

---

---

**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 March 31, 2012

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-2960

---

**Newpark Resources, Inc.**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

72-1123385  
(I.R.S. Employer  
Identification No.)

**2700 Research Forest Drive, Suite 100**  
**The Woodlands, Texas**  
(Address of principal executive offices)

77381  
(Zip Code)

**(281) 362-6800**  
(Registrant's telephone number, including area code)

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

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 19, 2012, a total of 89,897,208 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 MONTHS ENDED**  
**MARCH 31, 2012**

<u>Item Number</u>	<u>Description</u>	<u>Page Number</u>
	<b><u>PART I-FINANCIAL INFORMATION</u></b>	
1	<u>Financial Statements (Unaudited):</u>	
	<u>Condensed Consolidated Balance Sheets as of March 31, 2012 and December 31, 2011</u>	3
	<u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2012 and 2011</u>	4
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2012 and 2011</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2012 and 2011</u>	6
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
2	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	12
3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	19
4	<u>Controls and Procedures</u>	19
	<b><u>PART II-OTHER INFORMATION</u></b>	
1	<u>Legal Proceedings</u>	19
1A	<u>Risk Factors</u>	19
2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	20
3	<u>Defaults Upon Senior Securities</u>	20
4	<u>Mine Safety Disclosures</u>	20
5	<u>Other Information</u>	20
6	<u>Exhibits</u>	21
	<u>Signatures</u>	22

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. The words “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies, including the risks identified in Item 1A, “Risk Factors,” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2011, and those set forth from time to time in our filings with the Securities and Exchange Commission, could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the success or failure of our efforts to implement our business strategy.

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

For further information regarding these and other factors, risks and uncertainties affecting us, we refer you to the risk factors set forth in Item 1A, “Risk Factors”, in Part I of our Annual Report on Form 10-K for the year ended December 31, 2011.

[Table of Contents](#)**PART I FINANCIAL INFORMATION****ITEM 1. Financial Statements****Newpark Resources, Inc.****Condensed Consolidated Balance Sheets**

(Unaudited)

<u>(In thousands, except share data)</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,369	\$ 25,247
Receivables, net	354,712	328,590
Inventories	189,285	175,929
Deferred tax asset	13,230	13,224
Prepaid expenses and other current assets	10,269	10,828
Total current assets	<u>597,865</u>	<u>553,818</u>
Property, plant and equipment, net	240,719	231,055
Goodwill	75,081	71,970
Other intangible assets, net	20,028	20,850
Other assets	8,793	9,144
Total assets	<u>\$942,486</u>	<u>\$ 886,837</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt	\$ 1,548	\$ 2,232
Accounts payable	106,277	97,168
Accrued liabilities	44,800	47,443
Total current liabilities	<u>152,625</u>	<u>146,843</u>
Long-term debt, less current portion	225,874	189,876
Deferred tax liability	46,941	46,844
Other noncurrent liabilities	5,498	5,428
Total liabilities	<u>430,938</u>	<u>388,991</u>
Commitments and contingencies (Note 7)		
Common stock, \$0.01 par value, 200,000,000 shares authorized and 94,551,917 and 94,497,526 shares issued, respectively	946	945
Paid-in capital	478,771	477,204
Accumulated other comprehensive income	4,784	789
Retained earnings	50,617	34,983
Treasury stock, at cost; 3,726,258 and 2,803,987 shares, respectively	<u>(23,570)</u>	<u>(16,075)</u>
Total stockholders' equity	<u>511,548</u>	<u>497,846</u>
Total liabilities and stockholders' equity	<u>\$942,486</u>	<u>\$ 886,837</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

[Table of Contents](#)**Newpark Resources, Inc.**  
**Condensed Consolidated Statements of Operations**  
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	March 31,	
	2012	2011
Revenues	\$262,336	\$202,651
Cost of revenues	214,902	159,002
Selling, general and administrative expenses	21,313	15,818
Other operating income, net	(14)	(117)
Operating income	26,135	27,948
Foreign currency exchange (gain) loss	(230)	323
Interest expense, net	2,368	2,257
Income from operations before income taxes	23,997	25,368
Provision for income taxes	8,363	9,514
Net income	\$ 15,634	\$ 15,854
Income per common share -basic:	\$ 0.17	\$ 0.18
Income per common share -diluted:	\$ 0.16	\$ 0.16

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

[Table of Contents](#)

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

<u>(In thousands)</u>	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net income	\$ 15,634	\$ 15,854
Foreign currency translation adjustments	3,995	5,098
Comprehensive income	<u>\$ 19,629</u>	<u>\$ 20,952</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

[Table of Contents](#)**Newpark Resources, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)

(In thousands)	Three Months Ended March 31,	
	2012	2011
<b>Cash flows from operating activities:</b>		
Net income	\$ 15,634	\$ 15,854
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	8,018	6,430
Stock-based compensation expense	1,383	975
Provision for deferred income taxes	81	7,567
Net provision for doubtful accounts	414	(44)
Loss (gain) on sale of assets	244	(17)
Change in assets and liabilities:		
Increase in receivables	(24,439)	(1,063)
(Increase) decrease in inventories	(12,144)	1,453
(Increase) decrease in other assets	(1,755)	285
Increase (decrease) in accounts payable	9,008	(3,895)
Decrease in accrued liabilities and other	(2,852)	(9,648)
<b>Net cash (used in) provided by operating activities</b>	<b>(6,408)</b>	<b>17,897</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(17,302)	(6,188)
Proceeds from sale of property, plant and equipment	8	66
<b>Net cash used in investing activities</b>	<b>(17,294)</b>	<b>(6,122)</b>
<b>Cash flows from financing activities:</b>		
Borrowings on lines of credit	85,951	1,193
Payments on lines of credit	(50,632)	(2,332)
Proceeds from employee stock plans	234	87
Purchase of treasury stock	(7,598)	(95)
Other financing activities	10	9
<b>Net cash provided by (used in) financing activities</b>	<b>27,965</b>	<b>(1,138)</b>
Effect of exchange rate changes on cash	859	1,719
Net increase in cash and cash equivalents	5,122	12,356
Cash and cash equivalents at beginning of year	25,247	83,010
Cash and cash equivalents at end of year	\$ 30,369	\$ 95,366
Cash paid for:		
Income taxes (net of refunds)	\$ (4,378)	\$ 3,582
Interest	\$ 100	\$ 234

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

**NEWPARK RESOURCES, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1—Basis of Presentation and Significant Accounting Policies**

The accompanying unaudited condensed consolidated financial statements of Newpark Resources, Inc. and our wholly-owned subsidiaries, which we refer to as “we,” “our” or “us,” have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission (“SEC”), and do not include all information and footnotes required by the accounting principles generally accepted in the United States (“U.S. GAAP”) for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2011. Our fiscal year end is December 31 and our first quarter represents the three month period ended March 31. The results of operations for the first quarter of 2012 are not necessarily indicative of the results to be expected for the entire year. Unless otherwise stated, all currency amounts are stated in U.S. dollars.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of March 31, 2012, the results of our operations for the first quarter of 2012 and 2011, and our cash flows for the first quarter of 2012 and 2011. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2011 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, 2011.

***New Accounting Standards***

Each reporting period we consider all newly issued but not yet adopted accounting and reporting guidance applicable to our operations and the preparation of our consolidated financial statements. We do not believe that any issued accounting and reporting guidance we have not yet adopted will have a material impact on our financial statements at the time they may be adopted.

## [Table of Contents](#)

### Note 2—Earnings per Share

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

(In thousands, except per share data)	First Quarter	
	2012	2011
<b>Basic EPS:</b>		
Net income	\$ 15,634	\$ 15,854
Weighted average number of common shares outstanding	90,473	89,621
Basic income per common share	\$ 0.17	\$ 0.18
<b>Diluted EPS:</b>		
Net income	\$ 15,634	\$ 15,854
Assumed conversions of Senior Notes	1,257	1,194
Adjusted net income	\$ 16,891	\$ 17,048
Weighted average number of common shares outstanding-basic	90,473	89,621
Add: Dilutive effect of stock options and restricted stock awards	1,198	823
Dilutive effect of Senior Notes	15,682	15,682
Diluted weighted average number of common shares outstanding	107,353	106,126
Diluted income per common share	\$ 0.16	\$ 0.16
Stock options and warrants excluded from calculation of diluted earnings per share because anti-dilutive for the period	647	3,826

For the first quarter of 2012 and 2011, we had weighted average dilutive stock options and restricted stock outstanding of approximately 4.2 million shares and 3.0 million shares respectively. The resulting net effect of stock options and restricted stock were used in calculating diluted earnings per share for the period.

### Note 3—Treasury Stock

In February 2012, our Board of Directors approved a share repurchase program that authorized the repurchase of up to \$50.0 million of our outstanding shares of common stock. As of March 31, 2012, we had repurchased 936,000 shares for an aggregate price of approximately \$7.6 million. All of the shares repurchased are held as treasury stock. We record treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Repurchases may be suspended at any time.

### Note 4—Acquisition

In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company. The acquired business provides drilling fluids and related engineering services to the oil and gas exploration and geothermal industries with operations in Australia, New Zealand and India. Total cash paid was AUD\$27.2 million (\$28.8 million), including post-closing payments of AUD\$0.8 million (\$0.8 million) based on a true-up of the final working capital conveyed at closing and AUD\$2.0 million (\$2.1 million) related to a six month earn-out provision in the agreement. Additional consideration is payable based on financial results of the acquired business over a one year earn-out period ending February 2012. As of March 31, 2012, AUD\$10.6 million (\$11.0 million) is recorded in accrued liabilities, reflecting the estimated one year earn-out obligation.



## [Table of Contents](#)

The transaction has been accounted for using the acquisition method of accounting and accordingly, assets acquired and liabilities assumed were recorded at their fair values as of the acquisition date. The excess of the total consideration, including projected additional consideration, was recorded as goodwill and includes the value of the access to markets in Asia Pacific and an assembled workforce.

The following table summarizes the amounts recognized for assets acquired and liabilities assumed, as of the April 2011 acquisition date.

<u>(In thousands)</u>	
Cash and cash equivalents	\$ 315
Receivables, net	3,316
Inventories	7,166
Prepaid expenses and other current assets	773
Property, plant and equipment, net	9,465
Goodwill	12,914
Customer relationships (11 year life)	10,492
Tradename (5 year life)	700
Other assets	510
Total assets acquired	<u>\$45,651</u>
Accounts payable	\$ 717
Accrued liabilities	15,315
Deferred tax liability	3,432
Other noncurrent liabilities	271
Total liabilities assumed	<u>\$19,735</u>
Total cash conveyed at closing	<u>\$25,916</u>

The accrued liabilities at the date of acquisition in the table above includes \$13.9 million reflecting anticipated post-closing payments to the seller under the terms of the agreement, of which \$2.9 million was paid during the third quarter of 2011. The remaining \$11.0 million balance at March 31, 2012, which reflects estimated obligations under the one-year earn-out provision, is expected to be paid during the second quarter of 2012.

