

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

**Form 10-Q**

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

For the quarterly period ended June 30, 2016

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.)

**9320 Lakeside Boulevard, Suite 100**

**The Woodlands, Texas**

(Address of principal executive offices)

**77381**

(Zip Code)

**(281) 362-6800**

(Registrant's telephone number, including area code)

**Not Applicable**

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

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

Yes  No

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

Yes  No

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

Large accelerated filer

Accelerated filer

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

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

Yes  No

As of July 26, 2016, a total of 84,519,550 shares of common stock, \$0.01 par value per share, were outstanding.

**NEWPARK RESOURCES, INC.**  
**INDEX TO QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2016**

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. The words "anticipates," "believes," "estimates," "expects," "plans," "intends," and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies, including the risks identified in Item 1A, "Risk Factors," in Part I of our Annual Report on Form 10-K for the year ended December 31, 2015, 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, 2015.

**PART I FINANCIAL INFORMATION****ITEM 1. Financial Statements****Newpark Resources, Inc.  
Condensed Consolidated Balance Sheets  
(Unaudited)**

(In thousands, except share data)	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 93,148	\$ 107,138
Receivables, net	177,484	206,364
Inventories	144,876	163,657
Prepaid expenses and other current assets	31,198	29,219
Total current assets	446,706	506,378
Property, plant and equipment, net	311,220	307,632
Goodwill	18,620	19,009
Other intangible assets, net	5,985	11,051
Deferred tax assets	3,684	1,821
Other assets	3,808	3,002
Total assets	\$ 790,023	\$ 848,893
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt	\$ 10,193	\$ 7,382
Accounts payable	50,357	72,211
Accrued liabilities	36,680	45,835
Total current liabilities	97,230	125,428
Long-term debt, less current portion	160,460	171,211
Deferred tax liabilities	28,392	26,368
Other noncurrent liabilities	6,254	5,627
Total liabilities	292,336	328,634
Commitments and contingencies (Note 8)		
Common stock, \$0.01 par value, 200,000,000 shares authorized and 99,662,742 and 99,377,391 shares issued, respectively	997	994
Paid-in capital	537,108	533,746
Accumulated other comprehensive loss	(57,407)	(58,276)
Retained earnings	143,756	171,788
Treasury stock, at cost; 15,240,397 and 15,302,345 shares, respectively	(126,767)	(127,993)
Total stockholders' equity	497,687	520,259
Total liabilities and stockholders' equity	\$ 790,023	\$ 848,893

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 115,315	\$ 163,644	\$ 229,859	\$ 372,108
Cost of revenues	102,803	142,155	214,376	318,789
Selling, general and administrative expenses	21,435	23,963	44,927	49,941
Other operating income, net	(713)	(792)	(2,409)	(1,068)
Impairments and other charges	6,925	—	6,925	—
Operating income (loss)	(15,135)	(1,682)	(33,960)	4,446
Foreign currency exchange (gain) loss	(746)	(410)	(1,201)	1,154
Interest expense, net	3,022	2,224	5,103	4,479
Gain on extinguishment of debt	—	—	(1,894)	—
Loss from operations before income taxes	(17,411)	(3,496)	(35,968)	(1,187)
Provision (benefit) for income taxes	(3,507)	758	(8,764)	2,074
Net loss	\$ (13,904)	\$ (4,254)	\$ (27,204)	\$ (3,261)
Loss per common share - basic:	\$ (0.17)	\$ (0.05)	\$ (0.33)	\$ (0.04)
Loss per common share - diluted:	\$ (0.17)	\$ (0.05)	\$ (0.33)	\$ (0.04)

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net loss	\$ (13,904)	\$ (4,254)	\$ (27,204)	\$ (3,261)
Foreign currency translation adjustments	(3,765)	1,319	869	(15,890)
Comprehensive loss	<u>\$ (17,669)</u>	<u>\$ (2,935)</u>	<u>\$ (26,335)</u>	<u>\$ (19,151)</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands)	Common Stock	Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2014	\$ 992	\$ 521,228	\$ (31,992)	\$ 262,616	\$ (127,386)	\$ 625,458
Net loss	—	—	—	(3,261)	—	(3,261)
Employee stock options, restricted stock and employee stock purchase plan	2	(507)	—	—	(596)	(1,101)
Stock-based compensation expense	—	6,510	—	—	—	6,510
Income tax effect, net, of employee stock related activity	—	(396)	—	—	—	(396)
Foreign currency translation	—	—	(15,890)	—	—	(15,890)
Other	—	(870)	—	—	—	(870)
Balance at June 30, 2015	<u>\$ 994</u>	<u>\$ 525,965</u>	<u>\$ (47,882)</u>	<u>\$ 259,355</u>	<u>\$ (127,982)</u>	<u>\$ 610,450</u>
Balance at December 31, 2015	\$ 994	\$ 533,746	\$ (58,276)	\$ 171,788	\$ (127,993)	\$ 520,259
Net loss	—	—	—	(27,204)	—	(27,204)
Employee stock options, restricted stock and employee stock purchase plan	3	(1,199)	—	(828)	1,226	(798)
Stock-based compensation expense	—	5,613	—	—	—	5,613
Income tax effect, net, of employee stock related activity	—	(1,052)	—	—	—	(1,052)
Foreign currency translation	—	—	869	—	—	869
Balance at June 30, 2016	<u>\$ 997</u>	<u>\$ 537,108</u>	<u>\$ (57,407)</u>	<u>\$ 143,756</u>	<u>\$ (126,767)</u>	<u>\$ 497,687</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands)	Six Months Ended June 30,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net loss	\$ (27,204)	\$ (3,261)
Adjustments to reconcile net loss to net cash provided by operations:		
Impairments and other non-cash charges	8,617	—
Depreciation and amortization	19,201	21,069
Stock-based compensation expense	5,613	6,510
Provision for deferred income taxes	546	(3,205)
Net provision for doubtful accounts	1,582	1,033
Gain on sale of assets	(1,841)	(528)
Gain on extinguishment of debt	(1,894)	—
Change in assets and liabilities:		
Decrease in receivables	18,006	113,746
Decrease in inventories	18,981	2,804
Increase in other assets	(2,204)	(2,461)
Decrease in accounts payable	(20,720)	(38,744)
Increase (decrease) in accrued liabilities and other	1,143	(15,166)
<b>Net cash provided by operating activities</b>	<b>19,826</b>	<b>81,797</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(26,652)	(34,313)
Increase in restricted cash	(22)	—
Proceeds from sale of property, plant and equipment	2,553	1,144
<b>Net cash used in investing activities</b>	<b>(24,121)</b>	<b>(33,169)</b>
<b>Cash flows from financing activities:</b>		
Borrowings on lines of credit	4,268	4,718
Payments on lines of credit	(5,034)	(5,949)
Purchase of senior notes	(9,206)	—
Debt issuance costs	(1,707)	(1,697)
Other financing activities	2,170	(1,487)
Proceeds from employee stock plans	4	359
Purchases of treasury stock	(1,093)	(1,769)
<b>Net cash used in financing activities</b>	<b>(10,598)</b>	<b>(5,825)</b>
Effect of exchange rate changes on cash	903	(4,598)
Net increase (decrease) in cash and cash equivalents	(13,990)	38,205
Cash and cash equivalents at beginning of year	107,138	85,052
Cash and cash equivalents at end of period	<u>\$ 93,148</u>	<u>\$ 123,257</u>
Cash paid (received) for:		
Income taxes (net of refunds)	\$ (22,010)	\$ 9,137
Interest	\$ 4,143	\$ 4,412

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, 2015. Our fiscal year end is December 31 and our second quarter represents the three-month period ended June 30 and our first half represents the six-month period ended June 30. The results of operations for the three and six months ended June 30, 2016 are not necessarily indicative of the results to be expected for the entire year. Unless otherwise stated, all currency amounts are stated in U.S. dollars.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of June 30, 2016 and our results of operations for the three and six months ended June 30, 2016 and 2015 and our cash flows for the six months ended June 30, 2016 and 2015. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2015 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, 2015.

#### **Change in Accounting Estimates**

In 2016, we revised our estimates of the useful lives and residual values of certain of our composite mats included in rental fleet fixed assets within the Mats and Integrated Services segment. We now estimate that certain composite mats which were originally estimated to have a useful life of 7 years with zero residual value will have estimated useful lives ranging from 10 to 12 years with an estimated residual value of 20%. These changes in estimates were recognized prospectively beginning January 1, 2016 resulting in a reduction in depreciation expense for the Mats and Integrated Services segment of approximately \$1.5 million and \$3.1 million for the three and six months ended June 30, 2016, respectively. We expect these changes to have a similar effect on quarterly results going forward.

#### **New Accounting Pronouncements**

##### ***Standard adopted in 2016***

In September 2015, the Financial Accounting Standards Board (“FASB”) issued updated guidance that eliminates the requirement to restate prior periods to reflect adjustments made to provisional amounts recognized in a business combination. The new guidance requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The new guidance was effective for us prospectively in the first quarter of 2016; however, the adoption did not have any effect on our consolidated financial statements.

##### ***Standards not yet adopted***

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date of the new guidance by one year and provided entities the option to early adopt the new guidance. The new guidance is effective for us in the first quarter of 2018 with early adoption permitted in the first quarter of 2017. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. We are currently evaluating the impact of these amendments on our consolidated financial statements, including the adoption and transition alternatives.



