

The notes are convertible into, at our election, cash, shares of common stock, or a combination of both, subject to satisfaction of specified conditions and during specified periods, as described above. If converted, we currently intend to pay cash for the principal amount of the notes converted. The conversion rate is 107.1381 shares of our common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of $9.33 per share of common stock), subject to adjustment in certain circumstances. We may not redeem the notes prior to their maturity date.

During the first nine months of 2020, we repurchased $33.1 million of our Convertible Notes in the open market for a total cost of $29.1 million, and recognized a net gain of $0.4 million reflecting the difference in the amount paid and the net carrying value of the extinguished debt, including original issue discount and debt issuance costs.

Asset-Based Loan Facility. In May 2016, we entered into an asset-based revolving credit agreement which replaced our previous credit agreement. In October 2017, we entered into an Amended and Restated Credit Agreement and in March 2019, we entered into a First Amendment to Amended and Restated Credit Agreement (as amended, the "ABL Facility"). The ABL Facility provides financing of up to $200.0 million available for borrowings (inclusive of letters of credit) and can be increased up to a maximum capacity of $275.0 million, subject to certain conditions.

The ABL Facility terminates in March 2024; however, the ABL Facility has a springing maturity date that will accelerate the maturity of the ABL Facility to September 1, 2021 if, prior to such date, the Convertible Notes have not been repurchased, redeemed, refinanced, exchanged or otherwise satisfied in full or we have not escrowed an amount of funds, that together with the amount that we establish as a reserve against our borrowing capacity, is sufficient for the future settlement of the Convertible Notes at their maturity. The ABL Facility requires compliance with a minimum consolidated fixed charge coverage ratio of 1.25 to 1.0 calculated based on the trailing twelve-month period ended June 30, 2021 and remaining unused availability of at least $25.0 million to utilize borrowings or assignment of availability under the ABL Facility towards funding the repayment of the Convertible Notes.

Borrowing availability under the ABL Facility is calculated based on eligible U.S. accounts receivable, inventory, and, subject to satisfaction of certain financial covenants as described below, composite mats included in the rental fleet, net of reserves and limits on such assets included in the borrowing base calculation. To the extent pledged by us, the borrowing base calculation also includes the amount of eligible pledged cash. The lender may establish such reserves, in part based on appraisals of the asset base, and other limits at its discretion which could reduce the amounts otherwise available under the ABL Facility. Availability associated with eligible rental mats will also be subject to maintaining a minimum consolidated fixed charge coverage ratio of 1.5 to 1.0 and at least $1.0 million of operating income for the Mats and Integrated Services segment, each calculated based on a trailing twelve-month period.

As noted above, we will not satisfy the minimum consolidated fixed charge coverage ratio that is required to continue including eligible rental mats in the borrowing availability under the ABL Facility after the filing of our quarterly compliance certificate under the ABL Facility for the third quarter of 2020 in November 2020. While this does not represent a default, it would reduce the borrowing availability under the ABL Facility noted above as of November 3, 2020 by $25.3 million. We anticipate regaining compliance with the minimum consolidated fixed charge coverage ratio as required to include eligible rental mats in the borrowing availability under the ABL Facility following the second quarter of 2021. As such, we currently believe that we will be able to utilize borrowings or assignment of availability under the ABL Facility towards funding the repayment of the Convertible Notes prior to September 1, 2021. If we are unable to regain compliance with the minimum consolidated fixed charge coverage ratio following the second quarter of 2021, we would further evaluate options, which may include a waiver or amendment to our ABL Facility. Any waiver or amendment to the ABL Facility, if required, may increase the cost of our borrowings and impose additional limitations over certain types of activities, and we can give no assurance that we will be able to obtain such amendment or waiver on favorable terms or at all.

Under the terms of the ABL Facility, we may elect to borrow at a variable interest rate based on either, (1) LIBOR subject to a floor of zero or (2) a base rate equal to the highest of: (a) the federal funds rate plus 50 basis points, (b) the prime rate of Bank of America, N.A. and (c) LIBOR, subject to a floor of zero, plus 100 basis points, plus, in each case, an applicable margin per annum. The applicable margin ranges from 150 to 200 basis points for LIBOR borrowings, and 50 to 100 basis points for base rate borrowings, based on the consolidated fixed charge coverage ratio as defined in the ABL Facility. As of September 30, 2020, the applicable margin for borrowings under our ABL Facility was 150 basis points with respect to LIBOR borrowings and 50 basis points with respect to base rate borrowings. The weighted average interest rate for the ABL Facility was 1.9% at September 30, 2020. In November 2020, the applicable margins for borrowings under the ABL Facility will increase 50 basis points based on the consolidated fixed charge coverage ratio. In addition, we are required to pay a commitment fee on the unused portion of the ABL Facility ranging from 25 to 37.5 basis points, based on the level of outstanding borrowings, as defined in the ABL Facility. As of September 30, 2020, the applicable commitment fee was 37.5 basis points.

The ABL Facility is a senior secured obligation, secured by first liens on substantially all of our U.S. tangible and intangible assets, and a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral. The ABL Facility contains customary operating covenants and certain restrictions including, among other things, the incurrence of additional debt, liens, dividends, asset sales, investments, mergers, acquisitions, affiliate transactions, stock repurchases and other restricted payments. The ABL Facility also requires compliance with a minimum consolidated fixed charge coverage ratio of 1.0 to 1.0 calculated based on a trailing twelve-month period if availability under the ABL Facility falls below $22.5 million. Based on our current projections, we do not anticipate availability under the ABL Facility falling below $22.5 million. In addition, the ABL Facility contains customary events of default, including, without limitation, a failure to make payments under the facility, acceleration of more than $25.0 million of other indebtedness, certain bankruptcy events, and certain change of control events.