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

## [Table of Contents](#)

### **Note 5—Receivables and Inventories**

*Receivables*—Receivables consist of the following:

<u>(In thousands)</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
Gross trade receivables	\$344,396	\$ 306,791
Allowance for doubtful accounts	(3,249)	(3,161)
Net trade receivables	341,147	303,630
Other receivables	13,565	24,960
Total receivables, net	<u>\$354,712</u>	<u>\$ 328,590</u>

*Inventories*—Our inventories include \$187.7 million and \$174.7 million of raw materials and components for our drilling fluids systems at March 31, 2012 and December 31, 2011, respectively. The remaining balance consists primarily of composite mat finished goods.

### **Note 6—Financing Arrangements and Fair Value of Financial Instruments**

Our financing arrangements include \$172.5 million of unsecured convertible senior notes (“Senior Notes”) and a \$125.0 million revolving credit facility, of which \$53.0 million was outstanding at March 31, 2012. The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of our common stock per \$1,000 principal amount of Senior Notes (equivalent to an initial conversion price of \$11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes prior to their maturity date.

Our financial instruments include cash and cash equivalents, receivables, payables and debt. We believe the carrying values of these instruments, with the exception of our Senior Notes, approximated their fair values at March 31, 2012 and December 31, 2011. The estimated fair value of our Senior Notes is \$188.2 million at March 31, 2012 and \$195.8 million at December 31, 2011, based on quoted market prices at these respective dates.

### **Note 7—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. In the opinion of management, any liability in these matters should not have a material effect on our consolidated financial statements.

**Note 8—Segment Data**

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

(In thousands)	First Quarter	
	2012	2011
<b>Revenues</b>		
Fluids Systems & Engineering	\$218,496	\$170,467
Mats & Integrated Services	30,533	23,063
Environmental Services	13,307	9,121
<b>Total Revenues</b>	<u>\$262,336</u>	<u>\$202,651</u>
<b>Operating Income (loss)</b>		
Fluids Systems & Engineering	\$ 13,995	\$ 19,199
Mats & Integrated Services	14,339	11,784
Environmental Services	3,575	1,620
Corporate Office	(5,774)	(4,655)
<b>Operating Income</b>	<u>\$ 26,135</u>	<u>\$ 27,948</u>

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

The following discussion of our financial condition, results of operations, liquidity and capital resources should be read together with our unaudited condensed consolidated financial statements and notes to unaudited condensed consolidated financial statements contained in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2011. Our first quarter represents the three month period ended March 31. Unless otherwise stated, all currency amounts are stated in U.S. dollars.

**Overview**

We are a diversified oil and gas industry supplier providing products and services primarily to the oil and gas exploration (“E&P”) industry. We operate our business through three reportable segments: Fluids Systems and Engineering, Mats and Integrated Services and Environmental Services. Our Fluids Systems and Engineering segment, which generated 83% of consolidated revenues in the first quarter of 2012, provides customized drilling fluids solutions to E&P customers globally, operating through four geographic regions: North America; Europe, the Middle East and Africa (“EMEA”); Latin America; and following our April 2011 acquisition (as described below), Asia Pacific.

Our Mats and Integrated Services segment, which generated 12% of consolidated revenues in the first quarter of 2012, provides composite mat rentals, well site construction and related well site services to E&P customers in the U.S. We also sell composite mats to E&P customers outside of the U.S., and to domestic customers outside of the oil and gas industry. Our Environmental Services segment, which generated 5% of consolidated revenues in the first quarter of 2012, processes and disposes of waste generated by E&P customers along the U.S. Gulf Coast. While we continue to expand our operations globally, particularly in our Fluids Systems and Engineering segment, our North American operations generated 78% of consolidated revenues in the first quarter of 2012.

In North America we have continued the roll-out of Evolution<sup>®</sup>, our high performance water-based drilling fluid system launched in 2010, which we believe provides superior performance and environmental benefits to our customers, as compared to traditional fluids systems used in the industry. After the initial introduction into the Haynesville shale during 2010, the system is now being used by customers in several major North American drilling basins. Revenues from wells using the Evolution system were approximately \$23 million in the first quarter of 2012.

In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company. The acquired business provides drilling fluids and related engineering services with operations in Australia, New Zealand and India. Total cash paid during 2011 was AUD\$27.2 million (\$28.8 million) and additional consideration is payable based on financial results of the acquired business over a one year earn-out period ending February 2012. As of March 31, 2012, AUD\$10.6 million (\$11.0 million) is recorded in accrued liabilities, reflecting the estimated one year earn-out obligation. During the first quarter of 2012, this business generated \$8.8 million of revenues.

Our operating results depend, to a large extent, on oil and gas drilling activity levels in the markets we serve, as well as the depth of drilling, which governs the revenue potential of each well. The drilling activity in turn, depends on oil and gas commodity pricing, inventory levels and demand, and more recently, regulatory actions such as those affecting operations in the Gulf of Mexico.

## [Table of Contents](#)

Rig count data is the most widely accepted indicator of drilling activity. Average North American rig count data for the first quarter of 2012, as compared to the first quarter of 2011 is as follows:

	First Quarter		2012 vs 2011	
	2012	2011	Count	%
U.S. Rig Count	1,990	1,716	274	16%
Canadian Rig Count	584	587	(3)	(1%)
North America	<u>2,574</u>	<u>2,303</u>	<u>271</u>	<u>12%</u>

Source: Baker Hughes Incorporated

While the average total U.S. rig count has increased by 16% from the first quarter of 2011 to the first quarter of 2012, there has been a significant regional shift in activity over this period. Specifically, rigs drilling for natural gas have decreased by nearly 300 rigs in the twelve month period ending March 31, 2012, with the majority of this decrease occurring during the first quarter of 2012. This shift from natural gas drilling to oil and liquid-rich drilling has resulted in a significant decline in several key natural gas basins, including the Haynesville shale (East Texas, Louisiana), Barnett (East Texas) and areas in the Rockies, which was more than offset by increases in oil and liquid-rich basins, including the Bakken (North Dakota), Eagleford (South Texas), and Permian Basin (West Texas). During periods of transition such as the first quarter of 2012, operating expenses within our U.S. business units are elevated, as we re-deploy personnel and assets among regions and modify our regional business unit infrastructures to meet the changing activity levels.

### First Quarter of 2012 Compared to First Quarter of 2011

#### Consolidated Results of Operations

Summarized results of operations for the first quarter of 2012 compared to the first quarter of 2011 are as follows:

(In thousands)	First Quarter		2012 vs 2011	
	2012	2011	\$	%
Revenues	\$262,336	\$202,651	\$59,685	29%
Cost of revenues	214,902	159,002	55,900	35%
Selling, general and administrative expenses	21,313	15,818	5,495	35%
Other operating income, net	(14)	(117)	103	(88%)
Operating income	<u>26,135</u>	<u>27,948</u>	<u>(1,813)</u>	<u>(6%)</u>
Foreign currency exchange (gain) loss	(230)	323	(553)	(171%)
Interest expense, net	<u>2,368</u>	<u>2,257</u>	<u>111</u>	<u>5%</u>
Income from operations before income taxes	23,997	25,368	(1,371)	(5%)
Provision for income taxes	<u>8,363</u>	<u>9,514</u>	<u>(1,151)</u>	<u>(12%)</u>
Net income	<u>\$ 15,634</u>	<u>\$ 15,854</u>	<u>\$ (220)</u>	<u>(1%)</u>

#### Revenues

Revenues increased 29% to \$262.3 million in the first quarter of 2012, compared to \$202.7 million in the first quarter of 2011. This \$59.7 million improvement includes a \$48.7 million (31%) increase in revenues in North America, largely driven by the 12% improvement in the North America rig count, along with market share gains in several regions. Revenues from our international operations increased by \$11.0 million (23%), reflecting the contribution of the Asia Pacific region following our April 2011 acquisition, along with growth in the EMEA region. Additional information regarding the change in revenues is provided within the operating segment results below.

#### Cost of revenues

Cost of revenues increased 35% to \$214.9 million in the first quarter of 2012, as compared to \$159.0 million in the first quarter of 2011. The increase is primarily driven by the 29% increase in revenues. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

## [Table of Contents](#)

### Selling, general and administrative expenses

Selling, general and administrative expenses increased \$5.5 million to \$21.3 million in the first quarter of 2012 from \$15.8 million in the first quarter of 2011. The first quarter of 2012 includes \$2.1 million of spending associated with the recent enterprise resource planning (“ERP”) system conversion in the U.S. operations, along with \$1.2 million associated with the Asia Pacific business unit acquired in April 2011. The remaining \$2.2 million increase reflects additional costs required to support the increase in revenues.

### Foreign currency exchange

Foreign currency exchange was a \$0.2 million gain in the first quarter of 2012, compared to a \$0.3 million loss in the first quarter of 2011, and primarily reflects the impact of currency translations on assets and liabilities held in our foreign operations that are denominated in currencies other than functional currencies.

### Interest expense, net

Interest expense totaled \$2.4 million for the first quarter of 2012 compared to \$2.3 million for the first quarter of 2011, primarily reflecting the 4.0% interest associated with our \$172.5 million in unsecured convertible senior notes (“Senior Notes”).

### Provision for income taxes

The provision for income taxes for the first quarter of 2012 was \$8.4 million of expense, reflecting an effective tax rate of 34.9%, compared to \$9.5 million in the first quarter of 2011 with an effective tax rate of 37.5%.

### Operating Segment Results

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

(In thousands)	First Quarter		2012 vs 2011	
	2012	2011	\$	%
<b>Revenues</b>				
Fluids systems and engineering	\$218,496	\$170,467	\$48,029	28%
Mats and integrated services	30,533	23,063	7,470	32%
Environmental services	13,307	9,121	4,186	46%
Total revenues	<u>\$262,336</u>	<u>\$202,651</u>	<u>\$59,685</u>	<u>29%</u>
<b>Operating income (loss)</b>				
Fluids systems and engineering	\$ 13,995	\$ 19,199	\$ (5,204)	
Mats and integrated services	14,339	11,784	2,555	
Environmental services	3,575	1,620	1,955	
Corporate office	(5,774)	(4,655)	(1,119)	
<b>Operating income</b>	<u>\$ 26,135</u>	<u>\$ 27,948</u>	<u>\$ (1,813)</u>	
<b>Segment operating margin</b>				
Fluids systems and engineering	6.4%	11.3%		
Mats and integrated services	47.0%	51.1%		
Environmental services	26.9%	17.8%		

## [Table of Contents](#)

### Fluids Systems and Engineering

#### Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Quarter		2012 vs 2011	
	2012	2011	\$	%
United States	\$ 142,353	\$ 112,721	\$ 29,632	26%
Canada	18,719	10,804	7,915	73%
Total North America	161,072	123,525	37,547	30%
EMEA	29,999	27,068	2,931	11%
Latin America	18,603	19,874	(1,271)	(6%)
Asia Pacific	8,822	—	8,822	—
Total	\$ 218,496	\$ 170,467	\$ 48,029	28%

North American revenues increased 30% to \$161.1 million in the first quarter of 2012, as compared to \$123.5 million in the first quarter of 2011, largely attributable to the 12% increase in the North American rig count, along with share gains in several regions. The growth in several North American basins was partially offset by an \$8.7 million decline in our completion services and equipment rental revenues in the mid-continent region.