In July 2015, the FASB issued updated guidance that simplifies the subsequent measurement of inventory. It replaces the current lower of cost or market test with the lower of cost or net realizable value test. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new guidance is effective prospectively for us in the first quarter of 2017 with early adoption permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

In February 2016, the FASB issued updated guidance regarding accounting for leases. The new accounting standard provides principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize both assets and liabilities arising from financing and operating leases. The classification as either a financing or operating lease will determine whether lease expense is recognized based on an effective interest method basis or on a straight-line basis over the term of the lease, respectively. The new guidance is effective for us in the first quarter of 2019 with early adoption permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

In March 2016, the FASB issued updated guidance that simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification of excess tax benefits on the statement of cash flows. The new guidance is effective for us in the first quarter of 2017 with early adoption permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

## Note 2 – Earnings per Share

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

(In thousands, except per share data)	Second Quarter		First Half	
	2016	2015	2016	2015
<b>Numerator</b>				
Net loss - basic	\$ (13,904)	\$ (4,254)	\$ (27,204)	\$ (3,261)
Assumed conversions of Senior Notes	—	—	—	—
Adjusted net loss - diluted	\$ (13,904)	\$ (4,254)	\$ (27,204)	\$ (3,261)
<b>Denominator</b>				
Weighted-average common shares outstanding - basic	83,457	82,529	83,358	82,414
Dilutive effect of stock options and restricted stock awards	—	—	—	—
Dilutive effect of Senior Notes	—	—	—	—
Weighted-average common shares outstanding - diluted	83,457	82,529	83,358	82,414
<b>Net loss per common share</b>				
Basic	\$ (0.17)	\$ (0.05)	\$ (0.33)	\$ (0.04)
Diluted	\$ (0.17)	\$ (0.05)	\$ (0.33)	\$ (0.04)
Stock options and restricted stock excluded from calculation of diluted earnings per share because anti-dilutive for the period	7,220	2,911	6,742	2,685

For all periods presented, we excluded all potentially dilutive stock options and restricted stock as well as the assumed conversion of the Senior Notes in calculating diluted earnings per share as the effect was anti-dilutive due to the net losses incurred for these periods.

### **Note 3 - Stock-Based Compensation**

During the second quarter of 2016, the Compensation Committee of our Board of Directors approved equity-based compensation to executive officers and other key employees. The awards included a grant of 1,463,994 shares of restricted stock units which will vest in equal installments over a three-year period. Non-employee directors received shares of restricted stock totaling 212,961 shares, which will vest in full on the earlier of the day prior to the next annual meeting of stockholders following the grant date or the first anniversary of the grant date. The weighted average fair value on the date of grant for all of these awards was \$4.32 per share.

Additionally, 1,242,856 stock options were granted to executive officers and other key employees at an exercise price of \$4.32 per share, which provides for equal vesting over a three-year period with a term of ten years. The estimated fair value of the stock options on the grant date using the Black-Scholes option-pricing model was \$1.97. The assumptions used in the Black-Scholes model included a risk-free interest rate of 1.38%, expected life of 5.22 years, and expected volatility of 50.49%.

The Compensation Committee also approved performance-based awards during the second quarter of 2016 to executive officers. The performance-based restricted stock units will be settled in shares of common stock and will be based on the relative ranking of the Company's total shareholder return ("TSR") as compared to the TSR of the Company's designated peer group for 2016. The performance period began June 1, 2016 and ends May 31, 2019, with the ending TSR price being equal to the average closing price of our shares over the 30-calendar days ending May 31, 2019. A total of 230,790 performance-based restricted stock units were granted with the payout of shares for each executive ranging from 0% to 150% of target. The estimated fair value of each restricted stock unit at the date of grant using the Monte Carlo valuation model was \$5.18. The valuation was done as of the date of grant, which included a risk-free interest rate of 0.95%, the average closing price for our shares over the 30-calendar days ending May 16, 2016 of \$4.69 and expected volatility of 46.89%.

### **Note 4 – Repurchase Program**

In April 2013, our Board of Directors approved a share repurchase program that authorizes the Company to purchase up to \$50.0 million of its outstanding shares of common stock. This authorization was subsequently increased to \$100.0 million in February 2014. In September 2015, our Board of Directors expanded the repurchase program to include the repurchase of our convertible Senior Notes (as defined in Note 7 below), in addition to outstanding shares of common stock. The repurchase program has no specific term. The Company may repurchase shares or convertible Senior Notes in the open market or as otherwise determined by management, subject to certain limitations under the ABL Facility (as defined in Note 7 below) and other factors. Repurchases are expected to be funded from operating cash flows and available cash on-hand. As part of the share repurchase program, the Company's management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934.

There were no shares repurchased during the first half of 2016 and 2015. In February 2016, we repurchased \$11.2 million of our convertible Senior Notes in the open market for \$9.2 million. This repurchase was made under our existing Board authorized repurchase program discussed above. As of June 30, 2016, we had \$33.5 million of authorization remaining under the program.

**Note 5 – Receivables**

Receivables consisted of the following:

(In thousands)	June 30, 2016	December 31, 2015
Gross trade receivables	\$ 143,277	\$ 159,119
Allowance for doubtful accounts	(8,442)	(7,189)
Net trade receivables	134,835	151,930
Income tax receivables	20,129	32,600
Other receivables	22,520	21,834
Total receivables, net	<u>\$ 177,484</u>	<u>\$ 206,364</u>

At June 30, 2016, income tax receivables includes approximately \$16.5 million related to our plan to request a refund for the carryback of U.S. federal tax losses expected in 2016. At December 31, 2015, income tax receivables included approximately \$29.0 million related to our decision to request a refund for the carryback of U.S. federal tax losses incurred in 2015, which has substantially been received in 2016. Other receivables includes \$10.5 million and \$10.4 million for value added, goods and service taxes related to foreign jurisdictions and other tax related receivables as of June 30, 2016 and December 31, 2015, respectively. In addition, other receivables includes \$8.0 million at June 30, 2016 and December 31, 2015 in connection with the March 2014 sale of the Environmental Services business that is held in escrow associated with transaction representations, warranties and indemnities. In December 2014, the buyer made certain claims for indemnification under the terms of the sale agreement, which defers the release of the escrow funds until such claims are resolved. Further discussion of the buyer's claims and related litigation is contained in Note 8 below.

**Note 6 – Inventories**

Inventories consisted of the following:

(In thousands)	June 30, 2016	December 31, 2015
Raw materials:		
Drilling fluids	\$ 116,651	\$ 133,934
Mats	1,376	657
Total raw materials	118,027	134,591
Blended drilling fluids components	24,270	25,343
Finished goods - mats	2,579	3,723
Total inventory	<u>\$ 144,876</u>	<u>\$ 163,657</u>

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

During the second quarter of 2016, we recognized a \$0.6 million charge reported in cost of revenues to reduce the carrying value of diesel-based drilling fluid inventory in the Fluids Systems segment. The charge resulted from lower of cost or market adjustments primarily due to the decline in selling prices for our diesel-based drilling fluid products.

## Note 7 – Financing Arrangements and Fair Value of Financial Instruments

Financing arrangements consisted of the following:

(In thousands)	June 30, 2016	December 31, 2015
Senior Notes	\$ 161,321	\$ 172,497
Debt issuance costs - Senior Notes	(866)	(1,296)
Revolving Credit Facility	—	—
ABL Facility	—	—
Other	10,198	7,392
Total debt	170,653	178,593
Less: current portion of total debt	(10,193)	(7,382)
Long-term debt	\$ 160,460	\$ 171,211

**Senior Notes.** In September 2010, we issued \$172.5 million of unsecured convertible senior notes (“Senior Notes”) that mature on October 1, 2017, of which, \$161.3 million principal amount was outstanding at June 30, 2016. 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. 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. In the first quarter of 2016, we repurchased \$11.2 million of our Senior Notes in the open market for \$9.2 million and recognized a net gain of \$1.9 million reflecting the difference in the amount paid and the net carrying value of the extinguished debt, including debt issuance costs.

**Revolving Credit Facility.** In March 2015, we entered into a Third Amended and Restated Credit Agreement (the “Credit Agreement”) which provided for a \$200.0 million revolving loan facility available for borrowings and letters of credit through March 2020. In December 2015, the Credit Agreement was amended, decreasing the revolving credit facility to \$150.0 million and modifying certain financial covenants through the first quarter of 2017.

Due to the continued decline in customer activity in the first quarter of 2016 and anticipated challenges in maintaining compliance with certain financial covenants, we terminated the Credit Agreement in May 2016 and replaced it with an asset-based revolving loan facility as discussed further below. As of the date of termination, we had no outstanding borrowings under the Credit Agreement. In the second quarter of 2016, we recognized charges of \$1.1 million in interest expense for the write-off of debt issuance costs in connection with the termination.

**Asset-Based Loan Facility.** In May 2016, we entered into an asset-based revolving credit agreement (the “ABL Facility”) which replaced the terminated Credit Agreement. The ABL Facility provides financing of up to \$90.0 million available for borrowings (inclusive of letters of credit), which, subject to the conditions contained therein, can be increased to a maximum capacity of \$150.0 million. The ABL Facility terminates on March 6, 2020; however, the ABL Facility has a springing maturity date that will accelerate the maturity of the credit facility to June 30, 2017 if, prior to such date, the Senior Notes have not either been repurchased, redeemed, converted and/or refinanced in full or the Company has not provided sufficient funds to an escrow agent to repay the Senior Notes in full on their maturity date. Borrowing availability under the ABL Facility is calculated based on the level of eligible domestic receivables, inventory, and beginning in January 2017, composite mats included in the rental fleet, net of reserves and limits on certain elements of the asset base. Availability associated with eligible rental mats will also be subject to maintaining a minimum consolidated fixed charge coverage ratio and a minimum level of operating income for the Mats and Integrated Services segment, as defined in the ABL Facility agreement. Following the execution of the ABL Facility, we completed all necessary administrative procedures including the securitization of collateral. As of June 30, 2016, we had no borrowings outstanding under the ABL Facility with a total borrowing base availability of \$50.6 million.

Under the terms of the ABL Facility, we may elect to borrow at a variable interest rate plus an applicable margin based on either, (1) LIBOR subject to a floor of zero or (2) a base rate equal to the highest of: (a) the federal funds rate plus 50 basis points, (b) the prime rate of Bank of America, N.A. or (c) LIBOR, subject to a floor of zero, plus 100 basis points. The applicable margin ranges from 225 to 350 basis points for LIBOR borrowings, and 125 to 250 basis points with respect to base rate borrowings, based on our consolidated EBITDA, ratio of debt to consolidated EBITDA, and consolidated fixed charge coverage ratio, each as defined in the ABL Facility. As of June 30, 2016, the applicable margin for borrowings under our ABL Facility is 350 basis points with respect to LIBOR borrowings and 250 basis points with respect to base rate borrowings. In addition, we are required to pay a commitment fee on the unused portion of the ABL Facility ranging from 37.5 to 62.5 basis points, based on the ratio of debt to consolidated EBITDA, as defined in the ABL Facility. The applicable commitment fee as of June 30, 2016 was 62.5 basis points.