Other Debt. Certain of our foreign subsidiaries maintain local credit arrangements consisting primarily of lines of credit or overdraft facilities which are generally renewed on an annual basis. We utilize local financing arrangements in our foreign operations in order to provide short-term local liquidity needs. We had $7.9 million and $4.8 million outstanding under these arrangements at September 30, 2020 and December 31, 2019, respectively.

In addition, at September 30, 2020, we had $57.5 million in outstanding letters of credit, performance bonds, and other guarantees for which certain of the letters of credit are collateralized by $6.3 million in restricted cash.

Critical Accounting Estimates and Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires us to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in preparing our condensed consolidated financial statements include fair values used for impairments of long-lived assets, including goodwill and other intangibles, and valuation allowances 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.

As of September 30, 2020, our consolidated balance sheet includes $42.2 million of goodwill, all of which relates to the Mats and Integrated Services segment. Goodwill and other indefinite-lived intangible assets are tested for impairment annually as of November 1, or more frequently, if indicators of impairment exists. In March 2020, primarily as a result of the collapse in oil prices and the expected declines in the U.S. land E&P markets, along with a significant decline in the quoted market prices of our common stock, we considered these developments to be a potential indicator of impairment that required us to complete an interim goodwill impairment evaluation. As such, in March 2020, we estimated the fair value of our Mats and Integrated Services reporting unit based on our current forecasts and expectations for market conditions and determined that even though the estimated fair value had decreased, the fair value remained substantially in excess of its net carrying value, and therefore, no impairment was required. During the second quarter and third quarter of 2020, we determined that there were no further indicators of events or changes in circumstances that would more likely than not reduce the fair value below its carrying amount.

In addition, we review property, plant and equipment, finite-lived intangible assets and certain other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We assess recoverability based on expected undiscounted future net cash flows. Due to the changes in market conditions, we have reviewed these assets for impairment during the first nine months of 2020 and determined that the estimated undiscounted cash flows exceeded the carrying value, and therefore, no impairment was required. Fluids Systems segment includes a $3.0 million impairment charge for the first nine months of 2020, attributable to the abandonment of certain property, plant and equipment.

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, 2019. Our critical accounting estimates and policies have not materially changed since December 31, 2019.

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 exchange rates. A discussion of our primary market risk exposure in financial instruments is presented below.

Interest Rate Risk

At September 30, 2020, we had total principal amounts outstanding under financing arrangements of $107.6 million, including $66.9 million of borrowings under our Convertible Notes which bear interest at a fixed rate of 4.0% and $29.9 million of borrowings under our ABL Facility. Borrowings under our ABL Facility are subject to a variable interest rate as determined by the ABL Facility. The weighted average interest rate at September 30, 2020 for the ABL Facility was 1.9%. Based on the balance of variable rate debt at September 30, 2020, a 100 basis-point increase in short-term interest rates would have increased annual pre-tax interest expense by $0.3 million.

Foreign Currency Risk

Our principal foreign operations are conducted in certain areas of EMEA, Canada, Asia Pacific, and Latin America. 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 including European euros, Algerian dinar, Romanian new leu, Canadian dollars, British pounds, Australian dollars, 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.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2020, the end of the period covered by this quarterly report.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended September 30, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk Factors

There have been no material changes to our "Risk Factors" as discussed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019, except as discussed in Part II, Item 1A of our Quarterly Report on Form 10-Q for the three months ended March 31, 2020.

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 September 30, 2020:

Period	Total Number of Shares Purchased	Average Price Paid 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 ($ in Millions)
July 2020	1,217	$ 2.11	—	$ 51.9
August 2020	—	$ —	—	$ 51.9
September 2020	—	$ —	—	$ 51.9
Total	1,217		—	

In November 2018, our Board of Directors authorized changes to our securities repurchase program. These changes increased the authorized amount under the repurchase program to $100.0 million, available for repurchases of any combination of our common stock and our Convertible Notes.

Our repurchase program authorizes us to purchase our outstanding shares of common stock or Convertible Notes in the open market or as otherwise determined by management, subject to certain limitations under the ABL Facility and other factors. The repurchase program has no specific term. Repurchases are expected to be funded from operating cash flows, available cash on hand, and borrowings under our ABL Facility. As part of the share repurchase program, our management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934. As of September 30, 2020, we had $51.9 million remaining under the program.

There were no Convertible Notes and no shares of common stock repurchased under the repurchase program during the three months ended September 30, 2020.

During the three months ended September 30, 2020, we purchased an aggregate of 1,217 shares surrendered in lieu of taxes under vesting of restricted shares.

ITEM 3. Defaults Upon Senior Securities

None.

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

The exhibits listed are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

3.1	Amended and Restated Bylaws of Newpark Resources, Inc., dated August 12, 2020, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 14, 2020 (SEC File No. 001-02960).
†10.1	Amendment to Amended and Restated Employment Agreement, dated as of August 12, 2020 between Newpark Resources, Inc. and Paul L. Howes, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 14, 2020 (SEC File No. 001-02960).
†*10.2	Newpark Resources, Inc. U.S. Executive Severance Plan.
*31.1	Certification of Paul L. Howes pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of Gregg S. Piontek pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
**32.1	Certification of Paul L. Howes pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
**32.2	Certification of Gregg S. Piontek pursuant to 18 U.S.C. Section 1350, as adopted 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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*101.SCH	Inline XBRL Schema Document
*101.CAL	Inline XBRL Calculation Linkbase Document
*101.DEF	Inline XBRL Definition Linkbase Document
*101.LAB	Inline XBRL Label Linkbase Document
*101.PRE	Inline XBRL Presentation Linkbase Document
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Management compensation plan or agreement.