Internationally, revenues were up 22% to \$57.4 million in the first quarter of 2012, as compared to \$46.9 million in first quarter 2011. This increase includes \$8.8 million of revenues from our Asia Pacific region following the April 2011 acquisition described above.

#### Operating Income

Operating income for this segment was \$14.0 million, reflecting an operating margin of 6.4% in the first quarter of 2012, compared to \$19.2 million and an 11.3% operating margin in the first quarter of 2011. Of this \$5.2 million decrease, our North American operating income decreased \$6.8 million despite a \$37.5 million increase in revenues. The decline in operating income includes a \$4.3 million decrease in the completion services and equipment rental business associated with the \$8.7 million revenue decline described above. Due to the relatively fixed nature of operating expenses in this service and equipment rental business unit, the incremental operating income impact from the decline in revenues is higher than what is typically experienced in this segment. In addition, the first quarter of 2012 includes \$1.3 million of additional costs associated with the recent ERP system conversion in the U.S. operations. Operating expenses were also elevated during the first quarter of 2012 due to operating cost inefficiencies as customer activities transition away from natural gas regions into oil and liquid-rich regions.

Our international operations generated a \$1.6 million increase in operating income on a \$10.5 million increase in revenues, reflecting a 15% incremental margin. The increased operating income is primarily due to the acquisition of our Asia Pacific business unit in the second quarter of 2011, which generated \$0.9 million of operating income on \$8.8 million of revenues in the first quarter of 2012.

## [Table of Contents](#)

### Mats and Integrated Services

#### Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Quarter		2012 vs 2011	
	2012	2011	\$	%
Mat rental and integrated services	\$16,124	\$15,672	\$ 452	3%
Mat sales	14,409	7,391	7,018	95%
Total	<u>\$30,533</u>	<u>\$23,063</u>	<u>\$7,470</u>	<u>32%</u>

Mat rental and integrated services revenues increased \$0.5 million, as a \$3.6 million increase in the U.S. Gulf Coast and a \$3.5 million increase in the Rocky Mountain region as compared to the prior year period, along with small gains in our international rental business, more than offset a \$7.2 million decline in the Northeast U.S. In addition, mat sales increased by \$7.0 million due to increasing demand for our Durabase™ composite mat products from international E&P customers and other industries.

#### Operating Income

Segment operating income increased by \$2.6 million on the \$7.5 million increase in revenues, reflecting an incremental margin of 34%. The increase in operating income is primarily attributable to the \$7.0 million increase in mat sales.

### Environmental Services

#### Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Quarter		2012 vs 2011	
	2012	2011	\$	%
E&P waste	\$11,003	\$6,354	\$4,649	73%
NORM and industrial waste	2,304	2,767	(463)	(17%)
Total	<u>\$13,307</u>	<u>\$9,121</u>	<u>\$4,186</u>	<u>46%</u>

Environmental services revenues increased 46% to \$13.3 million in the first quarter of 2012, as compared to the first quarter of 2011. Substantially all of the increase is attributable to higher E&P waste, due to the increased activity in state waters and land oil drilling activities along the U.S. Gulf Coast.

#### Operating Income

Operating income for this segment increased by \$2.0 million in the first quarter of 2012, compared to the first quarter of 2011, on a \$4.2 million increase in revenues, reflecting an incremental margin of 47%. The high incremental impact to operating income from the increase in revenues is due to the fixed nature of the majority of the operating expenses in this segment, including the operating costs of our disposal sites and transfer stations.

### Corporate office

Corporate office expenses increased \$1.1 million to \$5.8 million in the first quarter of 2012, compared to \$4.7 million in first quarter 2011. The increase includes \$0.8 million of additional costs associated with the recent ERP system conversion in U.S. operations, along with increased personnel costs.



## Liquidity and Capital Resources

Net cash used in operating activities during the first quarter of 2012 totaled \$6.4 million. Net income adjusted for non-cash items provided \$25.8 million of cash during the period, while changes in operating assets and liabilities used \$32.2 million of cash. Increases in accounts receivable used \$24.4 million of cash in the first quarter, due to higher revenue levels, along with customer billing delays experienced in our Fluid Systems and Engineering U.S. operations, following our recent ERP system conversion. Additionally, our customers have historically paid 30-60 days from invoice date, resulting in a significant percentage of our receivables not being collected in the first quarter despite the improvements made in the pace of customer billings during the period. Inventory also increased \$12.1 million, primarily due to increased levels of barite purchases, in response to tightness in barite supply.

Net cash used in investing activities during the first quarter of 2012 was \$17.3 million, consisting primarily of capital expenditures of which \$10.4 million was spent in our fluids systems and engineering segment, including \$3.7 million associated with the construction of a new technology center and \$6.0 million associated with purchases of equipment at our operating locations. In addition, \$2.9 million was used in the mats and integrated services segment for expansion of the mat rental fleet. Net cash provided by financing activities during the first quarter of 2012 was \$28.0 million, including borrowings on our line of credit offset by \$7.6 million in repurchases of our outstanding common stock.

We anticipate that our working capital requirements for our operations will decline in the near term due to expected reductions in accounts receivable from the elevated levels at March 31, 2012. We expect total 2012 capital expenditures to range between \$50 million to \$60 million. The Rheochem acquisition also contains a one-year earn-out provision ending February 2012, under which we are obligated to pay additional consideration in the second quarter of 2012 of approximately \$11.0 million. We expect our \$30.4 million of cash on-hand at March 31, 2012, along with cash generated by operations and availability under our existing credit agreement to be adequate to fund our anticipated capital needs during the next 12 months.

Our capitalization is as follows:

<u>(In thousands)</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
Senior Notes	\$ 172,500	\$ 172,500
Revolving credit facility	53,000	17,000
Other	1,922	2,608
Total	227,422	192,108
Stockholder's equity	511,548	497,846
Total capitalization	\$ 738,970	\$ 689,954
Total debt to capitalization	30.8%	27.8%

Our financing arrangements include \$172.5 million of Senior Notes and a \$125.0 million revolving credit facility, of which \$53.0 million was outstanding at March 31, 2012. The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of our common stock per \$1,000 principal amount of Senior Notes (equivalent to an initial conversion price of \$11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes prior to their maturity date.

## [Table of Contents](#)

Our revolving credit facility (the "Credit Agreement") provides for a \$125 million revolving loan facility available for borrowings and letters of credit and expires in November 2016. Under the terms of the Credit Agreement, we can elect to borrow at an interest rate either based on LIBOR plus a margin based on our consolidated leverage ratio, ranging from 175 to 300 basis points, or at an interest rate based on the greatest of: (a) prime rate, (b) the federal funds rate in effect plus 50 basis points, or (c) the Eurodollar rate for a Eurodollar Loan with a one-month interest period plus 100 basis points, in each case plus a margin ranging from 75 to 200 basis points. The applicable margin on LIBOR borrowings on March 31, 2012 was 200 basis points. In addition, we are required to pay a commitment fee on the unused portion of the Facility of 37.5 basis points. The Credit Facility contains customary financial and operating covenants, including a consolidated leverage ratio, a senior secured leverage ratio and an interest coverage ratio. We were in compliance with these covenants as of March 31, 2012.

At March 31, 2012, \$53.0 million was outstanding under the Credit Agreement, and \$14.0 million in letters of credit were issued and outstanding under the Credit Agreement leaving \$58.0 million of availability at March 31, 2012. Additionally, we had \$0.3 million in letters of credit outstanding relating to foreign operations.

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

### *Critical Accounting Estimates*

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

For additional discussion of our critical accounting estimates and policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2011. Our critical accounting policies have not changed materially since December 31, 2011.

## [Table of Contents](#)

### **ITEM 3. Quantitative and Qualitative Disclosures about Market Risk**

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

#### *Interest Rate Risk*

At March 31, 2012, we had total debt outstanding of \$227.4 million, including \$172.5 million of borrowings under our Senior Notes, bearing interest at a fixed rate of 4.0%. Variable rate debt totaled \$54.9 million which included \$53.0 million outstanding under our revolving credit facility and \$1.9 million of borrowings under foreign bank lines of credit. At the March 31, 2012 balance, a 200 basis point increase in market interest rates during 2012 would cause our annual interest expense to increase approximately \$1.1 million, resulting in a \$0.01 per diluted share reduction in annual net earnings.

#### *Foreign Currency*

Our principal foreign operations are conducted in certain areas of EMEA, Brazil, Asia Pacific, Canada, U.K. and Mexico. We have foreign currency exchange risks associated with these operations, which are conducted principally in the foreign currency of the jurisdictions in which we operate which include European euros, Australian dollars, Canadian 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 because the dollar amount of these transactions has not warranted our using hedging instruments.

### **ITEM 4. Controls and Procedures**

#### **Evaluation of disclosure controls and procedures**

Based on their evaluation of our disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of March 31, 2012, the end of the period covered by this quarterly report.

#### **Changes in internal control over financial reporting**

There has been no change in internal control over financial reporting during the quarter ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

The information set forth in the legal proceedings section of "Note 7, Commitments and Contingencies," to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1.

### **ITEM 1A. Risk Factors**

There have been no material changes during the period ended March 31, 2012 in our "Risk Factors" as discussed in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2011.

## [Table of Contents](#)

### 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 March 31, 2012:

<u>Period</u>	<u>Total Number of Shares Purchased(1)</u>	<u>Average Price per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs</u>
January 1—31, 2012	—	—	—	\$ 9.9 million (2)
February 1—29, 2012	—	—	—	\$ 50.0 million (3)
March 1—31, 2012	940,274	\$ 8.08	936,000	\$ 42.4 million (3)
Total	940,274	\$ 8.08	936,000	

- (1) During the three months ended March 31, 2012, we purchased an aggregate of 4,274 shares surrendered in lieu of taxes under vesting of restricted stock awards.
- (2) The value of shares that may be repurchased reflect the value under our 2008 stock repurchase program. We no longer intend to make any purchases under the 2008 stock repurchase program and in February 2012, our Board of Directors approved a new stock repurchase program.
- (3) The value of shares that may be repurchased reflects the value available under the program approved by our Board of Directors in February 2012 which was a new stock repurchase program of up to \$50 million of outstanding common stock.

### ITEM 3. Defaults Upon Senior Securities

Not applicable.

### ITEM 4. Mine Safety Disclosures

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

### ITEM 5. Other Information

None.

---

[Table of Contents](#)

**ITEM 6. Exhibits**

- 10.1 Employment Agreement, dated as of December 29, 2011, by and between Newpark Resources Inc. and Lee Ann Kendrick.
- 31.1 Certification of Paul L. Howes pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Gregg S. Piontek pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Paul L. Howes pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Gregg S. Piontek pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 95.1 Reporting requirements under the Mine Safety and Health Administration.
- \*101.INS XBRL Instance Document
- \*101.SCH XBRL Schema Document
- \*101.CAL XBRL Calculation Linkbase Document
- \*101.LAB XBRL Label Linkbase Document
- \*101.PRE XBRL Presentation Linkbase Document
- \*101.DEF XBRL Definition Linkbase Document

\*\*            Furnished with this Form 10-Q, not filed

**NEWPARK RESOURCES, INC.**

**SIGNATURES**

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

Date: May 2, 2012

NEWPARK RESOURCES, INC.