The ABL Facility is a senior secured obligation, secured by first liens on all of our U.S. tangible and intangible assets and a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral. The ABL Facility contains customary operating covenants and certain restrictions including, among other things, the incurrence of additional debt, liens, dividends, asset sales, investments, mergers, acquisitions, affiliate transactions, stock repurchases and other restricted payments such as the redemption, defeasance or refinancing of the Senior Notes. In addition, the ABL Facility contains customary events of default, including, without limitation, a failure to make payments under the facility, acceleration of more than \$25.0 million of other indebtedness, certain bankruptcy events and certain change of control events.

**Other Debt.** Our foreign subsidiaries, primarily those in Italy, Brazil and India, maintain local credit arrangements consisting primarily of lines of credit with several banks, which are renewed on an annual basis. We utilize local financing arrangements in our foreign operations in order to provide short-term local liquidity needs, as well as to reduce the net investment in foreign operations subject to foreign currency risk. Advances under these short-term credit arrangements are typically based on a percentage of the subsidiary's accounts receivable or firm contracts with certain customers. Total outstanding balances under these arrangements and other domestic financing arrangements were \$10.2 million and \$7.4 million at June 30, 2016 and December 31, 2015, respectively.

At June 30, 2016, we had letters of credit issued and outstanding which totaled \$14.9 million that are collateralized by \$16.5 million in restricted cash. Additionally, our foreign operations had \$10.2 million outstanding in letters of credit and other guarantees, with certain letters of credit that are collateralized by \$0.9 million in restricted cash. At June 30, 2016, total restricted cash of \$17.4 million was included in other current assets in the accompanying balance sheet.

Our financial instruments include cash and cash equivalents, receivables, payables and debt. We believe the carrying values of these instruments, with the exception of our Senior Notes, approximated their fair values at June 30, 2016 and December 31, 2015. The estimated fair value of our Senior Notes was \$153.8 million at June 30, 2016 and \$154.4 million at December 31, 2015, based on quoted market prices at these respective dates.

## **Note 8 – 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.

### **Wage and Hour Litigation**

During the second quarter of 2014, a lawsuit was filed by Jesse Davida, a former employee, in Federal Court in Texas against Newpark Drilling Fluids LLC, alleging violations of the Fair Labor Standards Act ("FLSA"). The plaintiff seeks damages and penalties for the Company's alleged failure to properly classify its field service employees as "non-exempt" under the FLSA and pay them on an hourly basis (including overtime). The plaintiff seeks recovery on his own behalf, and seeks certification of a class of similarly situated employees. The Court conditionally certified a class of plaintiffs as those working as fluid service technicians for Newpark Drilling Fluids for the prior three years. Notification was given to 658 current and former fluid service technician employees of Newpark regarding this litigation and those individuals were given the opportunity to "opt-in" to the *Davida* litigation. The opt-in period closed in early May of 2015 and a total of 91 individuals joined the *Davida* litigation. Counsel for the plaintiffs moved to add state law class action claims for current and former fluid service technicians that worked for Newpark Drilling Fluids in New York, North Dakota, Ohio and Pennsylvania. The Court granted the motion but gave Newpark the right to file a motion to dismiss these state law claims, and that motion is pending. At this point in the litigation, the parties began settlement discussions, resulting in the settlement agreement described below.

A second case was filed by Josh Christensen in the fourth quarter of 2014 in Federal Court in Texas alleging that individuals treated as independent contractors should have been classified as employees and, as such, are entitled to assert claims for alleged violations of the FLSA (similar to the claims asserted in the *Davida* matter). Five additional plaintiffs joined this litigation after it was filed. In March of 2015, the Court denied the plaintiffs' motion for conditional class certification. Counsel for the plaintiffs did not appeal that ruling and have now filed individual cases for each of the original opt-in plaintiffs plus two new plaintiffs, leaving a total of eight independent contractor cases pending. These cases are included in the settlement discussions described below.

In the fourth quarter of 2015, the same counsel representing the plaintiffs in the *Davida* and *Christiansen*-related cases filed two additional individual FLSA cases on behalf of former fluid service technician employees. These cases are similar in nature to the *Davida* case discussed above and are included in the settlement discussions described below.

Beginning in November 2015, we engaged in settlement discussions with counsel for the plaintiffs in the pending wage and hour litigation cases described above. Following mediation in January of 2016, the parties executed a settlement agreement in April 2016 to settle all of the pending matters, subject to a number of conditions, including approval by the Court in the *David* case, and the dismissal of the other FLSA cases (*Christiansen*-related lawsuits and individual FLSA cases). Subject to these conditions, current and former fluid service technician employees that are eligible for the settlement will be notified of the pending resolution and given an opportunity to participate in the settlement. The amount paid to any eligible individual will vary based on a formula that takes into account the number of workweeks and salary for the individual during the time period covered by the settlement (which can vary based upon several factors). Any eligible individual that elects to participate in the settlement will release all wage and hour claims against the Company. As a result of the settlement negotiations, we recognized a \$5.0 million charge in the fourth quarter of 2015 related to the pending resolution of these wage and hour litigation claims. We expect to fund the settlement amount with installment payments in the third and fourth quarters of 2016, subject to the conditions described above. The settlement fund will be administered by a third party who will make payments to eligible individuals that elect to participate in accordance with a formula incorporated into the settlement agreement. In addition, under the terms of the settlement agreement, if settlement funds remain after all payments are made to eligible individuals that elect to participate in the settlement, such excess amount will be shared by the participating individuals and Newpark Drilling Fluids. The amount of excess funds, if any, is not currently determinable.

#### **Escrow Claims Related to the Sale of the Environmental Services Business**

Under the terms of the March 2014 sale of our previous Environmental Services business to Ecoserv, LLC (“Ecoserv”), \$8.0 million of the sales price was withheld and placed in an escrow account to satisfy claims for possible breaches of representations and warranties contained in the sale agreement. For the amount withheld in escrow, \$4.0 million was scheduled for release to Newpark at each of the nine-month and 18-month anniversary of the closing. In December 2014, we received a letter from counsel for Ecoserv asserting that we had breached certain representations and warranties contained in the sale agreement; including failing to disclose service work performed on injection wells and increased barge rental costs. The letter indicated that Ecoserv expected the costs associated with these claims to exceed the escrow amount. Following a further exchange of letters, in July of 2015, we filed a declaratory judgment action against Ecoserv in state court in Harris County, Texas, seeking release of the escrow funds. Thereafter, Ecoserv filed a counterclaim seeking recovery of the escrow funds based on the alleged breach of representations and warranties. Ecoserv also alleges that we committed fraud in connection with the sale transaction. We believe there is no basis in the agreement or on the facts to support the claims asserted by Ecoserv and intend to vigorously defend our position, while pursuing release of the entire \$8.0 million in escrow. The litigation remains in the discovery process.

#### **Note 9 – Segment Data**

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

(In thousands)	Second Quarter		First Half	
	2016	2015	2016	2015
<b>Revenues</b>				
Fluids systems	\$ 96,153	\$ 140,344	\$ 194,804	\$ 312,246
Mats and integrated services	19,162	23,300	35,055	59,862
<b>Total Revenues</b>	<b>\$ 115,315</b>	<b>\$ 163,644</b>	<b>\$ 229,859</b>	<b>\$ 372,108</b>
<b>Operating Income (Loss)</b>				
Fluids systems	\$ (11,924)	\$ (223)	\$ (27,131)	\$ (1,925)
Mats and integrated services	3,989	6,555	7,725	22,202
Corporate office	(7,200)	(8,014)	(14,554)	(15,831)
<b>Operating Income (Loss)</b>	<b>\$ (15,135)</b>	<b>\$ (1,682)</b>	<b>\$ (33,960)</b>	<b>\$ 4,446</b>

In response to the significant declines in industry activity in North America, we initiated cost reduction programs in the first quarter of 2015 including workforce reductions, reduced discretionary spending, and temporary salary freezes for substantially all employees, including executive officers, and have continued these efforts through the second quarter of 2016. In September 2015, we also initiated a voluntary early retirement program with certain eligible employees in the United States for retirement dates ranging from the fourth quarter of 2015 through the third quarter of 2016. As a result of the continuing declines in activity in the first half of 2016, we initiated further cost reduction actions including additional workforce reductions and beginning in March 2016, a temporary salary reduction for a significant number of North American employees, including executive officers, suspension of the Company’s matching contribution to the U.S. defined contribution plan as well as a reduction in cash compensation paid to our Board of Directors, in order to further align our cost structure to the current activity levels.

As part of these cost reduction programs, we have eliminated substantially all contract positions and reduced our North American employee base by 613 (approximately 47%) since December 31, 2014, including reductions of 177 and 343 employees in the first half of 2016 and 2015, respectively. As a result of these termination programs, we recognized charges for employee termination costs as shown in the table below:

(In thousands)	Second Quarter		First Half	
	2016	2015	2016	2015
Cost of revenues	\$ 720	\$ 319	\$ 3,425	\$ 2,518
Selling, general and administrative expenses	136	413	867	1,135
<b>Total employee termination costs</b>	<b>\$ 856</b>	<b>\$ 732</b>	<b>\$ 4,292</b>	<b>\$ 3,653</b>
Fluids systems	\$ 738	\$ 707	\$ 3,919	\$ 3,337
Mats and integrated services	91	22	250	217
Corporate office	27	3	123	99
<b>Total employee termination costs</b>	<b>\$ 856</b>	<b>\$ 732</b>	<b>\$ 4,292</b>	<b>\$ 3,653</b>

Accrued employee termination costs at June 30, 2016 and December 31, 2015 were \$1.1 million and \$3.3 million, respectively, and are expected to be paid over the next twelve months.