* Filed herewith.

** Furnished herewith.

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: November 4, 2020

NEWPARK RESOURCES, INC.
(Registrant)

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

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

By: /s/ Douglas L. White
Douglas L. White
Vice President, Chief Accounting Officer and Treasurer
(Principal Accounting Officer)

Exhibit 10.2

NEWPARK RESOURCES, INC.
U.S. EXECUTIVE SEVERANCE PLAN

ARTICLE I
PURPOSE

This Newpark Resources, Inc. U.S. Executive Severance Plan (the "Plan") has been established by the Compensation Committee of the Board of Directors of Newpark Resources, Inc. (the "Company") on August 11, 2020 (the "Effective Date") to offer executive participants certain protections if their employment or service with the Company, or its Affiliates, is terminated under certain qualifying terminations of employment. The Compensation Committee considers it to be in the best interests of the Company's stockholders to provide the contemplated severance benefits under the Plan for executive participants in order to provide a consistent framework under certain qualifying terminations of employment and to protect the Company's confidential information, trade secrets and customer relationships. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Article II.

ARTICLE II
DEFINITIONS AND USAGE

2.1 Definitions. Wherever used in the Plan, the following words and phrases shall have the meaning set forth below unless the context plainly requires a different meaning:

(a) "Administrator" means the Committee, or any officer and employee of the Company to whom the Committee delegates its duties and authority as Administrator.

(b) "Affiliate" means any (a) subsidiary corporation or other entity of the Company within the meaning of section 424(f) of the Code, (b) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company, or (c) any other entity which is designated as an Affiliate by the Board or the Committee.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" means, unless otherwise set forth in an applicable employment agreement or other written agreement, excluding an agreement regarding the grant of equity or incentive awards, between the Employer and Participant:

(1) Participant's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for an act on the Participant's part constituting a felony;

(2) Dishonesty, willful misconduct or gross neglect by Participant of his or her obligations ascribed to him or her expressly by a supervisor or otherwise implied by his or her role within the Company that results in material damage (including reputational or fiscal) or material loss to the Company, including loss of material future opportunities;

(3) appropriation (or an overt act attempting appropriation) by Participant of a material business opportunity of the Company;

(4) theft, embezzlement or other similar misappropriation of funds or property of the Company by Participant; or

(5) the failure of Participant to follow the reasonable and lawful written instructions or policy of the Company with respect to the services to be rendered and the manner of rendering such services by Participant provided Participant has been given reasonable and specific written notice of such failure and opportunity to cure and no cure has been effected or initiated within a reasonable time, but not less than 90 days, after such notice. “Cause” shall not include a Participant’s refusal to accept a change in the geographic location of Participant’s principal place of employment to a location more than fifty (50) miles from Participant’s then current principal place of employment.

(e) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, currently embodied in Code Section 4980B, which provides for continuation of group health plan coverage in certain circumstances.

(f) “Code” means the Internal Revenue Code of 1986, as amended.

(g) “Committee” means the Compensation Committee of the Board.

(h) “Company” means Newpark Resources, Inc., a Delaware corporation.

(i) “Compensation” means the Participant’s annual rate of base salary payable by the Employer (exclusive of commissions, bonuses, overtime pay, incentive compensation, benefits under any qualified plan, group medical plan, dental or other welfare benefit plan, non-cash compensation, special allowances and any other additional compensation), or, depending on the context, an equivalent weekly rate, as in effect immediately prior to such Participant’s Termination. Notwithstanding the foregoing, for purposes of Section 4.3, a Participant’s Compensation shall be the greater of such Participant’s Compensation (i) on the date of the Participant’s Termination or (ii) immediately prior to any salary reduction that was imposed upon the Participant due to cost cutting measures that were applied in a manner generally consistent with reductions for similarly situated Participants.

(j) “Completed Years of Service” means the Participant’s completed Years of Service as determined under and in accordance with the Newpark Resources, Inc. Savings and Investment Plan.

(k) “Disability” means the inability of the Participant to perform the Participant’s duties with the Employer on a full-time basis during the Participant’s applicable employment period as a result of incapacity due to mental or physical illness.

(l) “Effective Date” means August 11, 2020.

(m) “Eligible Employee” means an employee of an Employer who is paid on a payroll originating in the United States who is a Tier 1, Tier 2 or Tier 3 employee.

(n) “Employer” means individually, and “Employers” means collectively, the Company or any Affiliate domiciled in the United States.

(o) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(p) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

(q) “Good Reason” means, unless otherwise set forth in an employment agreement or other written agreement, excluding an agreement regarding the grant of equity or incentive awards, between the Employer and Participant, in each case without the Participant’s written consent:

(1) A material reduction in the Participant’s Compensation or annual target bonus opportunity, excluding (i) an elimination or reduction of a benefit under any benefit plan or compensatory plan or arrangement in which the Participant participates which affects other employees of the same tier in a similar way or (ii) a temporary reduction to Participant’s Compensation of shorter than 24 months and less than a 20% cumulative reduction of Compensation;

(2) A material reduction in the Participant’s authority, duties or responsibilities with the Company or any Affiliate, which reduction is considered to be a significant demotion in the scope of Participant’s employment with the Company, provided that Good Reason shall not exist in circumstances where Participant’s duties or responsibilities are expanded or where there is a realignment of Participant’s reporting responsibilities for Affiliates of the Company;

(3) A change in the geographic location of Participant’s principal place of employment to a location more than fifty (50) miles from the Participant’s principal place of employment;

(4) A material breach by the Company of any material written agreement between the Participant and the Company; or

(5) The failure of any successor or assignee of the Company to expressly assume and agree to perform this Plan in accordance with Section 8.13 hereof.