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

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

**EXHIBIT INDEX**

10.1	Employment Agreement, dated as of December 29, 2011, by and between Newpark Resources Inc. and Lee Ann Kendrick.
31.1	Certification of Paul L. Howes pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Gregg S. Piontek pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Paul L. Howes pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification of Gregg S. Piontek pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1	Reporting requirements under the Mine Safety and Health Administration.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Schema Document
*101.CAL	XBRL Calculation Linkbase Document
*101.LAB	XBRL Label Linkbase Document
*101.PRE	XBRL Presentation Linkbase Document
*101.DEF	XBRL Definition Linkbase Document

\*            Furnished with this Form 10-Q, not filed

## EMPLOYMENT AGREEMENT

THIS AGREEMENT dated December 29, 2011 is entered into by Newpark Resources, Inc. (the “**Company**”), a Delaware corporation, and Lee Ann Kendrick (the “**Executive**”) and is intended to incorporate and accurately reflect all prior negotiations, discussions, or agreements between the parties.

WHEREAS, the Company desires: a) to retain the services of the Executive as Vice President, Human Resources (referred to as “**VPHR**”); b) for the Executive to assume greater responsibilities; and , c) for the Executive to enter into certain Non-compete Agreements. All, in order to enhance shareholder value and grow the Company’s business to its maximum potential, and as Executive has represented himself as qualified to achieve these objectives, and as the parties mutually desire and agree to enter into an employment relationship by means of this Employment Agreement.

NOW, THEREFORE in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually covenanted and agreed by and between the parties as follows:

**1. Employment of Executive**

**1.1 Employment Term.** The Company hereby offers to employ Executive, and Executive hereby agrees to serve as the VPHR reporting to the President and Chief Executive Officer of the Company on the terms and conditions set forth in this Agreement. The period during which Executive is employed hereunder shall be referred to as the “**Employment Term.**” The Executive’s Employment Term under this Agreement shall commence on January 9, 2012, and shall continue for a period of three (3) years (“**Initial Term**”) subject to the provisions of Section 2 “**Termination of Employment**”, and shall automatically be renewed for successive one (1) year periods thereafter unless Executive’s employment is terminated by either party giving written notice to the other party at least sixty (60) days in advance of the expiration of the initial or any successive Employment Term. Termination by sixty (60) days written notice pursuant to this Section 1.1 shall be treated as a termination by Executive under Section 2.2 if given by Executive or as a termination without Cause under Section 2.3 if given by the Company.

**1.2 Compensation and Benefits.**

**(a) Base Salary.** During the Employment Term, the Company will pay Executive a base monthly salary at an annualized rate of at least Two Hundred and Ten Thousand Dollars (\$210,000) per year (“**Base Salary**”). The Company will review annually Executive’s Base Salary and, at its reasonable discretion, may increase such Base Salary as it deems appropriate, provided Executive’s Base Salary for any subsequent twelve month year shall not be less than the preceding twelve month year except with Executive’s prior written agreement. Adjustments in Base Salary shall be automatically incorporated herein by reference and be contractual obligations of Company. Such Base Salary shall be paid in accordance with the Company’s standard payroll practice for its senior staff.

**(b) Incentive Compensation.** In addition to the Base Salary, during the Employment Term Executive shall be eligible for participation in the 2003 Long Term Incentive Plan and the 2006 Equity Incentive Plan (the two plans referred to collectively as the “**LTIP**”), and the 2010 Annual Cash Incentive Plan (“**ACIP**”) subject to any amendments made at Board’s discretion as provided herein. Performance measures and goals will be set by the Compensation Committee of the Board. The Target Award under the ACIP is equal to forty (40%) percent of Executive’s actual Base Salary paid for that calendar year. Payout under the ACIP for a particular year will be made in cash by March 31 of the next year, e.g. payout for 2012 will occur prior to March 31, 2013, except to the extent payments associated with achievement beyond the “**over-achievement**” level are deferred, as provided for in the ACIP. Actual awards, in accordance with the Board approved plan and any amendments, are at the discretion of the Compensation Committee, provided the Company represents and warrants to the Executive that the terms of the ACIP and LTIP will not be amended, modified, changed, or interpreted or applied to make them less generous than they were on January 1, 2012, without prior written notice.



**(c) Stock Options and Share Awards.** In addition, Executive shall receive such number of stock options and performance restricted share awards as are granted by the Compensation Committee in accordance with the Board approved plans (all such plans being referred to as the “Plans”). Vesting shall be as provided in these existing plans, and subject to any amendments. When used in this Agreement “stock” and “shares” mean the Company’s publicly traded common stock, \$.01 par value. Further, throughout this Agreement, the words “stock options, awards, and grants” are used separately or in various combinations to describe awards of shares or the right to acquire shares of Company stock under various benefit plans or this Agreement, or both.

**(d) Employment Inducement Awards.** As an incentive to accepting employment with the Company and entering into this Agreement, Executive will be awarded upon the commencement of the Employment Term the following grants: Thirty thousand (30,000) shares of time restricted stock, which restrictions shall be removed (subject to other conditions precedent) over a four (4) year period as follows – 50% on the second anniversary of the commencement of the Employment Term and 50% on the fourth anniversary of the commencement of the Employment Term.

**(e) Employment Sign-on Bonus.** As an incentive to accepting employment with the Company and entering into this Agreement, Executive will be paid the sum of Twenty Thousand Dollars (\$20,000) (the “Sign-on Bonus”) upon the commencement of the Employment Term. The Sign-on Bonus must be returned to the Company, in full, by the Executive, if during the initial twenty- four (24) months following the commencement of the Employment Term, Executive’s employment with the Company is terminated by the Company for Cause or by the Executive without Good Reason. Executive hereby authorizes Company to withhold from wages and other compensation otherwise due Executive and amount sufficient to repay the Company the Sign-on Bonus.

**(f) Benefit Plans and Vacation.** Subject to the terms of such Plans, throughout her employment under this Agreement, Executive shall be entitled to participate in any and all employee benefits plans or programs of the Company to the extent that she is otherwise eligible to participate under the terms of those plans, including participation in any welfare benefit programs provided by the Company (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance programs), and fringe benefits and perquisites available generally to Executive Officers of the Company, including the provision of a car allowance. The Company shall not be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan, or perquisite, so long as such changes are similarly applicable to other Executive Officers of the Company. During the Employment Term, Executive shall be entitled to life insurance equal to three (3) times her Base Salary. The Executive shall also be entitled to a car allowance in the amount of One Thousand Three Hundred Dollars (\$1,300.00) per month in accordance with the Company’s Vehicle Policy.

During the Employment Term, but beginning on January 1, 2012 Executive shall be entitled to four (4) weeks paid vacation each calendar year in accordance with the Company’s policies in effect from time to time, provided the four (4) of weeks of vacation provided in this paragraph shall not be reduced under such policies.

**(g) Expense Reimbursement.** The Company will reimburse Executive in full for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Executive in the performance of the duties hereunder in accordance with the Company’s customary practices applicable to its senior staff.

**(h) Location.** Executive will be located at the Company’s offices in The Woodlands, Texas.

### 1.3 Extent of Services; Conflicts of Interest.

(a) Executive shall devote substantially all of her working time, attention and energies to the business of the Company, and its affiliated entities. Executive may be involved in charitable and professional activities, trade and industry associations and the like providing these do not interfere with the requirements of employment with the Company.

(b) During the term of her employment under this Agreement, Executive shall not, directly or indirectly, without the prior consent of the Chief Executive Officer of Company, render any services to any other person or entity or acquire any interests of any type in any other entity, that might be deemed in competition with the Company or any of its subsidiaries or affiliates or in conflict with her position, provided, however, that the foregoing shall not be deemed to prohibit Executive from (a) acquiring, solely as an investment, any securities of a partnership, trust, limited liability company, corporation or other entity (i) so long as she remains a passive investor in such entity, (ii) so long as she does not become part of any control group thereof, and (iii) so long as such entity is not, directly or indirectly, in competition with the Company or any of its subsidiaries or affiliates, or (b) serving as a consultant, advisor or director of any corporation which has a class of outstanding equity securities registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and which is not in competition with the Company or any of its subsidiaries or affiliates.

(c) Executive shall execute simultaneously with this Agreement, the two Unfair Competition, Confidentiality and Non-Competition Agreements attached as Appendix A and Appendix B.

(d) Executive shall execute simultaneously with this Agreement an Indemnification Agreement, in the form of the attached Appendix C, and that agreement is incorporated by reference.

**1.4 Change of Control.** Executive and Company shall execute a Change of Control Agreement in the form of the attached Appendix D, and that agreement is incorporated by reference herein.

## 2. Termination of Employment.

**2.1 Termination.** Executive’s employment by the Company shall be terminated (1) automatically, upon the death or disability (as defined below), of Executive, or (2) at the election of Executive upon 30 days written notice to the Company by Executive for Good Reason (as defined below) or her voluntary resignation at her election and without Good Reason, (3) by the Company for Cause (as defined below), (4) by the Company without Cause, or (5) at the end of the Employment Term as defined in Section 1.1.

**2.2 Early Termination.** If Executive’s employment is terminated by Executive at any time before the end of the Employment Term for any reason other than for Good Reason, Executive shall be entitled to receive only (i) her Base Salary and other earned compensation through the date of termination and (ii) such stock options, share awards, and grants as shall have fully vested before the date of termination.

**2.3 Termination by Executive for Good Reason or by Company without Cause.** If Executive’s employment is terminated by Executive for Good Reason or by the Company without Cause, then Executive shall be entitled to receive: (i) in a lump sum payment within thirty (30) days of the date of termination, an amount equal to the greater of (A) Executive’s current annual Base Salary as provided herein plus Target Award incentive (40%) for the remaining period of the Initial Term or (B) Executive’s current annual Base Salary as provided herein plus Target Award incentive (40%) for one year; (ii) full vesting of all time restricted stock awarded at the commencement of employment, provided however, there shall be no vesting of annual options or stock awards in the post-employment exercise period in accordance with the Plans; (iii) the Company will pay the COBRA premium to continue the same coverage under the Company’s group medical insurance program period for the greater of the remaining period of the Employment Term or twelve (12) months subject to an overall maximum of eighteen (18) months and; (iv) direct payment by the Company for the costs of outplacement services obtained by the Executive within the one (1) year period after termination, not to exceed \$20,000.

**2.4 Termination for Cause.** If Executive's employment is terminated at any time during the Employment Term for Cause (as defined herein), then Executive shall be entitled to receive only (i) her Base Salary through the date of termination and (ii) such stock options, restricted stock awards, and grants as shall have fully vested before the date of termination. In any such event, Executive shall be ineligible for and shall forfeit all rights with respect to options and grants that have not vested as of the time of termination for Cause.