During the second quarter of 2016, the Fluids Systems segment operating results include a total of \$7.6 million of charges for the reduction in value of certain assets. These charges include non-cash impairments totaling \$6.9 million for certain assets in the Asia Pacific region as discussed further below which are reported in impairments and other charges. The charges also include a \$0.6 million write-down of U.S. diesel-based drilling fluid inventory which is reported in cost of revenues.

During the second quarter of 2016, as a result of the continuing unfavorable industry market conditions and operating losses incurred, as well as the deteriorating outlook for the Asia Pacific region of our Fluids Systems segment, we reviewed the recoverability of long-lived assets for this region. We assessed recoverability of the long-lived assets for the Asia Pacific region by comparing the sum of expected undiscounted future net cash flows with the carrying amount of the asset group and determined that the carrying value may not be recoverable. We determined the amount of impairment based on the difference between the carrying amount of the Asia Pacific asset group and its estimated fair value, which we determined using a discounted cash flow approach. As a result of this review, we recorded non-cash impairments totaling \$6.9 million including a \$3.8 million charge to write-down property, plant and equipment to its estimated fair value and a \$3.1 million charge to fully impair the customer related intangible assets for the Asia Pacific region.

As described in Note 1, we revised our estimated useful lives and end of life residual values for composite mats included in our rental fleet as of January 1, 2016 resulting in a decrease in depreciation expense of approximately \$1.5 million and \$3.1 million for the three and six months ended June 30, 2016.

In the first half of 2016, revenue from Sonatrach, our primary customer in Algeria, was approximately 15% of consolidated revenues.

## 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, 2015. Our second quarter represents the three-month period ended June 30 and the first half represents the six-month period ended June 30. Unless otherwise stated, all currency amounts are stated in U.S. dollars.

### Overview

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

Our Fluids Systems segment, which generated 85% of consolidated revenues in the first half of 2016, provides customized drilling fluids solutions to E&P customers globally, operating through four geographic regions: North America, Europe, the Middle East and Africa ("EMEA"), Latin America, and Asia Pacific.

International expansion is a key element of our corporate strategy. In recent years, we have been awarded multiple international contracts to provide drilling fluids and related services to several customers, primarily within the EMEA region, which have expanded our international presence, despite the continuing decline in global E&P drilling activity. In 2015, we were awarded three significant international contracts, including:

- Lot 1 and Lot 3 of a restricted tender by Sonatrach, which expanded our market share with Sonatrach in Algeria. Work under this three-year contract began in the second quarter of 2015, with activity levels ramping up during the second half of 2015 and the first half of 2016. In the first half of 2016, revenues under this contract were approximately 15% of consolidated revenues.
- A contract with ENI S.p.A. for onshore and offshore drilling in the Republic of Congo. The initial term of this contract is three years and includes an extension option for up to an additional two years. Work under this contract began in the fourth quarter of 2015.
- A contract with Total S.A. to provide drilling fluids and related services for an exploratory ultra-deepwater well in Block 14 of offshore Uruguay. This project began in March 2016 and was completed in the second quarter of 2016, contributing \$12.0 million of revenue to the first half of 2016.

Total revenue generated under these contracts, including our prior contract with Sonatrach, was approximately \$49.2 million in the first half of 2016 compared to \$24.6 million in the first half of 2015.

In addition, during the first quarter of 2016, we were awarded a two-year contract by Shell Oil to provide drilling fluids and related services for onshore drilling activity in Albania. Work under this contract started late in the second quarter of 2016.

In 2014, we announced two capital investment projects within the Fluids Systems segment. Since then, we substantially completed the investment of approximately \$23 million in our new fluids blending facility and distribution center located in Conroe, Texas, which will support the manufacturing of our proprietary fluid technologies, including our Evolution® systems. In addition, we are investing approximately \$34 million to significantly expand existing capacity and upgrade the drilling fluids blending, storage, and transfer capabilities in Fourchon, Louisiana, which serves the Gulf of Mexico deepwater market. This project is expected to be completed in the second half of 2016. Capital expenditures related to these projects totaled \$16.9 million in the first half of 2016.

Our Mats and Integrated Services segment, which generated 15% of consolidated revenues in the first half of 2016, provides composite mat rentals, well site construction and related site services primarily to oil and gas customers. In addition, mat rental and services activity is expanding into applications in other markets, including electrical transmission/distribution, pipelines and petrochemical plants. Revenues from customers in markets other than oil and gas exploration represented approximately 62% of our rental and services revenues for the first half of 2016 compared to 30% for the first half of 2015. We also manufacture and sell composite mats to customers outside of the U.S., and to domestic customers outside of the oil and gas exploration market.

Our operating results depend, to a large extent, on oil and gas drilling activity levels in the markets we serve, and particularly for the Fluids Systems segment, the nature of the drilling operations (including the depth and whether the wells are drilled vertically or horizontally), which governs the revenue potential of each well. The drilling activity in turn, depends on oil and gas commodity pricing, inventory levels and demand, and regulatory actions, such as those affecting operations in the Gulf of Mexico in recent years.



Beginning in the fourth quarter of 2014 and continuing throughout 2015 and into early 2016, the price of oil declined dramatically from the price levels in recent years. As a result, E&P drilling activity has significantly declined in North America and many global markets over this period. Rig count data is the most widely accepted indicator of drilling activity. Average North America rig count data for the second quarter and first half of 2016, as compared to the same periods of 2015 is as follows:

	Second Quarter		2016 vs 2015	
	2016	2015	Count	%
U.S. Rig Count	422	907	(485)	(53)%
Canadian Rig Count	48	98	(50)	(51)%
North America	470	1,005	(535)	(53)%

  

	First Half		2016 vs 2015	
	2016	2015	Count	%
U.S. Rig Count	483	1,155	(672)	(58)%
Canadian Rig Count	108	206	(98)	(48)%
North America	591	1,361	(770)	(57)%

Source: Baker Hughes Incorporated

As of July 22, 2016, the U.S. and Canadian rig counts were 462 and 102, respectively. While rig counts have modestly improved recently, activity levels are expected to remain below prior year levels for the foreseeable future.

The lower E&P drilling activity levels further reduced the demand for our services and negatively impacted customer pricing in our North American operations during 2015 and the first half of 2016, and this trend is expected to continue for the remainder of 2016. The lower customer demand and elevated costs associated with workforce reductions negatively impacted our profitability in 2015 and the first half of 2016. Further, due to the fact that our business contains high levels of fixed costs, including significant facility and personnel expenses, North American operating margins in both operating segments have been negatively impacted by the lower customer demand.

In response to the significant declines in industry activity in North America, we initiated cost reduction programs in the first quarter of 2015 including workforce reductions, reduced discretionary spending, and temporary salary freezes for substantially all employees, including executive officers, and have continued these efforts through the second quarter of 2016. In September 2015, we also initiated a voluntary early retirement program with certain eligible employees in the United States for retirement dates ranging from the fourth quarter of 2015 through the third quarter of 2016. As a result of the continuing declines in activity in the first half of 2016, we initiated further cost reduction actions including additional workforce reductions and beginning in March 2016, a temporary salary reduction for a significant number of North American employees, including executive officers, suspension of the Company's matching contribution to the U.S. defined contribution plan as well as a reduction in cash compensation paid to our Board of Directors, in order to further align our cost structure to the current activity levels.

As part of these cost reduction programs, we have eliminated substantially all contract positions and reduced our North American employee base by 613 (approximately 47%) since December 31, 2014, including reductions of 177 and 343 employees in the first half of 2016 and 2015, respectively. As a result of these termination programs, we recognized charges for employee termination costs as shown in the table below:

(In thousands)	Second Quarter		First Half	
	2016	2015	2016	2015
Fluids systems	\$ 738	\$ 707	\$ 3,919	\$ 3,337
Mats and integrated services	91	22	250	217
Corporate office	27	3	123	99
<b>Total employee termination costs</b>	<b>\$ 856</b>	<b>\$ 732</b>	<b>\$ 4,292</b>	<b>\$ 3,653</b>

## Second Quarter of 2016 Compared to Second Quarter of 2015

### Consolidated Results of Operations

Summarized results of operations for the second quarter of 2016 compared to the second quarter of 2015 are as follows:

(In thousands)	Second Quarter		2016 vs 2015	
	2016	2015	\$	%
Revenues	\$ 115,315	\$ 163,644	\$ (48,329)	(30)%
Cost of revenues	102,803	142,155	(39,352)	(28)%
Selling, general and administrative expenses	21,435	23,963	(2,528)	(11)%
Other operating income, net	(713)	(792)	79	(10)%
Impairments and other charges	6,925	—	6,925	NM
Operating loss	(15,135)	(1,682)	(13,453)	NM
Foreign currency exchange gain	(746)	(410)	(336)	82 %
Interest expense, net	3,022	2,224	798	36 %
Loss from operations before income taxes	(17,411)	(3,496)	(13,915)	NM
Provision (benefit) for income taxes	(3,507)	758	(4,265)	NM
Net loss	\$ (13,904)	\$ (4,254)	\$ (9,650)	NM

#### **Revenues**

Revenues decreased 30% to \$115.3 million in the second quarter of 2016, compared to \$163.6 million in the second quarter of 2015. This \$48.3 million decrease includes a \$53.2 million (52%) decrease in revenues in North America, comprised of a \$49.0 million decrease in our Fluids Systems segment and a \$4.2 million decrease in the Mats and Integrated Services segment. Revenues from our international operations increased by \$4.9 million (8%), primarily driven by the \$11.0 million revenue contribution from the offshore Uruguay project. In addition, activity gains in our EMEA region were more than offset by reduced drilling activity in Asia Pacific and Brazil as well as the unfavorable impact of currency exchange related to the stronger U.S. dollar. Additional information regarding the change in revenues is provided within the operating segment results below.