Notwithstanding any of the foregoing, a Participant cannot terminate his or her employment for Good Reason unless he or she has provided written notice to the Company of the existence of the circumstances alleged to constitute Good Reason within thirty (30) days of the initial existence of such circumstances and the Company has had thirty (30) days from the date on which such notice is provided to cure such circumstances. In the event the Company does not timely cure such circumstances and if the Participant does not terminate his or her employment for Good Reason within ninety (90) days after the first occurrence of the applicable circumstances, then the Participant will be deemed to have waived his or her right to terminate for Good Reason with respect to such circumstances.

(r) "Health Benefit" has the meaning ascribed thereto in Section 4.2(d) of the Plan.

(s) "Incentive Plan" means the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, as amended from time to time, or any successor thereto.

(t) "Outplacement Benefit" has the meaning ascribed thereto in Section 4.2(e) of the Plan.

(u) "Participant" means an employee of the Employer who is a participant in the Plan in accordance with Section 3.1.

(v) "Participation Agreement" means a written or electronic document, in the form and manner prescribed by the Committee, executed by such Eligible Employee as a condition to participation under Section 3.1, pursuant to which such Eligible Employee (i) acknowledges he or she has been designated to be a Participant and agrees to the terms and conditions of this Plan and (ii) accepts and acknowledges that he or she is subject to the restrictive covenants set forth in the Participation Agreement.

(w) "Plan" means this Newpark Resources, Inc. U.S. Executive Severance Plan, as amended from time to time.

(x) "Qualifying Termination" means the Termination of a Participant either (a) by the Company, or if applicable, the Employer, in either case without Cause at a time when the Participant is otherwise willing and able to continue in employment or (b) by a Participant for Good Reason.

(y) "Severance Benefits" means, as applicable, the benefits described in Section 4.2 of the Plan.

(z) "Target Bonus" means the Participant's target annual bonus opportunity under the Company's annual bonus plan for the year in which the Termination Date occurs, or if no such target opportunity has been established for such year, the Participant's most recent target annual bonus opportunity. If a Participant is not eligible for a Target Bonus under the Company's annual bonus plan, then such Participant's Target Bonus shall be deemed to be zero.

(aa) "Terminated," "Termination," "termination of employment," "employment termination" and variations thereof, as used in the Plan, mean a termination of employment which constitutes a "separation from service" as that term is defined under Code Section 409A and the Treasury regulations issued thereunder.

(ab) "Termination Date" means the effective date on which the employment of a Participant is terminated.

(ac) "Tier 1" means an Eligible Employee holding the title Chief Executive Officer of the Company as of his or her Termination Date.

(ad) "Tier 2" means an Eligible Employee holding the title Senior or Executive Vice President of the Company as of the Termination Date, any Vice President designated as an Executive Officer by the Board as of the Termination Date and an Eligible Employee holding a position with a classified job level of 995, 996, 997 or 998 as of the Termination Date.

(ae) "Tier 3" means an Eligible Employee holding the title Vice President who is designated as an Executive Officer by the Board as of the Termination Date and not otherwise included in Tier 1 or Tier 2.

ARTICLE III
PARTICIPATION

3.1 Participation. An Eligible Employee shall become a Participant in the Plan as of the date provided in the applicable executed Participation Agreement.

Notwithstanding the preceding, (i) there shall be no duplication of benefits between this Plan and the benefits due an employee of an Employer who is eligible for severance, involuntary termination or substantially similar benefits pursuant to applicable law or under any other plan, program, contract, agreement or arrangement with an Employer, and (ii) in the event of conflict or duplication between the Severance Benefits provided in Article IV of this Plan and any severance benefits provided under such other arrangement, the more beneficial arrangement with respect to the amount of such severance for such employee that is compliant with or exempt from Code Section 409A shall control.

3.2 Eligible Events. A Participant shall be entitled to receive Severance Benefits under the terms of this Plan if the Participant experiences a Qualifying Termination. A Participant shall not be entitled to Severance Benefits under this Plan if the Participant's employment is terminated (i) by the Employer for Cause, (ii) by a Participant for any reason, except with respect for Good Reason, or (iii) on account of the Participant's death or Disability.

3.3 Release Required. A Participant shall not be entitled to Severance Benefits if the Participant fails to sign and timely deliver an effective and irrevocable release of claims against the Company and/or Employer, with such release to be in the form requested by the Company in its sole discretion.

3.4 Cooperation. By accepting the Severance Benefits hereunder, subject to the Participant's other commitments, the Participants agrees to be reasonably available to cooperate with the Employer and provide information as to matters which the Participant was personally involved, or has information on, during the Participant's employment with the Employer and which are or may reasonably be expected to become the subject of litigation or other dispute.

ARTICLE IV
SEVERANCE BENEFITS

4.1 Right to Severance Benefits. Except as otherwise provided in this Plan, based on a Participant's Tier, a Participant may be entitled to Severance Benefits under Section 4.2 if the Participant experiences a Qualifying Termination.