**2.5 Termination as a Result of Death.** If Executive dies during the Employment Term, the Company shall pay to Executive's surviving spouse or such other person or estate as the Executive may from time to time designate by written notice to the Company, or such other person as may be required by law, the Company will pay the following amounts: (i) any unpaid Base Salary or other compensation for services rendered to the date of death, and any unpaid expenses required to be reimbursed under this Agreement, and any earned but unpaid bonuses for any prior period; (ii) as of the date of termination by reason of Executive's death, stock options previously awarded to Executive that have vested as of the date of death in keeping with the governing Plans. No awards or grants contemplated by this Agreement, but not yet awarded to Executive as of the time of her death shall be granted

**2.6 Termination as a Result of Disability.** The Company may terminate Executive's employment hereunder upon Executive becoming "Totally Disabled." For purposes of this Agreement, Executive shall be considered "Totally Disabled" if Executive has been physically or mentally incapacitated so as to render Executive incapable of performing the essential functions of Executive's position with or without reasonable accommodation. Executive's receipt of disability benefits for total disability under the Company's long-term disability plan or receipt of Social Security total disability benefits shall be deemed conclusive evidence of Total Disability for purposes of this Agreement. However, in the absence of Executive's receipt of such long-term disability benefits or Social Security benefits, the Chief Executive Officer in good faith may determine that the Executive is disabled due to the needs of the business and the unacceptable unavailability of Executive which is expected to last for a continuous period of not less than six (6) months. In the event of such disability, Executive will continue to receive her Base Salary for six (6) months or until benefits become payable to the Executive under the terms of the Company's disability policy, whichever first occurs.

**2.7 No Setoff.** The Company's obligation to make payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right, or action which Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable, or benefits to be provided to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains or seeks to obtain other employment.

**2.8. Coordination of Benefits.** In the event that the Employee is entitled to benefits following **Termination** under any Change in Control Agreement with the Company, the Employee shall have the right to elect whether to receive such benefits under any such Change in Control Agreement or this Employment Agreement, but not both.

### 3. Miscellaneous Matters.

**3.1 Exclusive Dispute Resolution Procedure.** In the event either party contends the other has not complied with a provision of this Agreement or asserts any claims under ERISA, other than the Non-Compete Agreements (which are specifically excluded from this procedure), prior to seeking arbitration as provided for below, the party claiming a violation of this Agreement, shall advise the other party, in writing, of the specifics of the claim, including the specific provision alleged to have been violated, as well as provide the other party with any supporting documentation the party desires to produce at that time. If the Company is disputing amounts that Executive contends are due to him, the Company shall provide a complete statement of the amount it is disputing, the reason it is disputing it, and supporting documentation upon request by Executive. The parties will thereafter meet and attempt to resolve their differences in a period not to exceed thirty (30) days, unless the parties agree in writing to mutually extend the time for one additional thirty (30) day period. Following such attempts to resolve any such dispute, either party may require arbitration of the other. In order to do so, the request must be timely made, in writing, and delivered to the other party (Executive or the Chief Executive Officer) within thirty (30) days following the end of the resolution period (or any valid extension thereof) referenced herein above. The parties hereto agree that any controversy or claim arising out of or relating to this Agreement, or any dispute arising out of the interpretation or application of this Agreement, which the parties hereto are unable to resolve as provided for above, shall be finally resolved and settled exclusively by arbitration in the city where the Company's headquarters are then located or such other location as the parties may agree, by a single arbitrator in accordance with the substantive laws of the State of Texas to the extent not preempted by the Employee Retirement Income Security Act, which shall govern all applicable benefits issues, in keeping with the above required procedure. If the parties cannot agree upon an arbitrator, then each party shall choose its own independent representative, and those independent representatives shall choose the single arbitrator within thirty (30) days of the date of the selection of the first independent representative. The legal expenses of each party shall be borne by them respectively. However, the cost and expenses of the arbitrator in any such action shall be borne equally by the parties. The arbitrator's decision, judgment and award shall be final, binding and conclusive upon the parties and may be entered in the highest court, state or federal, having jurisdiction. The arbitrator to which any such dispute shall be submitted in accordance with the provision of this Article shall only have jurisdiction and authority to interpret, apply or determine compliance with the provisions of this Agreement, but shall not have jurisdiction or authority to add to, subtract from, or alter in any way the provisions of this Agreement.

**3.2 Headings.** Section and other headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

**3.3 Notices.** Any notice, communication, request, reply or advice (here severally and collectively called "Notice") required or permitted to be given under this Agreement must be in writing and is effectively given by deposit in the same in the United States mail, postage pre-paid and registered or certified with return receipt requested, by national commercial courier for next day delivery, or by delivering in person the same to the address of the person or entity to be notified. Notice deposited in the mail in the manner herein above described shall be effective 48 hours after such deposit, Notice sent by national commercial courier for next day delivery shall be effective on the date delivered, and Notice delivered in person shall be effective at the time of delivery. For purposes of Notice, the address of the parties shall, until changed as hereinafter provided, be as follows:

- (a) **If to the Company :**  
Newpark Resources, Inc.  
2700 Research Forest Dr.  
The Woodlands, Texas 77381  
Attention: Chief Executive Officer

or at such address as the Company may have advised Executive in writing; and

- (b) **If to Executive:**  
Lee Ann Kendrick  
11903 Lake Mead Lane  
Humble, TX 77346

or at such other address as Executive may have advised the Company in writing.

**3.4 Waiver.** The failure by any party to enforce any of its rights under this Agreement shall not be deemed to be a waiver of such rights, unless such waiver is an express written waiver which has been signed by the waiving party. Waiver of any one breach shall not be deemed to be a waiver of and other breach of the same or any other provision of this Agreement.

**3.5 Choice of Law.** The validity of the Agreement, the construction of its terms and the determination of the rights and duties of the parties hereto shall be governed by and construed in accordance with the laws of the State of Texas without regard to choice of law principles.

**3.6 Invalidity of Provisions.** If any provision of this Agreement is adjudicated to be invalid, illegal or unenforceable under applicable law, the validity or enforceability of the remaining provisions shall be unaffected. To the extent that any provision of this Agreement is adjudicated to be invalid, illegal or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited.

**3.7 Entire Agreement; Written Modifications.** This Agreement, the Non-Compete Agreements, and the specific documents referred to and incorporated herein by reference (whether or not copies thereof are attached to this Agreement) together contain the entire agreement between the parties and supersedes all prior or contemporaneous representations, promises, understandings and agreements between Executive and the Company.

**3.8 No Assignments; Assumption by Successor.** This Agreement is personal to the Company and the Executive and may not be assigned by either party without the prior written consent of the other. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to (i) expressly assume and agree to perform this Agreement in the same manner and the same extent the Company would be required to perform it as if no such succession had taken place; and (ii) notify the Executive of the assumption of this Agreement within ten days of such assumption. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be considered a Good Reason for the Executive to resign from the Company. As used in this Agreement, Company shall mean Newpark Resources, Inc., and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this agreement by operation of law or otherwise. However, this Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators' successors, heirs, and distributes, devisees, and legatees.

**3.9 Attorney's Fees.** The prevailing party in any action brought to enforce this Agreement shall be entitled, in addition to such other relief that may be granted, to a reasonable sum for attorney's fees and costs incurred by such party in enforcing or defending against an action to enforce this Agreement.

**3.10 Definitions. In this Agreement:**

(a) "Cause" when used with reference to termination of the employment of Executive by the Company for "Cause", shall mean:

- (1) Executive's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for an act on the Executive's part constituting a felony; or
- (2) dishonesty; willful misconduct or gross neglect by Executive of her obligations under this Agreement that results in material injury to the Company;

- (3) appropriation (or an overt act attempting appropriation) by Executive of a material business opportunity of the Company;
- (4) theft, embezzlement or other similar misappropriation of funds or property of the Company by Executive; or
- (5) the failure of Executive 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 Executive provided Executive 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.

**(b) “Good Reason”** means any of the following:

- (1) the Company adversely changes Executive’s title or changes in any material respect the responsibilities, authority or status of Executive without prior notice and acceptance;
- (2) the substantial or material failure of the Company to comply with its obligations under this Agreement or any other agreement that may be in effect that is not remedied within a reasonable time after specific written notice thereof by Executive to the Company;
- (3) the diminution of the Executive’s salary and or a material diminution of the Executive’s benefits without prior notice and acceptance;
- (4) the failure of the Company to obtain the assumption of this Agreement by any successor or assignee of the Company;
- (5) Requiring Executive to relocate more than 50 miles from The Woodlands, Texas;
- (6) provided that in any of the above situations, Executive has given reasonable and specific written notice to the Chief Executive Officer of such failure and the Company has been given a reasonable opportunity to cure and no cure has been effected or initiated within a reasonable time after such notice.

### **3.11 Section 409A.**

**(a)** If Executive is a “key employee,” as defined in Section 416(i) of the Code (without regard to paragraph 5 thereof), except to the extent permitted under Section 409A of the Code, no benefit or payment that is subject to Section 409A of the Code (after taking into account all applicable exceptions to Section 409A of the Code, including but not limited to the exceptions for short-term deferrals and for “separation pay only upon an involuntary separation from service”) shall be made under this Agreement on account of the Executive’s “separation from service” as defined in Section 409A of the Code, with the Company until the later of the date prescribed for payment in this Agreement and the first day of the seventh calendar month that begins after the date of the Executive’s separation from service (or, if earlier, the date of death of the Executive).

**(b)** For purposes of Section 409A of the Code (including, but not limited to, application of the exceptions for short-term deferrals and for “separation pay only upon involuntary separation from service”), each payment provided for under this Agreement is hereby designated as a separate payment, rather than a part of a larger single payment or one of a series of payments.

**(c)** Any amount that Executive is entitled to be reimbursed under this Agreement will be reimbursed to Executive as promptly as practicable and in any event not later than the last day of the calendar year after the calendar year in which the expenses to be reimbursed are incurred, and the amount of the expenses eligible for reimbursement during any calendar year. In addition, any such reimbursement payments described in this Section shall not be subject to liquidation or exchange for any other payment or benefit.

(d) In the event that Executive is required to execute a release to receive any payments from the Company that constitute nonqualified deferred compensation under Section 409A of the Code, payment of such amounts shall not commence until the sixtieth (60<sup>th</sup>) day following Executive's separation from service with the Company. Any installment payments suspended during such sixty (60) day period shall be paid as a single lump sum payment on the first payroll date following the end of such suspension period.

Executed as of the date first written above.

**Signed:** /s/ Lee Ann Kendrick  
**Lee Ann Kendrick (Executive)**

**Signed:** /s/ Mark J. Airola for Paul L. Howes  
**Paul L. Howes**  
**President & CEO**  
**Newpark Resources, Inc**

**Witness:** /s/ Lily Reynosa  
**Name:** Lily Reynosa

**Witness:** /s/ Vicki D. Phillips  
**Name:** Vicki D. Phillips

APPENDIX A

ANCILLARY LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND  
NON-COMPETITION AGREEMENT

THIS LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (this "Ancillary Agreement") dated and effective as of December 29, 2012 is made by Lee Ann Kendrick ("Executive") and Newpark Resources, Inc. (the "Company").

RECITALS:

WHEREAS, Executive and the Company have entered into an Agreement dated this date (the "Employment Agreement"), to which this Agreement is ancillary and incorporated by reference, pursuant to which, among other things, the Company agrees to make certain payments to Executive; and

WHEREAS, pursuant to the Employment Agreement, the Company and Executive have agreed to enter into this Ancillary Agreement; and

NOW, THEREFORE, in consideration of Executive's Employment Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby covenant and agree as follows:

**1. Definitions.** Each capitalized term not defined herein shall have the meaning assigned to that term in the Employment Agreement.