#### **Cost of revenues**

Cost of revenues decreased 28% to \$102.8 million in the second quarter of 2016, compared to \$142.2 million in the second quarter of 2015. The decrease is primarily driven by the decline in revenues and the benefits of cost reduction programs, along with a \$1.5 million reduction in depreciation expense associated with the 2016 change in estimated useful lives and residual values of our composite mats rental fleet. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

#### **Selling, general and administrative expenses**

Selling, general and administrative expenses decreased \$2.5 million to \$21.4 million in the second quarter of 2016 from \$24.0 million in the second quarter of 2015. The decrease is primarily attributable to the benefits of cost reduction programs along with reduced spending related to strategic planning projects.

#### **Other operating income, net**

Other operating income was \$0.7 million in the second quarter of 2016 compared to \$0.8 million in the second quarter of 2015 largely reflecting gains recognized on the sale of assets in both periods.

#### **Impairments and other charges**

During the second quarter of 2016, we recorded non-cash impairments totaling \$6.9 million related to our Asia Pacific region including a \$3.8 million charge to write-down property, plant and equipment to its estimated fair value and a \$3.1 million charge to fully impair the customer related intangible assets. See "Note 9 - Segment Data" for additional information related to these charges.

### Foreign currency exchange

Foreign currency exchange gain was \$0.7 million in the second quarter of 2016 compared to \$0.4 million in the second quarter of 2015, and reflects the impact of currency translation on assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies.

### Interest expense, net

Interest expense, which primarily reflects the 4% interest associated with our Senior Notes, totaled \$3.0 million in the second quarter of 2016 compared to \$2.2 million in the second quarter of 2015. The increase was attributable to \$1.1 million of charges in the second quarter of 2016 for the write-off of debt issuance costs related to the termination and replacement of our revolving Credit Agreement, partially offset by lower average borrowings in our international subsidiaries along with the benefit from the repurchase of \$11.2 million of Senior Notes in the first quarter 2016.

### Provision for income taxes

The provision for income taxes for the second quarter of 2016 was a \$3.5 million benefit, reflecting an effective tax rate of 20.1%, compared to a \$0.8 million expense in the second quarter of 2015. The provision for income taxes in the second quarter of 2016 was unfavorably impacted by pretax losses incurred in Australia, including \$6.9 million of impairment charges, for which the recording of a tax benefit is not permitted. The provision for income taxes in the second quarter of 2015 includes a charge for \$1.7 million to record a valuation allowance against previously recorded deferred tax assets for our Australian business and is further impacted by pretax losses incurred in Brazil and Australia, for which the recording of a tax benefit is not permitted.

### Operating Segment Results

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

(In thousands)	Second Quarter		2016 vs 2015	
	2016	2015	\$	%
<b>Revenues</b>				
Fluids systems	\$ 96,153	\$ 140,344	\$ (44,191)	(31)%
Mats and integrated services	19,162	23,300	(4,138)	(18)%
<b>Total revenues</b>	<b>\$ 115,315</b>	<b>\$ 163,644</b>	<b>\$ (48,329)</b>	<b>(30)%</b>
<b>Operating income (loss)</b>				
Fluids systems	\$ (11,924)	\$ (223)	\$ (11,701)	
Mats and integrated services	3,989	6,555	(2,566)	
Corporate office	(7,200)	(8,014)	814	
<b>Operating loss</b>	<b>\$ (15,135)</b>	<b>\$ (1,682)</b>	<b>\$ (13,453)</b>	
<b>Segment operating margin</b>				
Fluids systems	(12.4)%	(0.2)%		
Mats and integrated services	20.8 %	28.1 %		

## Fluids Systems

### Revenues

Total revenues for this segment consisted of the following:

(In thousands)	Second Quarter		2016 vs 2015	
	2016	2015	\$	%
United States	\$ 30,763	\$ 74,848	\$ (44,085)	(59)%
Canada	2,169	7,067	(4,898)	(69)%
Total North America	32,932	81,915	(48,983)	(60)%
EMEA	44,487	41,452	3,035	7 %
Latin America	17,108	12,493	4,615	37 %
Asia Pacific	1,626	4,484	(2,858)	(64)%
Total	\$ 96,153	\$ 140,344	\$ (44,191)	(31)%

North American revenues decreased 60% to \$32.9 million in the second quarter of 2016 compared to \$81.9 million in the second quarter of 2015. This decrease in revenues is primarily attributable to the 53% decline in North American average rig count along with pricing declines, partially offset by market share gains over this period.

Internationally, revenues increased 8% to \$63.2 million in the second quarter of 2016 compared to \$58.4 million in the second quarter of 2015. The increase in the EMEA region was primarily driven by a \$9.5 million increase for activity in Kuwait, Algeria, and the Republic of the Congo, partially offset by a \$5.5 million decrease following the completion of customer drilling activity in the deepwater Black Sea and a \$2.0 million reduction from the impact of currency exchange. The increase in revenues in Latin America is attributable to an \$11.0 million contribution from the offshore Uruguay project in the second quarter of 2016, partially offset by declines in Petrobras drilling activity in Brazil and the impact of currency exchange, while the decline in Asia Pacific is primarily attributable to reduced customer land-based drilling activity.

### Operating Loss

The Fluids segment incurred an operating loss of \$11.9 million in the second quarter of 2016 compared to an operating loss of \$0.2 million in the second quarter of 2015. The second quarter 2016 operating loss includes \$7.6 million of charges related to the impairment of assets, including the \$6.9 million charge related to the Asia Pacific region as discussed above along with a write-down of diesel based drilling fluid inventories. The remaining \$4.1 million increase in operating loss includes an \$8.2 million decline in operating results from North American operations, partially offset by a \$4.1 million improvement from international operations. The decline in North American operating results is largely attributable to the \$49.0 million decline in revenues described above, partially offset by the benefits of cost reduction programs. The \$4.1 million improvement in international operations is primarily attributable to the increased revenues from the offshore Uruguay project as well as the increase in activities in the EMEA region as described above.

As a result of the lower commodity prices, we expect drilling activity levels to remain below historical levels for the remainder of 2016, reducing the demand for our services and negatively impacting customer pricing across each of our regions, with these impacts most extensive in our North American operations. Further, while we have executed actions to reduce our workforce and cost structure, our business contains high levels of fixed costs, including significant facility and personnel expenses. Therefore, we expect operating results to be negatively impacted by lower revenues for the remainder of 2016 as compared to 2015.

Also, in recent years, the business environment in Brazil has become increasingly challenging, particularly as Petrobras, our primary customer in the region, has focused more efforts on well completions and workover activities, and less on drilling activities. Also, the lack of timely payment of Petrobras-related invoicing has caused periodic increases in invested working capital associated with participation in this market. More recently, the widely-publicized corruption investigation involving Petrobras and elected officials has led to further delays in decision-making and drilling activities. The unstable political environment, including the efforts to impeach the President of the country, has contributed to a generally unfavorable business environment. We expect all of these developments to continue to disrupt Petrobras' operations in the near term. In response to these changes in the business environment, we have taken actions to reduce the cost structure of this operation and are continuing to evaluate further actions. While the Brazilian deepwater drilling market remains an important component of our long-term strategy, the profitability of our business in Brazil remains highly dependent on increasing levels of drilling activity by Petrobras and other E&P customers.

In the absence of a longer-term increase in drilling activity, we may incur additional charges related to further cost reduction efforts, or potential asset impairments, which may negatively impact our future operating results.

## **Mats and Integrated Services**

### ***Revenues***

Total revenues for this segment consisted of the following:

(In thousands)	Second Quarter		2016 vs 2015	
	2016	2015	\$	%
Mat rental and services	\$ 14,714	\$ 20,792	\$ (6,078)	(29)%
Mat sales	4,448	2,508	1,940	77 %
Total	\$ 19,162	\$ 23,300	\$ (4,138)	(18)%

Mat rental and services revenues in the second quarter of 2016 decreased \$6.1 million compared to the second quarter of 2015. The decrease is primarily due to weakness in North American drilling markets, including the Northeast U.S. region, which has historically been the segment's largest rental market. A 59% decline in this region's drilling activity, along with a significant decline in completions activity, has resulted in lower rental fleet utilization and customer pricing from prior year levels.

Revenues from mat sales were \$4.4 million in the second quarter of 2016 compared to \$2.5 million in the second quarter of 2015. Quarterly revenues from mat sales have typically fluctuated based on the timing of mat orders from customers.

As described above, due to the weakness in E&P customer activity, we continue to increase efforts to expand into applications in other markets, including electrical transmission/distribution, pipelines and petrochemical plants. Revenues from customers in these markets represented approximately 74% of total segment revenues in the second quarter of 2016 compared to 42% in the second quarter of 2015.

### ***Operating Income***

Segment operating income decreased by \$2.6 million to \$4.0 million for the second quarter of 2016 as compared to \$6.6 million in the second quarter of 2015, largely attributable to the decline in rental and services revenues as described above. Due to the relatively fixed nature of operating expenses in our rental business, declines in rental and services revenue have a higher decremental impact on the segment's operating margin. These impacts were partially offset by a \$1.5 million reduction in depreciation expense as discussed further below.

During the first quarter of 2016, we reviewed our estimates of the useful lives and residual values of our composite mats included in rental fleet fixed assets for the Mats and Integrated Services segment. In 2016, we revised our original estimates based on the observed historical service lives and end of life residual values for composite mats, resulting in an increased estimated service life and/or residual value for certain composite mat assets in our rental fleet. These changes in estimate resulted in a decrease in second quarter 2016 depreciation expense of approximately \$1.5 million. We expect these changes to have a similar effect on future quarterly results.

We completed the expansion of our mat manufacturing facility in 2015, significantly increasing our production capacity. While the expansion project has relieved production capacity constraints that previously limited our revenues, the decline in commodity prices has resulted, and is expected to continue to result, in lower drilling activity for our E&P customers. This lower drilling activity reduced the demand for our services and negatively impacted customer pricing in our North American operations in 2015 that has continued into 2016. As a result of the lower customer demand and a more competitive pricing environment, we expect operating income from our North American exploration markets to be lower in 2016 as compared to 2015, with our ability to mitigate this impact dependent upon further expansion into applications in other markets. Further, due to the fact that our business contains high levels of fixed costs, including significant facility and personnel expenses, we expect North American operating margins to remain below those achieved in recent years in the absence of a longer-term increase in revenues.