4.2 Termination without Cause. Subject to the Participant's compliance with each of Sections 3.1 and 3.3, a Participant entitled to Severance Benefits under Section 4.1 due to a Qualifying Termination shall be entitled to the following Severance Benefits:

(a) *Cash Severance*.

(1) For a Participant in Tier 1, two times the sum of his or her (A) Compensation, *plus* (B) Target Bonus.

(2) For a Participant in Tier 2, one time the sum of his or her (A) Compensation, *plus* (B) Target Bonus.

(3) For a Participant in Tier 3, seventy-five percent (75%) of his or her Compensation

Benefits payable pursuant to this Section 4.2(a) shall be paid in a single lump sum payment no later than sixty (60) days after the Termination Date.

(b) Pro-Rata Bonus. Participants who were eligible for an annual bonus under the Company's annual bonus plan for the year in which the Participant's Termination Date occurs shall remain eligible for a pro-rated bonus which shall be calculated by multiplying the Participant's Target Bonus percentage by the Participant's year-to-date base salary earned prior to the Termination Date. The amount of such pro-rated bonus shall be paid to the Participant no later than sixty (60) days after the Termination Date.

(c) *Incentive Benefits*. Notwithstanding any provision to the contrary in any applicable plan or agreement, all Participants shall be entitled to the following benefits with respect to the awards identified below, as applicable, that are unvested and outstanding at the time of the Participant's termination of employment.

(1) Time-Based Incentives. All unvested stock options and other time-based equity or long-term cash awards held by the Participant on the Termination Date will vest pro-rata to the extent such stock options or other time-based awards would have otherwise vested during the twelve-month period following the Participant's Termination Date, with the final number of stock options or shares vesting being the product of the shares subject to such award which would have otherwise vested multiplied by a fraction, the numerator of which is the number of days the Participant was employed following the most recent vesting date for such applicable award and the denominator of which shall be 365 (in no event great than 1.0). To the extent such a time-based award was granted as an inducement grant, it will vest in full on the Participant's Termination Date. Any time-based awards that vest pursuant to the terms set forth herein will be settled or delivered to the Participant, in accordance with the terms of the applicable equity plan or award agreement, no later than sixty (60) days after the Participant's Termination Date. Any stock option, stock appreciation right or similar award that provides for a Participant-elected exercise that is or becomes exercisable pursuant to this Section 4.2(c) as of the Participant's Termination Date will remain exercisable for a period of twenty-four (24) months after Participant's Termination, unless a longer period is otherwise provided for in any applicable equity plan or award agreements; provided, however, that no such award shall remain exercisable after the expiration date of such award.

(2) Performance-Based Incentives. A Participant shall remain eligible for payment of all performance-based awards (which shall not include annual bonus awards otherwise described in Section 4.2(b)) granted to Participant more than one year prior to

and outstanding as of the Participant's Termination Date based on actual performance results to the extent they do not exceed the target performance level and pro-rated by a fraction, the numerator of which is the number of days the Participant was employed during the performance period of the applicable performance-based award and the denominator of which shall be the total number of days in the performance period. For the avoidance of doubt, a Participant shall forfeit any performance-based awards (which shall not include annual bonus awards otherwise described in Section 4.2(b)) granted to Participant within one year prior to Participant's Termination Date. Any performance-based award payable under this Section 4.2(c)(2) shall be paid to Participant at the same time that such performance-based awards are paid to the Company's active employees.

(d) *Health Benefits*. The Company shall pay to the Participant an amount equal to eighteen (18) months of the cost of COBRA coverage for such Participant based on the level of coverage in effect as of the Termination Date. This amount will be paid to the Participant within sixty (60) days following the Termination Date.

(e) *Outplacement Benefits*. A Participant shall be provided outplacement services commensurate with his or her position and Company policy or practice in effect at the time of termination of employment, but which in no event will exceed two (2) years from the Participant's employment termination date, not to exceed $25,000. The Participant must initiate the outplacement services and have the terms of the same approved by the Company within sixty (60) days of the Participant's employment termination date. The amount set forth above shall be paid directly to the outplacement provider based on actual invoiced amounts. In no event shall the outplacement services payments be made directly to the Participant. The benefits described in this Section 4.2(e) are referred to herein as the "Outplacement Benefit."

4.3 Death of Participant. If a Participant dies after a Qualifying Termination but before Participant receives full payment of the Severance Benefits entitled to the Participant under this Article IV, any unpaid Severance Benefits will be paid to the Participant's surviving spouse, or if the Participant does not have a surviving spouse, to the Participant's estate. In the case of any incentive benefits to which the Participant is entitled under Section 4.2(c), such awards will be settled into the Participant's company-sponsored brokerage account in accordance with the terms of the applicable plan or award agreement.

4.4 Code Section 280G. Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Code Section 280G(b)(2)) to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, but determined without regard to any reduction (if any) required under this Section 4.5 (the "Payment"), would be subject to the excise tax imposed by Code Section 4999, together with any interest or penalties imposed with respect to such excise tax ("Excise Tax"), then the Company shall automatically reduce (the "Reduction") such Participant's Payment to the minimum extent necessary to prevent the Payment (after the Reduction) from being subject to the Excise Tax, but only if, by reason of the Reduction, the after-tax benefit of the reduced Payment exceeds the after-tax benefit if such Reduction was not made. If the after-tax benefit of the reduced Payment does not exceed the after-tax benefit if the Payment is not reduced, then the Reduction shall not apply. If the Reduction is applicable, the Payment shall be reduced in such a manner that provides the applicable Participant with the best economic benefit and, to the extent any portions of the Payment are economically equivalent with each other, each shall be reduced pro rata. All determinations to be made under this Section 4.5 shall be made by an independent public accounting firm selected by the Company and the fees and expenses of the accounting firm will be paid by the Company.