**2. Confidentiality.** Executive acknowledges that in the course of her relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Mats and Integrated Services, Newpark Environmental Services, and Newpark Canada, (the "Related Entities" or referred to collectively with Newpark Resources as the "Company") she will in the future receive certain trade secrets, programs, lists of customers and other confidential or proprietary information and knowledge concerning the business of the Company and its Related Entities (hereinafter collective referred to as "Confidential Information") which the Company desires to protect. Executive understands that the information is confidential and she agrees not to reveal the Confidential Information to anyone outside the Company so long as the confidential or secret nature of the Confidential Information shall continue, other than such disclosure as authorized by the Company or is made to a person transacting business with the Company who has reasonable need for such Confidential Information. Executive further agrees that she will at no time use the Confidential Information for or on behalf of any person other than the Company for any purpose. Executive further agrees to comply with the confidentiality and other provisions set forth in this Agreement, the terms of which are supplemental to any statutory or fiduciary or other obligations relating to these matters. On the termination of employment or her Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into her possession by or through her relationship with the Company or relating to the Confidential Information and Executive agrees that all such materials will at all times remain the property of the Company.

**3. Specific Covenants.**

**(a) This Agreement.** The terms of this Agreement constitute Confidential Information, which Executive shall not disclose to anyone other than her spouse, attorney, accountant, or as may be required by the Company or by law.



**(b) Company Property.** All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by Executive during Executive's employment with the Company are the Company's property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Executive individually or in conjunction with others during Executive's employment (whether during business hours and whether on the Company's premises or otherwise) which relate to the Company's business, products, or services are the Company's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, recipes, inventory, prices, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company Property to the Company. Included in the above are all such data that Executive had access to, over, or possessed. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

**(c) Confidential Information; Non-Disclosure.** Executive acknowledges and stipulates that the business of the Company is highly competitive, cost and price sensitive, and that she in connection with her work and job have had access to Confidential Information relating to the Company's businesses and their methods and operations. For purposes of this Agreement, "**Confidential Information**" means and includes the Company's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following information regarding customers, employees, contractors, its operations and its markets and the industry not generally known to the public; strategies, methods, books, records, and documents; recipes, technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers and those being solicited to be customers, investors, and business relations (such as contact name, service provided, pricing for that customer, type and amount of product used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; financial and sales data; raw materials purchasing or trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and locations; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating the Company; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; labor or employee relations or agreements; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Information need not qualify as a trade secret to be protected as Confidential Information under this Agreement, and the authorized and controlled disclosure of Confidential Information to authorized parties by Company in the pursuit of its business will not cause the information to lose its protected status under this Agreement. Executive acknowledges and stipulates that this Confidential Information constitutes a valuable, special, and unique asset used by the Company in its businesses to obtain a competitive advantage over its competitors. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position and economic investment, as well as work for its employees.

**(d) Unfair Competition Restrictions.** Executive agrees that for a period of twenty- four (24) months following the date of her termination ("**Restricted Term**"), she will not, directly or indirectly, for himself or for others, anywhere in those areas where the Company currently (including the City of New Orleans and its surrounding parishes, and in those cities or parishes listed in Attachment "A-1" attached hereto) (the "**Restricted Area**") conducts or is seeking to conduct business of the same nature as the Company, including the Related Entities, do any of the following, unless expressly authorized by the Chief Executive Officer of the Company: Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or is planning to be in the business of providing, at the time of the execution of this Agreement, or (ii) that Executive had involvement in, access to, or received Confidential Information about in the course of employment. The foregoing is expressly understood to include, without limitation, the business of the manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company.

**4. Prohibition on Circumvention.** It is further agreed that during the Restricted Term, Executive cannot circumvent these covenants by alternative means or engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit her ability to engage in certain businesses during the Restricted Term, but acknowledge that these restrictions are necessary to protect the Confidential Information and business interests of the Company.

**5. Proviso.** It is agreed that these covenants do not prevent Executive from using and offering the general management or other skills that she possessed prior to receiving access to Confidential Information and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against Executive's pursuit of lawful employment in violation of any controlling state or federal laws. Executive is permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Chief Executive Officer of the Company, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

**6. Non-Solicitation of Customers.** For a period of twenty-four (24) months following Executive's termination of employment or employment agreement, Executive agrees not to call on, service, or solicit competing business from customers of the Company, in the Restricted Area, whom she, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) induce or encourage any such customer or other source of ongoing business to stop doing business with the Company. This provision does not prohibit Executive from managing or providing other services or products that are not a product or services currently offered by the Company.

**7. Non-Solicitation of Employees.** For a period of twenty-four (24) months following the date of Executive's termination of employment or employment agreement, Executive will not, either directly or indirectly, call on, solicit, encourage, or induce any other employee or officer of the Company, whom she had contact with, knowledge of, or association within the course of employment with the Company to discontinue her or her employment, and will not assist any other person or entity in such a solicitation.

**8. Non-Disparagement.** Executive covenants and agrees she will not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company or its respective management or products and services.

**9. Separability of Covenants.** The covenants contained in Section 3 herein constitute a series of separate but ancillary covenants, one for each applicable parish in the State of Louisiana set forth in this Agreement or Attachment "A-1" hereto. If in any judicial proceeding, a court shall hold that any of the covenants set forth in Section 3 exceed the time, geographic, or occupational limitations permitted by applicable law, Executive and the Company agree that such provisions shall and are hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws, Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 3 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement, her Employment Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 3.

**10. Consideration.** Executive acknowledges and agrees that no other consideration for Executive's covenants in this Agreement, other than that specifically referred to in Section 1 of the Employment Agreement, has or will be paid or furnished to him by the Company or the Related Entities.

**11. Return of Items.** Upon termination and/or retirement, Executive will return any computer related hardware or software, cell phone, keys, or other data or company property in her possession or control, including all customer list(s), pricing documents, etc., to the Company, except as may be specifically provided for to the contrary in the Employment Agreement.

**12. Meaning of Certain Terms.** All non-capitalized terms in Sections 3 and 4 are intended to and shall have the same meanings that those terms (to the extent they appear therein) have in La. R. S. 23:921.C. Subject to and only to the extent not consistent with the foregoing sentence, the parties understand the following phrases to have the following meanings:

(a) The phrase "**carrying on or engaging in a business similar to the business of the Company**," includes engaging, as principal, executive, employee, agent, trustee, advisor, consultant or through the agency of any corporation, partnership, association or agent or agency, in any business which conducts business in competition with the Company (including its Related Entities) or being the owner of more than 1% of the outstanding capital stock of any corporation, or an officer, director, or employee of any corporation or other entity, (other than the Company or a corporation or other entity, affiliated with the Company) or a member or employee or any partnership, or an owner or employee of any other business, which conducts a business or provides a service in the Restricted Area in competition with the Company or any affiliated corporation or other entity. Moreover, the term also includes (i) directly or indirectly inducing any current customers of the Company, or any affiliated corporation or other entity, to patronize any product or service business in competition with the Company or any affiliated corporation or other entity, (ii) canvassing, soliciting, or accepting any product or service business of the type conducted by the Company or any affiliated corporation or other entity (iii) directly or indirectly requesting or advising any current customers of the Company or any affiliated corporation or other entity, to withdraw, curtail or cancel such customer's business with the Company or any affiliated corporation or other entity; or (iv) directly or indirectly disclosing to any other person, firm, corporation or entity, the names or addresses of any of the current customers of the Company or any affiliated corporation or other entity or the rates or other terms on which the Company provides services to its customers. In addition, the term includes directly or indirectly, through any person, firm, association, corporation or other entity with which Executive is now or may hereafter become associated, causing or inducing any present employee of the Company or any affiliated corporation or other entity to leave the employ of the Company or any affiliated corporation or other entity to accept employment with Executive or with such person, firm, association, corporation, or other entity.

(b) The phrase "**a business similar to the business of the Company**," means environmental services to the exploration, production and maritime industries, mat sales and rentals, drilling fluids, and water treatment and related technology; and, heavy oil and air treatment.

(c) The phrase "**carries on a like business**" includes, without limitation, actions taken by or through a wholly-owned subsidiary or other affiliated corporation or entity.

(d) All references to the Company shall also be deemed to refer to and include the Related Entities.

**13. Reasonable Restrictions.** Executive represents to the Company that the enforcement of the restrictions contained in this Agreement would not be unduly burdensome to Executive and acknowledges that Executive is willing and able, subject to the Restricted Area as defined herein, to compete in other geographical areas not prohibited by this Agreement. The parties to this Agreement hereby agree that the covenants contained in this Agreement are reasonable.

**14. Entire Agreement.** Except with respect to the Employment Agreement executed concurrently herewith, and with respect to certain matters included in a separate Agreement being entered into between Executive and the Company on the date of this Agreement (“**Appendix B and B-1**”), this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and is in full substitution for any and all prior agreements and understandings whether written or oral between said parties relating to the subject matter of this Agreement. This Agreement shall not supersede or substitute for, nor be superseded or substituted by, the Employment Agreement, but shall have full force and effect concurrently therewith.

**15. Amendment.** This Agreement may not be amended or modified in any respect except by an agreement in writing executed by the parties in the same manner as this Agreement except as provided in Section 18 of this Agreement.

**16. Assignment.** This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned by the Company in a manner inconsistent with 3.8 of Executive’s Employment Agreement without the consent of Executive in connection with the sale, transfer or other assignment of all or substantially all of the capital stock or assets of, or the merger of, the Company, provided that the party acquiring such capital stock or assets or into which the company merges assumes in writing the obligations of the Company hereunder and provided further that no such assignment shall release the Company from its obligations hereunder. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned or encumbered in any way by Executive without the written consent of the Company.

**17. Successors.** This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) shall be binding upon and shall inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns.

**18. Unenforceable Provisions.** If, and to the extent that, any section, paragraph, part, term and/or provision of this Agreement would otherwise be found null, void, or unenforceable under applicable law by any court of competent jurisdiction, that section, paragraph, part, term and/or provision shall automatically not constitute part of this Agreement. Each section, paragraph, part, term and/or provision of this Agreement is intended to be and is severable from the remainder of this Agreement. If, for any reason, any section, paragraph, part, term and/or provision herein is determined not to constitute part of this Agreement or to be null, void, or unenforceable under applicable law by any court of competent jurisdiction, the operation of the other sections, paragraphs, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible shall not be impaired or otherwise affected and shall continue to have full force and effect and bind the parties hereto.

**19. Remedies.**

(a) Executive agrees that a breach or violation of Section 3 or 4 of this Agreement by Executive shall entitle the Company as a matter of right, to an injunction, without necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of such provisions. Such right to an injunction shall be cumulative and in addition, and not in lieu of, any other remedies to which the Company may show themselves justly entitled, including, but not limited to, specific performance and damages. The parties specifically agree that the remedy of damages alone is inadequate.