### **Corporate Office**

Corporate office expenses decreased \$0.8 million to \$7.2 million in the second quarter of 2016, compared to \$8.0 million in the second quarter of 2015. The decrease is primarily attributable to \$0.7 million in reduced spending related to strategic planning projects and the benefits of cost reduction programs.

## First Half of 2016 Compared to First Half of 2015

### Consolidated Results of Operations

Summarized results of operations for the first half of 2016 compared to the first half of 2015 are as follows:

(In thousands)	First Half		2016 vs 2015	
	2016	2015	\$	%
Revenues	\$ 229,859	\$ 372,108	\$ (142,249)	(38)%
Cost of revenues	214,376	318,789	(104,413)	(33)%
Selling, general and administrative expenses	44,927	49,941	(5,014)	(10)%
Other operating income, net	(2,409)	(1,068)	(1,341)	NM
Impairments and other charges	6,925	—	6,925	NM
Operating income (loss)	(33,960)	4,446	(38,406)	NM
Foreign currency exchange (gain) loss	(1,201)	1,154	(2,355)	NM
Interest expense, net	5,103	4,479	624	14 %
Gain on extinguishment of debt	(1,894)	—	(1,894)	NM
Loss from operations before income taxes	(35,968)	(1,187)	(34,781)	NM
Provision (benefit) for income taxes	(8,764)	2,074	(10,838)	NM
Net loss	\$ (27,204)	\$ (3,261)	\$ (23,943)	NM

#### **Revenues**

Revenues decreased 38% to \$229.9 million for the first half of 2016, compared to \$372.1 million for the first half of 2015. This \$142.2 million decrease includes a \$139.5 million (55%) decrease in revenues in North America, comprised of a \$114.9 million decrease in our Fluids Systems segment and a \$24.6 million decrease in the Mats and Integrated Services segment. Revenues from our international operations decreased by \$2.7 million (2%), as a \$12.0 million revenue contribution from the offshore Uruguay project and activity gains in our EMEA region were more than offset by reduced drilling activity in Asia Pacific and Brazil, as well as an \$11.7 million unfavorable impact of currency exchange related to the stronger U.S. dollar. Additional information regarding the change in revenues is provided within the operating segment results below.

#### **Cost of revenues**

Cost of revenues decreased 33% to \$214.4 million for the first half of 2016, compared to \$318.8 million for the first half of 2015. This decrease was primarily driven by the decline in revenues as well as the benefits of cost reduction programs and a \$3.1 million reduction in depreciation expense associated with the January 2016 change in estimated useful lives and residual values of our composite mats rental fleet. These declines were partially offset by an increase in employee termination costs, which totaled approximately \$3.4 million for the first half of 2016 compared to \$2.5 million for the first half of 2015. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

#### **Selling, general and administrative expenses**

Selling, general and administrative expenses decreased \$5.0 million to \$44.9 million for the first half of 2016 from \$49.9 million for the first half of 2015. The decrease is primarily attributable to the benefits of cost reduction programs and lower spending related to legal matters and strategic planning projects.

#### **Other operating income, net**

Other operating income was \$2.4 million for the first half of 2016 compared to \$1.1 million for the first half of 2015. The increase is primarily attributable to a \$1.2 million increase in gains recognized on the sale of used composite mats from the rental fleet.

#### **Impairments and other charges**

During the second quarter of 2016, we recorded non-cash impairments totaling \$6.9 million related to our Asia Pacific region including a \$3.8 million charge to write-down property, plant and equipment to its estimated fair value and a \$3.1 million charge to fully impair the customer related intangible assets. See "Note 9 - Segment Data" for additional information related to these charges.

### **Foreign currency exchange**

Foreign currency exchange was a \$1.2 million gain for the first half of 2016 compared to a \$1.2 million loss for the first half of 2015, and reflects the impact of currency translation on assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies. The primary driver for the net gain in the first half of 2016 was the weakening of the U.S. dollar against other currencies, most notably the Canadian Dollar. The primary driver for the foreign exchange loss in the first half of 2015 was the strengthening of the U.S. dollar against other currencies, most notably the Brazilian real.

### **Interest expense, net**

Interest expense, which primarily reflects the 4% interest associated with our Senior Notes, totaled \$5.1 million for the first half of 2016 compared to \$4.5 million for the first half of 2015. The increase was attributable to \$1.1 million of charges in the second quarter of 2016 for the write-off of debt issuance costs related to the termination and replacement of our revolving Credit Agreement, partially offset by lower average borrowings in our international subsidiaries, along with the benefit from the repurchase of \$11.2 million of Senior Notes in the first quarter of 2016.

### **Gain on extinguishment of debt**

The \$1.9 million gain relates to the first quarter 2016 repurchase of \$11.2 million of our convertible senior notes in the open market for \$9.2 million under our existing Board authorized repurchase program. The net gain represents the difference in the amount paid and the net carrying value of the extinguished debt, including debt issuance costs.

### **Provision for income taxes**

The provision for income taxes for the first half of 2016 was a \$8.8 million benefit, reflecting an effective tax rate of 24.4%, compared to a \$2.1 million expense for the first half of 2015. The provision for income taxes in the first half of 2016 was unfavorably impacted by pretax losses incurred in Australia, including \$6.9 million of impairment charges, for which the recording of a tax benefit is not permitted. The provision for income taxes in the first half of 2015 includes a charge for \$1.1 million to record a valuation allowance against previously recorded deferred tax assets for our Australian business and is further impacted by pretax losses incurred in Brazil and Australia, for which the recording of a tax benefit is not permitted.

### **Operating Segment Results**

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

(In thousands)	First Half		2016 vs 2015	
	2016	2015	\$	%
<b>Revenues</b>				
Fluids systems	\$ 194,804	\$ 312,246	\$ (117,442)	(38)%
Mats and integrated services	35,055	59,862	(24,807)	(41)%
<b>Total revenues</b>	<b>\$ 229,859</b>	<b>\$ 372,108</b>	<b>\$ (142,249)</b>	<b>(38)%</b>
<b>Operating income (loss)</b>				
Fluids systems	\$ (27,131)	\$ (1,925)	\$ (25,206)	
Mats and integrated services	7,725	22,202	(14,477)	
Corporate office	(14,554)	(15,831)	1,277	
<b>Operating income (loss)</b>	<b>\$ (33,960)</b>	<b>\$ 4,446</b>	<b>\$ (38,406)</b>	
<b>Segment operating margin</b>				
Fluids systems	(13.9)%	(0.6)%		
Mats and integrated services	22.0 %	37.1 %		

## **Fluids Systems**

### **Revenues**

Total revenues for this segment consisted of the following:

(In thousands)	First Half		2016 vs 2015	
	2016	2015	\$	%
United States	\$ 68,147	\$ 172,956	\$ (104,809)	(61)%
Canada	15,053	25,162	(10,109)	(40)%
Total North America	83,200	198,118	(114,918)	(58)%
EMEA	82,735	77,568	5,167	7 %
Latin America	25,617	26,085	(468)	(2)%
Asia Pacific	3,252	10,475	(7,223)	(69)%
Total	\$ 194,804	\$ 312,246	\$ (117,442)	(38)%

North American revenues decreased 58% to \$83.2 million for the first half of 2016 compared to \$198.1 million for the first half of 2015. This decrease in revenues is primarily attributable to the 57% decline in North American average rig count along with pricing declines, partially offset by market share gains over this period.

Internationally, revenues decreased 2% to \$111.6 million for the first half of 2016 compared to \$114.1 million for the first half of 2015. International revenues for the first half of 2016 included a \$9.6 million reduction from currency rate changes as compared to the first half of 2015. The increase in the EMEA region was primarily driven by a \$23.1 million increase for activity in Kuwait, Algeria, and the Republic of the Congo, partially offset by a \$7.4 million decrease following the completion of customer drilling activity in the deepwater Black Sea and other reductions in customer drilling activity related to the current commodity price environment, as well as a \$5.7 million reduction from the impact of currency exchange. The decrease in revenues in Latin America is primarily attributable to declines in Petrobras drilling activity in Brazil and the impact of currency exchange largely offset by the \$12.0 million revenue contribution from the offshore Uruguay project in the first half of 2016. The decline in Asia Pacific is primarily attributable to reduced customer land-based drilling activity.

### **Operating Loss**

The Fluids segment incurred an operating loss of \$27.1 million for the first half of 2016 compared to an operating loss of \$1.9 million for the first half of 2015. The first half 2016 operating loss includes \$7.6 million of charges in the second quarter related to the impairment of assets as discussed above. The remaining \$17.6 million increase in operating loss includes a \$16.8 million decline in operating results from North American operations and a \$0.8 million decline in international operations. The decline in North American operating results is largely attributable to the \$114.9 million decrease in revenues described above, partially offset by the benefits of cost reduction programs. The \$0.8 million decline in international operations is primarily attributable to revenue declines in Asia Pacific along with an unfavorable change in customer mix in EMEA, partially offset by the contribution from the 2016 offshore Uruguay project.



## **Mats and Integrated Services**

### ***Revenues***

Total revenues for this segment consisted of the following:

(In thousands)	First Half		2016 vs 2015	
	2016	2015	\$	%
Mat rental and services	\$ 29,683	\$ 47,623	\$ (17,940)	(38)%
Mat sales	5,372	12,239	(6,867)	(56)%
Total	\$ 35,055	\$ 59,862	\$ (24,807)	(41)%

Mat rental and services revenues for the first half of 2016 decreased \$17.9 million compared to the first half of 2015. The decrease is primarily due to weakness in North American drilling markets, including the Northeast U.S. region, which has historically been the segment's largest rental market. A 59% decline in this region's drilling activity, along with a significant decline in completions activity, has resulted in lower rental fleet utilization and customer pricing from prior year levels.