The accounting firm shall provide detailed supporting calculations both to the Company and any applicable Participant. Absent manifest error, any determination by the accounting firm shall be binding upon the Company and any applicable Participant. In any event, the Company shall have no tax gross-up obligation or liability with respect to payment of a Participant's excise tax liabilities under Section 4999 of the Code.

ARTICLE V
ADMINISTRATION OF THE PLAN

5.1 General. Except as otherwise expressly provided in the Plan, the Administrator shall be responsible for administration of the Plan.

5.2 Administrator Duties. In addition to duties specifically stated herein, the Administrator shall have full responsibility to represent the Employers and the Participants in all things it may deem necessary for the proper administration of the Plan. Subject to the terms of the Plan, the decision of the Administrator, acting in its sole discretion, upon any question of fact, interpretation, definition or procedures relating to the administration of the Plan shall be conclusive. The Administrator shall have the following discretionary responsibilities under the Plan:

(a) To construe and interpret the Plan, to determine the amount, manner and time of payment of any benefits under the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to remedy ambiguities, inconsistencies or omissions all in its sole and complete discretion;

(b) To adopt such rules and procedures as may be necessary for the efficient administration of the Plan and as are consistent with the Plan, and to enforce the Plan in accordance with its terms and such rules;

(c) To delegate its authority to such other committees or officers of the Employers as may be necessary or desirable for the efficient administration of the Plan;

(d) To make determinations as to the right of any individual to a benefit and to direct payments or distributions in accordance with the provisions of the Plan;

(e) To furnish the Employers and the Participants with such information as may be required by them for tax or other purposes in connection with the Plan;

(f) To enroll Participants in the Plan, distribute and receive Plan administration forms and comply with all applicable governmental reporting and disclosure requirements; and

(g) To employ agents, attorneys, accountants, actuaries or other persons (who also may be employed by the Employers), and to allocate or delegate to them such powers, rights and duties as the Administrator considers necessary or advisable to properly carry out the administration of the Plan, provided that any such allocation or delegation and the acceptance thereof must be in writing.

ARTICLE VI
CLAIMS PROCEDURE

6.1 Claims. The Administrator will endeavor to administer the Plan fairly and consistently and to pay all benefits to which Participants are properly entitled. All claims for unpaid benefits should be made in writing to the Administrator. The Administrator may request additional information necessary to consider the claim further. If a claim is wholly or partially denied, the Administrator will notify the claimant of the adverse decision within a reasonable period of time, but not later than ninety (90) days after receiving the claim, unless the Administrator determines that special circumstances require an extension. In such case, a written extension notice shall be furnished before the end of the initial ninety- (90-) day period. The extension cannot exceed ninety (90) days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the decision. The claim determination timeframes began when a claim is filed, without regard to whether all the information necessary to make a claim determination accompanies the filing. Any notice of denial shall include:

(a) The specific reason or reasons for denial with reference to those specific Plan provisions on which the denial is based;

(b) A description of any additional material or information necessary to perfect the claim and an explanation of why that material or information is necessary; and

(c) A description of the Plan's appeal procedures and timeframes, including a statement of the claimant's right to bring a civil action under ERISA following an adverse decision on appeal.

6.2 Appeal Procedures. A claimant, or a claimant's authorized representative, may appeal a denied claim within sixty (60) days after receiving the Administrator's notice of denial. A claimant has the right to:

(a) Submit to the Administrator, for review, written comments, documents, records and other information related to the claim;

(b) Request, free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim; and

(c) A review on appeal that takes into account all comments, documents, records, and other information submitted by the claimant, without regard to whether such information was submitted or considered in the initial claim decision.

The Administrator will make a full and fair review of the appeal and may require additional documents as it deems necessary in making such a review. A final decision on review shall be made within a reasonable period of time, but not later than sixty (60) days following receipt of the written request for review, unless the Administrator determines that special circumstances require an extension. In such case, a written extension notice will be sent to the claimant before the end of the initial sixty- (60-) day period. The extension notice shall indicate the special circumstances and the date by which the Administrator expects to render the appeal decision. The extension cannot exceed a period of sixty (60) days. The appeal timeframes begin when an appeal is filed, without regard to whether all the information necessary to make an appeal decision accompanies the filing. If an extension is necessary because the claimant failed to submit necessary information, the days from the date the Administrator sends the extension notice until the claimant responds to the request for additional information are not counted as part of the appeal determination period. The Administrator's notice of denial on appeal shall include:

(a) The specific reason or reasons for denial with reference to those Plan provisions on which the denial is based;

(b) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records, and other information relevant to the claimant's claim; and

(c) A statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, and a statement of the claimant's right to bring an action under ERISA.

6.3 Satisfaction of Claims. Any payment to a Participant shall to the extent thereof be in full satisfaction of all claims hereunder against the Employers, who may require such Participant or beneficiary, as a condition to such payment, to execute a receipt and release therefore in such form as shall be determined by the Employers.

6.4 Limitations on Actions. A Participant must bring any legal or equitable action to contest a final decision made with respect to a claim under Article VI within two years of the date that the Administrator sends written or electronic notification of the final claims determination to the Participant, or the Participant's right to bring such a legal or equitable action will be waived.