(b) In the event that Executive knowingly and intentionally fails in any material respect to perform any of her material obligations under this Agreement, the Company may elect (i) to cease any payments under the Employment Agreement and recover all payments made to Executive under the Employment Agreement on or subsequent to the date of the failure, (ii) obtain an injunction and/or (iii) exercise any and all other remedies available by law.

(c) Notwithstanding the foregoing subsection (b), Executive will have no liability or responsibility for: (i) inadvertent disclosure or use of the Information if (x) she uses the same degree of care in safeguarding the Information that the Company uses to safeguard information of like importance and (y) upon discovery of such inadvertent disclosure or use of such material, Executive immediately uses her best efforts, including the commencement of litigation, if necessary, to prevent any use thereof by the person or persons to whom it has been disclosed and to prevent any further incidental disclosure thereof; and (ii) , disclosure of Information (x) that is required by law, (y) that is made pursuant to a proper subpoena from a court or administrative agency of competent jurisdiction from a court or administrative agency of competent jurisdiction or (z) that is made upon written demand of an official involved in regulating Executive if before disclosure is made, Executive immediately notifies the Company of the requested disclosure by the most immediate means of communication available and confirms in writing such notification within one business day thereafter.

**20. Notice.** All notices, consents, requests, approvals or other communications in connection with this Agreement and all legal process in regard hereto shall be in writing and shall be deemed validly delivered, if delivered personally or sent by certified mail, postage prepaid. Unless changed by written notice pursuant hereto, the address of each party for the purposes hereof is as follows:

**If to Executive :**

Lee Ann Kendrick  
11903 Lake Mead Lane  
Humble, TX 77346

**If to the Company :**

2700 Research Forest , Suite 100  
The Woodlands, Texas 77381  
Attn: Chief Executive Officer

Notice given by mail as set out above shall be deemed delivered only when actually received.

**21. Descriptive Headings.** The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

**22. Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Louisiana without regard to conflicts of law principles.

**IN WITNESS WHEREOF**, the parties have duly executed this Louisiana Unfair Competition, Confidentiality and Non-competition Agreement as of the date first above written.

**Signed:** /s/ Lee Ann Kendrick

\_\_\_\_\_  
**Lee Ann Kendrick**

**Signed:** /s/ Mark J. Airola for Paul L. Howes

\_\_\_\_\_  
**Paul L. Howes**  
**President & CEO**  
**Newpark Resources, Inc**

**ATTACHMENT A-1 (Restricted Areas)**

States and areas in which Newpark Resources, Inc. currently does business:

- |                 |                   |
|-----------------|-------------------|
| 1. Louisiana    | 8. Wyoming        |
| 2. Texas        | 9. Utah           |
| 3. Oklahoma     | 10. Nevada        |
| 4. Arkansas     | 11. New York      |
| 5. California   | 12. West Virginia |
| 6. Colorado     | 13. Montana       |
| 7. South Dakota | 14. North Dakota  |

Other areas:

- 9. The Gulf of Mexico, off what is commonly the "Gulf Coast."
- 10. Western Canada

Louisiana Parishes in which Newpark Resources, Inc currently does business:

- |                      |                   |
|----------------------|-------------------|
| 1. Acadia            | 17. Lafayette     |
| 2. Allen             | 18. Lafourche     |
| 3. Assumption        | 19. Livingston    |
| 4. Avoyelles         | 20. Plaquemine    |
| 5. Beauregard        | 21. Pointe Coupee |
| 6. Bossier           | 22. Rapides       |
| 7. Calcasieu         | 23. Richland      |
| 8. Cameron           | 24. St. Charles   |
| 9. East Ascension    | 25. St. James     |
| 10. East Baton Rouge | 26. St. Landry    |
| 11. Evangeline       | 27. St. Martin    |
| 12. Grant            | 28. St. Mary      |
| 13. Iberia           | 29. St. Tammany   |
| 14. Iberville        | 30. Terrebonne    |
| 15. Jeff Davis       | 31. Vermilion     |
| 16. Jefferson        | 32. Washington    |

APPENDIX B

TEXAS AND NON-LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND  
NON-COMPETITION AGREEMENT

**THIS UNFAIR COMPETITION, CONFIDENTIALITY AND NONCOMPETITION AGREEMENT** (this “**Ancillary Agreement**”) dated and effective as of December 29, 2012 is made by Lee Ann Kendrick (“**Executive**”) and Newpark Resources, Inc. (the “**Company**”).

**RECITALS:**

**WHEREAS**, Executive and the Company have entered into an Agreement dated this date (the “**Employment Agreement**”), to which this Agreement is ancillary and incorporated by reference, pursuant to which, among other things, the Company agrees to make certain payments to Executive; and

**WHEREAS**, pursuant to the Employment and Settlement Agreement, the Company and Executive have agreed to enter into this Ancillary Agreement; and

**NOW, THEREFORE**, in consideration of Executive’s Employment Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby covenant and agree as follows:

**1. Definitions.** Each capitalized term not defined herein shall have the meaning assigned to that term in the Employment Agreement.

**2. Confidentiality.** Executive acknowledges that in the course of her relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Mats and Integrated Services, Newpark Environmental Services, and Newpark Canada, (the “**Related Entities**” or referred to collectively with Newpark Resources as the “**Company**”) she will in the future receive certain trade secrets, programs, lists of customers and other confidential or proprietary information and knowledge concerning the business of the Company and its Related Entities (hereinafter collective referred to as “**Confidential Information**”) which the Company desires to protect. Executive understands that the information is confidential and she agrees not to reveal the Confidential Information to anyone outside the Company so long as the confidential or secret nature of the Confidential Information shall continue, other than such disclosure as authorized by the Company or is made to a person transacting business with the Company who has reasonable need for such Confidential Information. Executive further agrees that she will at no time use the Confidential Information for or on behalf of any person other than the Company for any purpose. Executive further agrees to comply with the confidentiality and other provisions set forth in this Agreement, the terms of which are supplemental to any statutory or fiduciary or other obligations relating to these matters. On the termination of employment or her Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into her possession by or through her relationship with the Company or relating to the Confidential Information and Executive agrees that all such materials will at all times remain the property of the Company.

**3. Specific Covenants.**

**(a) This Agreement.** The terms of this Agreement constitute Confidential Information, which Executive shall not disclose to anyone other than her spouse, attorney, accountant, or as may be required by the Company or by law.

**(b) Company Property.** All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by Executive during Executive's employment with the Company are the Company's property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Executive individually or in conjunction with others during Executive's employment (whether during business hours and whether on the Company's premises or otherwise) which relate to the Company's business, products, or services are the Company's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, recipes, inventory, prices, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company Property to the Company. Included in the above are all such data that Executive had access to, over, or possessed. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

**(c) Confidential Information; Non-Disclosure.** Executive acknowledges and stipulates that the business of the Company is highly competitive, cost and price sensitive, and that she in connection with her work and job have had access to Confidential Information relating to the Company Resource's businesses and their methods and operations. For purposes of this Agreement, "**Confidential Information**" means and includes the Company's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following information regarding customers, employees, contractors, its operations and its markets and the industry not generally known to the public; strategies, methods, books, records, and documents; recipes, technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers and those being solicited to be customers, investors, and business relations (such as contact name, service provided, pricing for that customer, type and amount of product used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; financial and sales data; raw materials purchasing or trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and locations; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating the Company; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; labor or employee relations or agreements; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Information need not qualify as a trade secret to be protected as Confidential Information under this Agreement, and the authorized and controlled disclosure of Confidential Information to authorized parties by Company in the pursuit of its business will not cause the information to lose its protected status under this Agreement. Executive acknowledges and stipulates that this Confidential Information constitutes a valuable, special, and unique asset used by the Company in its businesses to obtain a competitive advantage over its competitors. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position and economic investment, as well as work for its employees.

**(d) Unfair Competition Restrictions.** Executive agrees that for a period of twenty-four (24) months following the date of her termination or such lesser period of time as is the maximum amount permitted by law ("**Restricted Term**"), she will not, directly or indirectly, for himself or for others, anywhere in those areas where the Company currently (including the City of Houston and its surrounding counties, and in those cities or counties or states listed in Attachment "B-1" attached hereto) (the "**Restricted Area**") conducts or is seeking to conduct business of the same nature as Newpark Resources and its Related Entities, do any of the following, unless expressly authorized by the Chief Executive Officer of the Company: Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or is planning to be in the business of providing, at the time of the execution of this Agreement, or (ii) that Executive had involvement in, access to, or received Confidential Information about in the course of employment. The foregoing is expressly understood to include, without limitation, the business of the manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company.



**4. Prohibition on Circumvention.** It is further agreed that during the Restricted Term, Executive cannot circumvent these covenants by alternative means or engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit her ability to engage in certain businesses during the Restricted Term, but acknowledge that these restrictions are necessary to protect the Confidential Information and business interests of the Company.

**5. Proviso.** It is agreed that these covenants do not prevent Executive from using and offering the general management or other skills that she possessed prior to receiving access to Confidential Information and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against Executive's pursuit of lawful employment in violation of any controlling state or federal laws. Executive is permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Board of the Company, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

**6. Non-Solicitation of Customers.** For a period of twenty-four (24) months following Executive's termination of employment or employment agreement, Executive agrees not to call on, service, or solicit competing business from customers of the Company, in the Restricted Area, whom she, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) induce or encourage any such customer or other source of ongoing business to stop doing business with the Company. This provision does not prohibit Executive from managing or providing other services or products that are not a product or services currently offered by the Company.

**7. Non-Solicitation of Employees.** For a period of twenty-four (24) months following the date of Executive's termination of employment or employment agreement, Executive will not, either directly or indirectly, call on, solicit, encourage, or induce any other employee or officer of the Company, whom she had contact with, knowledge of, or association within the course of employment with the Company to discontinue her or her employment, and will not assist any other person or entity in such a solicitation.

**8. Non-Disparagement.** Executive covenants and agrees she will not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company or its respective management or products and services.

**9. Separability of Covenants.** The covenants contained in Section 3 herein constitute a series of separate but ancillary covenants, one for each applicable county in the State of Texas and/or each area of operation in each state, county, and area as set forth in this Agreement or Attachment "B- 1" hereto. If in any judicial proceeding, a court shall hold that any of the covenants set forth in Section 3 exceed the time, geographic, or occupational limitations permitted by applicable law, Executive and the Company agree that such provisions shall and are hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 3 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or Employment Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 3.

**10. Consideration.** Executive acknowledges and agrees that no other consideration for Executive's covenants in this Agreement, other than that specifically referred to in Section 1 of the Employment Agreement, has or will be paid or furnished to him by the Company or the Related Entities.

**11. Return of Items.** Upon termination and/or retirement, Executive will return any computer related hardware or software, cell phone, keys, or other data or company property in her possession or control, including all customer list(s), pricing documents, etc., to the Company, except as may be specifically provided for to the contrary in Executive's Employment Agreement.