Revenues from mat sales were \$5.4 million for the first half of 2016 compared to \$12.2 million for the first half of 2015. Revenues from mat sales have typically fluctuated based on the timing of mat orders from customers.

Revenues from customers in markets other than oil and gas represented approximately 68% of total segment revenues for the first half of 2016 compared to 44% for the first half of 2015.

### ***Operating Income***

Segment operating income declined by \$14.5 million to \$7.7 million for the first half of 2016 as compared to \$22.2 million for the first half of 2015, attributable to declines in both rental and services revenues and mat sales as described above. Due to the relatively fixed nature of operating expenses in our rental business, declines in rental and services revenue have a higher decremental impact on the segment's operating margin. The impact of lower revenue was partially offset by a \$3.1 million reduction in depreciation expense as discussed further above and a \$1.2 million increase in gains recognized on the sale of used mats from our rental fleet.

### **Corporate Office**

Corporate office expenses decreased \$1.3 million to \$14.6 million for the first half of 2016, compared to \$15.8 million for the first half of 2015. The decrease is primarily attributable to \$0.8 million of lower costs related to legal matters, primarily the wage and hour litigation and \$0.6 million of reduced spending related to strategic planning projects.

## Liquidity and Capital Resources

Net cash provided by operating activities during the first half of 2016 totaled \$19.8 million compared to \$81.8 million during the first half of 2015. The reduction in operating cash flow is due to the larger reduction in working capital in the prior year, along with the higher net loss incurred in the first half of 2016 compared to the first half of 2015. During the first half of 2016, net loss adjusted for non-cash items provided cash of \$4.6 million, while changes in working capital provided \$15.2 million of cash.

Net cash used in investing activities during the first half of 2016 was \$24.1 million including capital expenditures of \$26.7 million, partially offset by \$2.6 million of proceeds from the sale of assets. Capital expenditures during the first half of 2016 included \$21.6 million in the Fluids Systems segment, including a total of \$19.1 million related to the facility upgrade and expansion of our Fourchon, Louisiana facility, our new fluids blending facility and distribution center in Conroe, Texas, and equipment to support the contract with Total S.A. in Uruguay. The Mats and Integrated Services segment capital expenditures totaled \$4.3 million during the first half of 2016.

Net cash used in financing activities during the first half of 2016 was \$10.6 million including \$9.2 million used to repurchase convertible senior notes in the open market in the first quarter of 2016 and \$1.7 million for costs associated with the execution of the new ABL Facility in the second quarter of 2016.

We anticipate that our future working capital requirements for our operations will fluctuate directionally with revenues. In the near term, we anticipate a continued reduction of our working capital requirements as a result of on-going efforts to reduce inventory levels in connection with the declines in customer activity. We expect to use approximately \$5.0 million of cash during the third and fourth quarter of 2016 to fund the pending settlement of the wage and hour litigation. We also expect total 2016 capital expenditures to range between \$35.0 million to \$40.0 million, including expenditures for the completion of the facility upgrade and expansion of our Fourchon, Louisiana facility serving the Gulf of Mexico deepwater market. In addition, we may repurchase shares or convertible Senior Notes in the open market or as otherwise determined by management under the existing Board authorized repurchase program, subject to market conditions, business opportunities, limitations under our Asset-Based Loan Facility (the "ABL Facility") and other factors.

As of June 30, 2016, we had cash on-hand of \$93.1 million, of which \$34.8 million resides within our international subsidiaries that we intend to leave permanently reinvested abroad. We expect our available cash on-hand, as well as cash generated by operations and anticipated decreases in working capital levels, including U.S. income tax refunds, to be adequate to fund current operations and our anticipated capital needs during the next 12 months. Availability under our ABL Facility, subject to covenant compliance and certain restrictions as discussed further below, also provides additional liquidity. In addition, we have the option to secure existing domestic letters of credit using availability under our ABL Facility which could result in the release of approximately \$16.5 million of restricted cash that is currently serving as collateral for outstanding letters of credit.

Our capitalization is as follows:

(In thousands)	June 30, 2016	December 31, 2015
Senior Notes	\$ 161,321	\$ 172,497
Debt issuance costs - Senior Notes	(866)	(1,296)
Revolving Credit Facility	—	—
ABL Facility	—	—
Other	10,198	7,392
Total debt	170,653	178,593
Stockholder's equity	497,687	520,259
Total capitalization	\$ 668,340	\$ 698,852
Total debt to capitalization	25.5%	25.6%

**Senior Notes.** In September 2010, we issued \$172.5 million of unsecured convertible senior notes (“Senior Notes”) that mature on October 1, 2017, of which, \$161.3 million principal amount was outstanding at June 30, 2016. 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. 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. In the first quarter of 2016, we repurchased \$11.2 million of our Senior Notes in the open market for \$9.2 million and recognized a net gain of \$1.9 million reflecting the difference in the amount paid and the net carrying value of the extinguished debt, including debt issuance costs.

**Revolving Credit Facility.** In March 2015, we entered into a Third Amended and Restated Credit Agreement (the “Credit Agreement”) which provided for a \$200.0 million revolving loan facility available for borrowings and letters of credit through March 2020. In December 2015, the Credit Agreement was amended, decreasing the revolving credit facility to \$150.0 million and modifying certain financial covenants through the first quarter of 2017.

Due to the continued decline in customer activity in the first quarter of 2016 and anticipated challenges in maintaining compliance with certain financial covenants, we terminated the Credit Agreement in May 2016 and replaced it with an asset-based revolving loan facility as discussed further below. As of the date of termination, we had no outstanding borrowings under the Credit Agreement. In the second quarter of 2016, we recognized charges of \$1.1 million in interest expense for the write-off of debt issuance costs in connection with the termination.

**Asset-Based Loan Facility.** In May 2016, we entered into an asset-based revolving credit agreement (the “ABL Facility”) which replaced the terminated Credit Agreement. The ABL Facility provides financing of up to \$90.0 million available for borrowings (inclusive of letters of credit), which, subject to the conditions contained therein, can be increased to a maximum capacity of \$150.0 million. The ABL Facility terminates on March 6, 2020; however, the ABL Facility has a springing maturity date that will accelerate the maturity of the credit facility to June 30, 2017 if, prior to such date, the Senior Notes have not either been repurchased, redeemed, converted and/or refinanced in full or the Company has not provided sufficient funds to an escrow agent to repay the Senior Notes in full on their maturity date. Borrowing availability under the ABL Facility is calculated based on the level of eligible domestic receivables, inventory, and beginning in January 2017, composite mats included in the rental fleet, net of reserves and limits on certain elements of the asset base. Availability associated with eligible rental mats will also be subject to maintaining a minimum consolidated fixed charge coverage ratio and a minimum level of operating income for the Mats and Integrated Services segment, as defined in the ABL Facility agreement. Following the execution of the ABL Facility, we completed all necessary administrative procedures including the securitization of collateral. As of June 30, 2016, we had no borrowings outstanding under the ABL Facility with a total borrowing base availability of \$50.6 million.

Under the terms of the ABL Facility, we may elect to borrow at a variable interest rate plus an applicable margin based on either, (1) LIBOR subject to a floor of zero or (2) a base rate equal to the highest of: (a) the federal funds rate plus 50 basis points, (b) the prime rate of Bank of America, N.A. or (c) LIBOR, subject to a floor of zero, plus 100 basis points. The applicable margin ranges from 225 to 350 basis points for LIBOR borrowings, and 125 to 250 basis points with respect to base rate borrowings, based on our consolidated EBITDA, ratio of debt to consolidated EBITDA, and consolidated fixed charge coverage ratio, each as defined in the ABL Facility. As of June 30, 2016, the applicable margin for borrowings under our ABL Facility is 350 basis points with respect to LIBOR borrowings and 250 basis points with respect to base rate borrowings. In addition, we are required to pay a commitment fee on the unused portion of the ABL Facility ranging from 37.5 to 62.5 basis points, based on the ratio of debt to consolidated EBITDA, as defined in the ABL Facility. The applicable commitment fee as of June 30, 2016 was 62.5 basis points.

The ABL Facility is a senior secured obligation, secured by first liens on all of our U.S. tangible and intangible assets and a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral. The ABL Facility contains customary operating covenants and certain restrictions including, among other things, the incurrence of additional debt, liens, dividends, asset sales, investments, mergers, acquisitions, affiliate transactions, stock repurchases and other restricted payments such as the redemption, defeasance or refinancing of the Senior Notes. In addition, the ABL Facility contains customary events of default, including, without limitation, a failure to make payments under the facility, acceleration of more than \$25.0 million of other indebtedness, certain bankruptcy events and certain change of control events.

**Other Debt.** Our foreign subsidiaries, primarily those in Italy, Brazil and India, maintain local credit arrangements consisting primarily of lines of credit with several banks, which are renewed on an annual basis. We utilize local financing arrangements in our foreign operations in order to provide short-term local liquidity needs, as well as to reduce the net investment in foreign operations subject to foreign currency risk. Advances under these short-term credit arrangements are typically based on a percentage of the subsidiary’s accounts receivable or firm contracts with certain customers. Total outstanding balances under these arrangements and other domestic financing arrangements were \$10.2 million and \$7.4 million at June 30, 2016 and December 31, 2015, respectively.

At June 30, 2016, we had letters of credit issued and outstanding which totaled \$14.9 million that are collateralized by \$16.5 million in restricted cash. Additionally, our foreign operations had \$10.2 million outstanding in letters of credit and other guarantees, with certain letters of credit that are collateralized by \$0.9 million in restricted cash. At June 30, 2016, total restricted cash of \$17.4 million was included in other current assets in the accompanying balance sheet.

### ***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 allowances for product returns, allowances for doubtful accounts, reserves for self-insured retention under insurance programs, estimated performance and values associated with employee incentive programs, impairments of long-lived assets, including goodwill and other intangibles and valuation allowances for deferred tax assets. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

In 2016, we revised our estimates of the useful lives and residual values of certain of our composite mats included in rental fleet fixed assets within the Mats and Integrated Services segment. We now estimate that certain composite mats which were originally estimated to have a useful life of 7 years with zero residual value will have estimated useful lives ranging from 10 to 12 years with an estimated residual value of 20%. These changes in estimates were recognized prospectively beginning January 1, 2016 resulting in a reduction in depreciation expense for the Mats and Integrated Services segment of approximately \$1.5 million and \$3.1 million for the three and six months ended June 30, 2016, respectively. We expect these changes to have a similar effect on quarterly results going forward.