ARTICLE VII
AMENDMENT OR TERMINATION OF PLAN

7.1 Amendment. While the Company expects and intends to continue the Plan, the Company must necessarily reserve and hereby does reserve the right to amend the Plan from time to time by action of the Board or the Committee; provided that any amendment shall be subject to the restrictions of Section 7.3.

7.2 Right to Terminate. The Plan will terminate as to all Employers on any date specified by the Company if written notice of the termination is given to the Administrator, the Participants and the Employers by the Company. The Plan will terminate as to an individual Employer (including the Company) on the first to occur of the following:

(a) The date it is terminated by such Employer if written notice of the termination is given to the Company, the Participants, the other Employers and the Administrator;

(b) The date such Employer is judicially declared bankrupt or insolvent; and

(c) The dissolution, merger, consolidation or reorganization of such Employer, or the sale of all or substantially all of its assets, except that in any such event arrangements may be made with the consent of the Company whereby the Plan will be continued by any successor to such Employer or any purchaser of all or substantially all of its assets without a termination thereof, in which case the successor or purchaser will be substituted for such Employer under the Plan.

7.3 Effects of Termination or Amendment. No termination or amendment provided in Sections 7.1 or 7.2 shall adversely affect the rights or benefits in the Plan or the applicable Participation

Agreement of any Participant. In the event of an amendment to the Plan with respect to a Participant, the more beneficial provisions with respect to the amount of such Severance Benefit for such Participant shall be in effect.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

8.1 Unfunded Plan. Nothing herein shall require the Employer to segregate or set aside any funds or other property for the purpose of paying any benefits under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions by the Employers or the Administrator shall create, nor be construed to create, a trust of any kind or a fiduciary relationship between the Employer and the Participant or any other person. Benefits hereunder shall be paid from assets which shall continue, for all purposes, to be a part of the general, unrestricted assets of the Employer. The obligation of the Employer hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that the Participant is entitled to receive payments from the Employer under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Employer, no such person shall have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Employer. It is intended that the Plan be unfunded for tax purposes and for purposes of Title I of ERISA.

8.2 Non-guarantee of Employment. None of the establishment of the Plan, any modification or amendment thereof, the creation of any fund or account, or the payment of any benefits shall be construed as giving to any Participant or other person any legal or equitable right against the Employers or the Administrator except as provided herein. Under no circumstances shall the maintenance of the Plan constitute a contract of employment or shall the terms of employment of any Participant be modified or in any way affected hereby. Accordingly, participation in the Plan will not give any Participant a right to be retained in the employ of the Employer.

8.3 Nonalienation of Benefits. The rights or interests of any Participant to any benefits or future payments under the Plan shall not be subject to attachment or garnishment or other legal process by any creditor of any such Participant nor shall any such Participant have any right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or rights which such Participant may expect to receive under the Plan, except as may be required by the tax withholding provisions of the Code or any applicable federal, state, local or foreign laws.

If a Participant is indebted to the Employer at any time when payments are to be made by the Employer to the Participant under the provisions of the Plan, the Employer shall have the right to reduce the amount of payment to be made to the Participant (or the Participant’s beneficiary) to the extent of such indebtedness subject to compliance with Code Section 409A. Any election by the Employer not to reduce such payment shall not constitute a waiver of its claim for such indebtedness.

8.4 Payment with Respect to Incapacitated Persons. If any person entitled to benefits under the Plan is under a legal disability, a minor or, in the Administrator’s opinion, incapacitated in any way so as to be unable to manage his or her financial affairs, the Administrator may direct the payment of such benefits to such person’s legal representative or to a relative or friend of such person for such person’s benefit, or the Administrator may direct the application of such benefit for the benefit of such person in any manner which the Administrator may select that is consistent with the Plan. Any payments made in accordance with the foregoing provisions of this Section 8.4 shall be a full and complete discharge of any liability for such payments.

8.5 Litigation. In any action or proceeding regarding any Plan benefits or the administration of the Plan, employees or former employees of the Employers and any other persons claiming to have an interest in the Plan shall not be necessary parties and shall not be entitled to any notice of process. Any final judgment which is not appealed or appealable and which may be entered in any such action or proceeding shall be binding and conclusive on the parties hereto and on all persons having or claiming to have any interest in the Plan. Acceptance of participation in the Plan shall constitute a release of the Employers, the Administrator and their agents from any and all liability and obligation not involving willful misconduct or gross neglect.

8.6 Headings. The headings of the various Articles and Sections in the Plan are solely for convenience and shall not be relied upon in construing any provisions hereof. Any reference to a Section shall refer to a Section of the Plan unless specified otherwise.

8.7 Evidence. Evidence required of anyone under the Plan shall be signed, made or presented by the proper party or parties and may be by certificate, affidavit, document or other information which the person acting thereon considers pertinent and reliable.

8.8 Gender and Number. Words denoting the masculine gender shall include the feminine and neuter genders, the singular shall include the plural and the plural shall include the singular wherever required by the context.

8.9 Waiver of Notice. Any notice required under the Plan may be waived by the person entitled to notice.

8.10 Taxes and Withholding. Notwithstanding any other provisions of the Plan, the Employer may withhold from any payment to be made under the Plan such amount or amounts as may be required for purposes of complying with the tax withholding provisions of the Code or any applicable federal, state, local or foreign laws.

8.11 Applicable Law. The Plan shall be construed in accordance with the laws of the State of Texas, without regard to its conflicts of laws doctrine, except to the extent preempted by Federal law.

8.12 Severability. Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and the Plan shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the Employers under the Plan.