**12. Meaning of Certain Terms.** The parties understand the following phrases to have the following meanings:

(a) The phrase "**carrying on or engaging in a business similar to the business of the Company**," includes engaging, as principal, executive, employee, agent, trustee, advisor, consultant or through the agency of any corporation, partnership, association or agent or agency, in any business which conducts business in competition with the Company (including its Related Entities) or being the owner of more than 1% of the outstanding capital stock of any corporation, or an officer, director, or employee of any corporation or other entity, (other than the Company or a corporation or other entity, affiliated with the Company) or a member or employee or any partnership, or an owner or employee of any other business, which conducts a business or provides a service in the Restricted Area in competition with the Company or any affiliated corporation or other entity. Moreover, the term also includes (i) directly or indirectly inducing any current customers of the Company, or any affiliated corporation or other entity, to patronize any product or service business in competition with the Company or any affiliated corporation or other entity, (ii) canvassing, soliciting, or accepting any product or service business of the type conducted by the Company or any affiliated corporation or other entity (iii) directly or indirectly requesting or advising any current customers of the Company or any affiliated corporation or other entity, to withdraw, curtail or cancel such customer's business with the Company or any affiliated corporation or other entity; or (iv) directly or indirectly disclosing to any other person, firm, corporation or entity, the names or addresses of any of the current customers of the Company or any affiliated corporation or other entity or the rates or other terms on which the Company provides services to its customers. In addition, the term includes directly or indirectly, through any person, firm, association, corporation or other entity with which Executive is now or may hereafter become associated, causing or inducing any present employee of the Company or any affiliated corporation or other entity to leave the employ of the Company or any affiliated corporation or other entity to accept employment with Executive or with such person, firm, association, corporation, or other entity.

(b) The phrase "**a business similar to the business of the Company**" means environmental services to the exploration, production and maritime industries, mat sales and rentals, drilling fluids, and water treatment and related technology; and, heavy oil and air treatment.

(c) The phrase "**carries on a like business**" includes, without limitation, actions taken by or through a wholly-owned subsidiary or other affiliated corporation or entity.

(d) All references to the Company shall also be deemed to refer to and include the Related Entities

**13. Reasonable Restrictions.** Executive represents to the Company that the enforcement of the restrictions contained in this Agreement would not be unduly burdensome to Executive and acknowledges that Executive is willing and able, subject to the Restricted Area as defined herein, to compete in other geographical areas not prohibited by this Agreement. The parties to this Agreement hereby agree that the covenants contained in this Agreement are reasonable.

**14. Entire Agreement.** Except with respect to the Employment Agreement executed concurrently herewith, and with respect to certain matters included in a separate Agreement being entered into between Executive and the Company on the date of this Agreement (“Appendix A and A-1”), this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and is in full substitution for any and all prior agreements and understandings whether written or oral between said parties relating to the subject matter of this Agreement. This Agreement shall not supersede or substitute for, nor be superseded or substituted by, the Employment Agreement, but shall have full force and effect concurrently therewith.

**15. Amendment.** This Agreement may not be amended or modified in any respect except by an agreement in writing executed by the parties in the same manner as this Agreement except as provided in Section 18 of this Agreement.

**16. Assignment.** This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned by the Company in a manner inconsistent with 3.8 of Executive’s Employment Agreement without the consent of Executive in connection with the sale, transfer or other assignment of all or substantially all of the capital stock or assets of, or the merger of, the Company provided that the party acquiring such capital stock or assets or into which the company merges assumes in writing the obligations of the Company hereunder and provided further that no such assignment shall release the Company from its obligations hereunder. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned or encumbered in any way by Executive without the written consent of the Company.

**17. Successors.** This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) shall be binding upon and shall inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns.

**18. Unenforceable Provisions.** If, and to the extent that, any section, paragraph, part, term and/or provision of this Agreement would otherwise be found null, void, or unenforceable under applicable law by any court of competent jurisdiction, that section, paragraph, part, term and/or provision shall automatically not constitute part of this Agreement. Each section, paragraph, part, term and/or provision of this Agreement is intended to be and is severable from the remainder of this Agreement. If, for any reason, any section, paragraph, part, term and/or provision herein is determined not to constitute part of this Agreement or to be null, void, or unenforceable under applicable law by any court of competent jurisdiction, the operation of the other sections, paragraphs, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible shall not be impaired or otherwise affected and shall continue to have full force and effect and bind the parties hereto.

**19. Remedies.**

(a) Executive agrees that a breach or violation of Section 3 or 4 of this Agreement by Executive shall entitle the Company as a matter of right, to an injunction, without necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of such provisions. Such right to an injunction shall be cumulative and in addition, and not in lieu of, any other remedies to which the Company may show themselves justly entitled, including, but not limited to, specific performance and damages. The parties specifically agree that the remedy of damages alone is inadequate.

(b) In the event that Executive knowingly and intentionally fails in any material respect to perform any of her material obligations under this Agreement, the Company may elect (i) to cease any payments due under the Employment Agreement and recover all payments made to Executive under the Employment Agreement on or subsequent to the date of the failure, (ii) obtain an injunction and/or (iii) exercise any and all other remedies available by law.

Notwithstanding the foregoing subsection (b), Executive will have no liability or responsibility for: (i) inadvertent disclosure or use of the Information if (x) she uses the same degree of care in safeguarding the Information that the Company uses to safeguard information of like importance and (y) upon discovery of such inadvertent disclosure or use of such material, Executive immediately uses her best efforts, including the commencement of litigation, if necessary, to prevent any use thereof by the person or persons to whom it has been disclosed and to prevent any further incidental disclosure thereof; and (ii) , disclosure of Information (x) that is required by law, (y) that is made pursuant to a proper subpoena from a court or administrative agency of competent jurisdiction from a court or administrative agency of competent jurisdiction or (z) that is made upon written demand of an official involved in regulating Executive if before disclosure is made, Executive immediately notifies the Company of the requested disclosure by the most immediate means of communication available and confirms in writing such notification within one business day thereafter.

**20. Notice.** All notices, consents, requests, approvals or other communications in connection with this Agreement and all legal process in regard hereto shall be in writing and shall be deemed validly delivered, if delivered personally or sent by certified mail, postage prepaid. Unless changed by written notice pursuant hereto, the address of each party for the purposes hereof is as follows:

**If to Executive :**

Lee Ann Kendrick  
11903 Lake Mead Lane  
Humble, TX 77346

**If to the Company :**

2700 Research Forest Drive, Suite 100  
The Woodlands, Texas 77381  
Attn: Chief Executive Officer

Notice given by mail as set out above shall be deemed delivered only when actually received.

**21. Descriptive Headings.** The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

**22. Governing Law.** This Appendix B shall be governed by and construed and enforced in accordance with the laws of the State of Texas (other than the choice of law principles thereof).

**IN WITNESS WHEREOF** , the parties have duly executed this Unfair Competition, Confidentiality and Non-competition Agreement as of the date first above written.

**Signed:** /s/ Lee Ann Kendrick

**Signed:** /s/ Mark J. Airola for Paul L. Howes

**Lee Ann Kendrick (Executive)**

**Paul L. Howes  
President & CEO  
Newpark Resources, Inc**

**ATTACHMENT B-1 (Restricted Areas)**

Areas in which Newpark Resources, Inc. currently does business:

- |                 |                   |
|-----------------|-------------------|
| 1. Louisiana    | 8. Wyoming        |
| 2. Texas        | 9. Utah           |
| 3. Oklahoma     | 10. Nevada        |
| 4. Arkansas     | 11. New York      |
| 5. California   | 12. West Virginia |
| 6. Colorado     | 13. Montana       |
| 7. South Dakota | 14. North Dakota  |

Other states or areas in which Newpark Resources, Inc currently does business:

- 9. Western Canada
- 10. Gulf of Mexico (off the “**Gulf Coast**”)

Texas Counties in which Newpark Resources, Inc currently does business:

- |               |               |                 |                  |                |
|---------------|---------------|-----------------|------------------|----------------|
| 1. Andrews    | 21. Ector     | 41. Karnes      | 61. Pecos        | 81. Val Verde  |
| 2. Aransas    | 22. Fayette   | 42. Kenedy      | 62. Polk         | 82. Victoria   |
| 3. Austin     | 23. Fort Bend | 43. Kleberg     | 63. Reagan       | 83. Waller     |
| 4. Bee        | 24. Freestone | 44. Lavaca      | 64. Reeves       | 84. Washington |
| 5. Bienville  | 25. Gaines    | 45. Leon        | 65. Robertson    | 85. Webb       |
| 6. Borden     | 26. Galveston | 46. Liberty     | 66. Roosevelt    | 86. Wharton    |
| 7. Brazoria   | 27. Glasscock | 47. Limestone   | 67. Rusk         | 87. Winkler    |
| 8. Brazos     | 28. Goliad    | 48. Live Oak    | 68. San Patricio | 88. Yoakum     |
| 9. Brooks     | 29. Gregg     | 49. Loving      | 69. Schleicher   | 89. Zapata     |
| 10. Burleson  | 30. Hardin    | 50. Lubbock     | 70. Scurry       |                |
| 11. Calhoun   | 31. Harris    | 51. Marion      | 71. Shelby       |                |
| 12. Cameron   | 32. Harrison  | 52. Matagorda   | 72. Snyder       |                |
| 13. Chambers  | 33. Hidalgo   | 53. McMullen    | 73. Starr        |                |
| 14. Cochran   | 34. Hockley   | 54. Motley      | 74. Sterling     |                |
| 15. Colorado  | 35. Houston   | 55. Nacogdoches | 75. Terrell      |                |
| 16. Crane     | 36. Howard    | 56. Navarro     | 76. Terry        |                |
| 17. Crockett  | 37. Jackson   | 57. Newton      | 77. Titus        |                |
| 18. Culberson | 38. Jefferson | 58. Nueces      | 78. Tom Green    |                |
| 19. Dewitt    | 39. Jim Hogg  | 59. Orange      | 79. Upshur       |                |
| 20. Duval     | 40. Jim Wells | 60. Panola      | 80. Upton        |                |

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

I, Paul L. Howes, certify that:

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

Date: May 2, 2012

/s/ Paul L. Howes

---

Paul L. Howes,  
President and Chief Executive Officer

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

I, Gregg S. Piontek, certify that:

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

Date: May 2, 2012

/s/ Gregg S. Piontek

Gregg S. Piontek,  
Vice President and  
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2012, 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: May 2, 2012

/s/ Paul L. Howes

---

Paul L. Howes, President and Chief Executive  
Officer



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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2012, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg S. Piontek, Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 2, 2012

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

---

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the Securities and Exchange Commission (“SEC”). While we have disputed that certain operations of our subsidiary, Excalibar Minerals LLC (“Excalibar”), are subject to the jurisdiction of the Mine Safety and Health Administration (“MSHA”), 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 March 31, 2012 for each of the specialized facilities operated by our subsidiaries:

- (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 March 31, 2012 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 March 31, 2012**

Mine or Operating Name/MSHA Identification Number	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(H)	(I)	(I)	(I)
	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (#)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Houston Plant /41-04449	2	—	—	—	—	\$ 276.00	—	No	No	—	—	—
Dyersburg Plant / 40-03183	0	—	—	—	—	—	—	No	No	—	—	—
Excalibar Minerals (New Iberia Plaintiff) / 16-01302	0	—	—	—	—	—	—	No	No	—	—	—
Corpus Christ Plant / 41-04002	0	—	—	—	—	—	—	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.