8.13 Successors. The Plan is binding on all persons entitled to benefits hereunder and their respective heirs and legal representatives, on the Administrator and its successor, and on the Employers and their successors, whether by way of merger, consolidation, purchase or otherwise.

8.14 Effect on Other Employee Benefit Plans and Company Policy. Any benefit paid or payable under the Plan shall not be included in a Participant’s or employee’s compensation for purposes of computing benefits under any employee benefit plan maintained or contributed to by the Employer except as may otherwise be required under the terms of such employee benefit plan or applicable law.

8.15 No Vested Right to Benefits. No employee or Participant shall have any vested right to Severance Benefits under the Plan.

8.16 Code Section 409A. The time and form of payment of the Participant's Severance Benefits upon termination of employment described in Article IV shall be made in accordance with such Article, provided that with respect to termination of employment for reasons other than death, the payment at such time can be characterized as a "short term deferral" for purposes of Code Section 409A or as otherwise exempt from the provisions of Code Section 409A, or if any portion of the payment cannot be so characterized, and the Participant is a "specified employee" under Code Section 409A, such portion of the payment that constitutes deferred compensation (as such term is described under Code Section 409A) shall be delayed until the earlier to occur of the Participant's death or the date that is six (6) months and one day following the Participant's termination of employment (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 8.16 shall be paid to the Participant in a lump sum, and any remaining payments due under Article IV, shall be payable at the same time and in the same form as such amounts would have been paid in accordance with their original payment schedule under such Article. For purposes of applying the provisions of Code Section 409A, each separately identified amount to which the Participant is entitled shall be treated as a separate payment.

The time or schedule of any payment or amount scheduled to be paid pursuant to the terms of the Plan that is a "deferral of compensation" (as such term is described under Code Section 409A), may not be accelerated except as otherwise permitted under Code Section 409A and the guidance and Treasury regulations issued thereunder.

The taxable year in which any in-kind benefit is paid shall be determined in the sole discretion of the Employer, and the Participant shall not be permitted, directly or indirectly, to designate the taxable year of payment. All reimbursements and in-kind benefits provided pursuant to this Plan shall be made in accordance with Treasury Regulation § 1.409A-3(i)(1)(iv) such that any reimbursements or in-kind benefits will be deemed payable at a specified time or on a fixed schedule relative to a permissible payment event. Specifically, (a) the amounts reimbursed and in-kind benefits provided under this Plan, other than total reimbursements that are limited by a lifetime maximum under a group health plan, during a Participant's taxable year may not affect the amounts reimbursed or in-kind benefits provided in any other taxable year, (b) the reimbursement of an eligible expense shall be made on or before the last day of the Participant's taxable year following the taxable year in which the expense was incurred, and (c) the right to reimbursement or an in-kind benefit is not subject to liquidation or exchange for another benefit.

To the extent that the Company requires a release of claims pursuant to Section 3.3 prior to the receipt of Severance Benefits, the release shall be delivered by the Company to the Participant no later than seven (7) days following the date of the Participant's Termination, and the Participant must execute (without revocation) and return the release to the Company such that the release is irrevocable on or prior to the date that is sixty (60) days after the date of the Participant's Termination.

The Plan and the Severance Benefits provided hereunder are intended to comply with Code Section 409A, to the extent applicable thereto. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted and construed consistent with this intent. Notwithstanding the foregoing, the

Employers shall not be required to assume any increased economic burden in connection therewith. Although the Employers and the Administrator intend to administer the Plan so that the Plan and the Severance Benefits provided hereunder comply with the requirements of Code Section 409A, to the extent applicable thereto, neither the Employers nor the Administrator represents or warrants that the Plan or the Severance Benefits provided hereunder will comply with Code Section 409A or any other provision of federal, state, local, or non-United States law. Neither the Employers, their Affiliates, nor their respective directors, officers, employees or advisers shall be liable to any Participant (or any other individual claiming a benefit through the Participant) for any tax, interest, or penalties the Participant may owe as a result of participation in the Plan, and the Employers and their Affiliates shall have no obligation to indemnify or otherwise protect any Participant from the obligation to pay any taxes pursuant to Code Section 409A.

* * * * *

Exhibit 31.1

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 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 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: November 4, 2020

/s/ Paul L. Howes

Paul L. Howes
President and Chief Executive Officer

Exhibit 31.2

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 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 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: November 4, 2020

/s/ Gregg S. Piontek

Gregg S. Piontek
Senior Vice President and Chief Financial Officer

Exhibit 32.1

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 September 30, 2020, 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: November 4, 2020

/s/ Paul L. Howes

Paul L. Howes
President and Chief Executive Officer

Exhibit 32.2

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 September 30, 2020, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg S. Piontek, Senior 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: November 4, 2020

/s/ Gregg S. Piontek
Gregg S. Piontek
Senior Vice President and Chief Financial Officer

Exhibit 95.1

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 included 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 September 30, 2020 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 September 30, 2020 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
(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 September 30, 2020

Mine or Operating Name/MSHA Identification Number	(A) Section 104 S&S Citations (#)	(B) Section 104(b) Orders (#)	(C) Section 104(d) Citations 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 (#)	(I) Legal Actions Initiated During Period (#)	(I) Legal Actions Resolved During Period (#)
Houston Plant / 41-04449	2	—	—	—	—	$2,526	—	No	No	—	—	—
Dyersburg Plant / 40-03183	—	—	—	—	—	—	—	No	No	—	—	—
New Iberia Plant / 16-01302	—	—	—	—	—	—	—	No	No	—	—	—
Corpus Christi Plant / 41-04002	—	—	—	—	—	—	—	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.