During the second quarter of 2016, as a result of the continuing unfavorable industry market conditions and operating losses incurred, as well as the deteriorating outlook for the Asia Pacific region of our Fluids Systems segment, we reviewed the recoverability of long-lived assets for this region. We assessed recoverability of the long-lived assets for the Asia Pacific region by comparing the sum of expected undiscounted future net cash flows with the carrying amount of the asset group and determined that the carrying value may not be recoverable. We determined the amount of impairment based on the difference between the carrying amount of the Asia Pacific asset group and its estimated fair value, which we determined using a discounted cash flow approach. As a result of this review, we recorded non-cash impairments totaling \$6.9 million including a \$3.8 million charge to write-down property, plant and equipment to its estimated fair value and a \$3.1 million charge to fully impair the customer related intangible assets for the Asia Pacific region.

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, 2015. Our critical accounting policies have not materially changed since December 31, 2015.

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

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

#### **Interest Rate Risk**

At June 30, 2016, we had total debt outstanding of \$170.7 million, including \$161.3 million of Senior Notes bearing interest at a fixed rate of 4.0%. Variable rate debt totaled \$8.0 million which relates to our foreign operations under lines of credit and other borrowings. At the June 30, 2016 balance, a 200 basis point increase in market interest rates during 2016 would cause our annual interest expense to increase approximately \$0.2 million.

#### **Foreign Currency**

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

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

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

Based on their evaluation of our disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of June 30, 2016, the end of the period covered by this quarterly report.

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

There has been no change in internal control over financial reporting during the quarter ended June 30, 2016 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

#### Wage and Hour Litigation

*Davida v. Newpark Drilling Fluids LLC.* On June 18, 2014, Jesse Davida, a former employee of Newpark Drilling Fluids LLC filed a purported class action lawsuit in the U.S. District Court for the Western District of Texas, San Antonio Division, alleging violations of the Fair Labor Standards Act (“FLSA”). The plaintiff seeks damages and penalties for the Company’s alleged failure to: properly classify its field service employees as “non-exempt” under the FLSA; and, pay them on an hourly basis (including overtime). The plaintiff seeks recovery on his own behalf, and seeks certification of a class of similarly situated employees. On January 6, 2015, the Court granted the plaintiff’s motion to “conditionally” certify the class of fluid service technicians that have worked for Newpark Drilling Fluids over the past three years. Notification was given to 658 current and former fluid service technician employees of Newpark regarding this litigation and those individuals were given the opportunity to “opt-in” to the *Davida* litigation. The opt-in period closed in early May of 2015 and a total of 91 individuals joined the *Davida* litigation. Counsel for the plaintiffs moved to add state law class action claims for current and former fluid service technicians that worked for Newpark Drilling Fluids in New York, North Dakota, Ohio and Pennsylvania. The Court granted the motion, but gave Newpark the right to file a motion to dismiss these state law claims, and that motion is pending. At this point in the litigation, the parties began settlement discussions, resulting in the settlement agreement described below.

*Christiansen v. Newpark Drilling Fluids LLC.* On November 11, 2014, Josh Christiansen (represented by the same counsel that represents Davida) filed a purported class action lawsuit in the U.S. District Court for the Southern District of Texas, Houston Division, alleging violations of the FLSA. The plaintiff seeks damages and penalties for the Company’s alleged failure to: properly classify him as an employee rather than an independent contractor; properly classify its field service employees as “non-exempt” under the FLSA; and, pay them on an hourly basis (including overtime) and seeks damages and penalties for the Company’s alleged failure to pay him and the others in the proposed class on an hourly basis (including overtime). Following the filing of this lawsuit, five additional plaintiffs joined the proceedings. The plaintiff seeks recovery on his own behalf, and sought certification of a class of similarly situated individuals. In March of 2015, the Court denied the plaintiffs’ motion for conditional class certification. Counsel for the plaintiffs did not appeal that ruling and have now filed individual cases for each of the original opt-in plaintiffs plus two new plaintiffs, leaving a total of eight separate independent contractor cases pending. These cases are included in the settlement discussions described below.

*Additional Individual FLSA cases.* In the fourth quarter of 2015, the same counsel representing the plaintiffs in the *Davida* and *Christiansen*-related cases filed two additional individual FLSA cases on behalf of former fluid service technician employees. These cases are similar in nature to the *Davida* case discussed above and are included in the settlement discussions described below.

*Pending Resolution of Wage and Hour Litigation.* Beginning in November 2015, we engaged in settlement discussions with counsel for the plaintiffs in the pending wage and hour litigation cases described above. Following mediation in January of 2016, the parties executed a settlement agreement in April 2016 to settle all of the pending matters, subject to a number of conditions, including approval by the Court in the *Davida* case, and the dismissal of the other FLSA cases (*Christiansen*-related lawsuits and individual FLSA cases). Subject to these conditions, current and former fluid service technician employees that are eligible for the settlement will be notified of the pending resolution and given an opportunity to participate in the settlement. The amount paid to any eligible individual will vary based on a formula that takes into account the number of workweeks and salary for the individual during the time period covered by the settlement (which can vary based upon several factors). Any eligible individual that elects to participate in the settlement will release all wage and hour claims against the Company. As a result of the settlement negotiations, we recognized a \$5.0 million charge in the fourth quarter of 2015 related to the pending resolution of these wage and hour litigation claims. We expect to fund the settlement amount with installment payments in the third and fourth quarters of 2016, subject to the conditions described above. The settlement fund will be administered by a third party who will make payments to eligible individuals that elect to participate, in accordance with a formula incorporated into the settlement agreement. In addition, under the terms of the settlement agreement, if settlement funds remain after all payments are made to eligible individuals that elect to participate in the settlement, such excess amount will be shared by the participating individuals and Newpark Drilling Fluids. The amount of excess funds, if any, is not currently determinable.

## **Escrow Claims Related to the Sale of the Environmental Services Business**

*Newpark Resources, Inc. v. Ecoserv, LLC.* On July 13, 2015, we filed a declaratory action in the District Court in Harris County, Texas (80<sup>th</sup> Judicial District) seeking release of \$8.0 million of funds placed in escrow by Ecoserv in connection with its purchase of our Environmental Services business. Ecoserv has filed a counterclaim asserting that we breached certain representations and warranties contained in the purchase/sale agreement including, among other things, the condition of certain assets. In addition, Ecoserv has alleged that Newpark committed fraud in connection with the sale transaction.

Under the terms of the March 2014 sale of the Environmental Services business to Ecoserv, \$8.0 million of the sales price was withheld and placed in an escrow account to satisfy claims for possible breaches of representations and warranties contained in the sale agreement. For the amount withheld in escrow, \$4.0 million was scheduled for release to Newpark at each of the nine-month and 18-month anniversary of the closing. In December 2014, we received a letter from counsel for Ecoserv asserting that we had breached certain representations and warranties contained in the sale agreement; including failing to disclose service work performed on injection wells and increased barge rental costs. The letter indicated that Ecoserv expected the costs associated with these claims to exceed the escrow amount. Following a further exchange of letters, in July of 2015, we filed the declaratory judgment action against Ecoserv referenced above. We believe there is no basis in the agreement or on the facts to support the claims asserted by Ecoserv and intend to vigorously defend our position, while pursuing release of the entire \$8.0 million escrow. The litigation remains in the discovery process.

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

There have been no material changes during the period ended June 30, 2016 in our “Risk Factors” as discussed in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2015, except as described below.

#### ***Risks Related to the Cost and Continued Availability of Borrowed Funds, including Risks of Noncompliance with Debt Covenants***

We employ borrowed funds as an integral part of our long-term capital structure and our future success is dependent upon continued access to borrowed funds to support our operations. The availability of borrowed funds on reasonable terms is dependent on the condition of credit markets and financial institutions from which these funds are obtained. Adverse events in the financial markets may significantly reduce the availability of funds, which may have an adverse effect on our cost of borrowings and our ability to fund our business strategy. Our ability to meet our debt service requirements and the continued availability of funds under our existing or future loan agreements is dependent upon our ability to generate operating income and remain in compliance with the covenants in our debt agreements. This, in turn, is subject to the volatile nature of the oil and natural gas industry, and to competitive, economic, financial and other factors that are beyond our control.

In May 2016, we replaced our existing Credit Agreement with a new ABL Facility. Borrowing availability under the ABL Facility is calculated based on the level of eligible domestic receivables, inventory, and beginning in 2017, composite mats included in the rental fleet, net of reserves and limits on certain elements of the asset base. The lender may establish such reserves, in part based on appraisals of the asset base, and other limits at its discretion which could reduce the amounts otherwise available under the ABL Facility. Availability associated with eligible rental mats will also be subject to maintaining a minimum consolidated fixed charge coverage ratio and a minimum level of operating income for the Mats and Integrated Services segment, as defined in the ABL Facility agreement. The availability under the ABL Facility is expected to fluctuate directionally with changes in the Company's receivables, inventory, and composite mat rental fleet.

The Company is subject to compliance with a fixed charge coverage ratio covenant if the Company's borrowing availability falls below \$25.0 million. If the Company is unable to make required payments under the ABL Facility, or if the Company fails to comply with the various covenants and other requirements of the ABL Facility or other indebtedness, the Company would be in default thereunder, which would permit the holders of the indebtedness to accelerate the maturity thereof, unless we are able to obtain, on a timely basis, a necessary waiver or amendment. Any waiver or amendment may require us to revise the terms of our agreements which could increase the cost of our borrowings, require the payment of additional fees, and adversely impact the results of our operations. Upon the occurrence of any event of default that is not waived, the lenders could elect to exercise any of their available remedies, which include the right to not lend any additional amounts or, in the event we have outstanding indebtedness under the ABL Facility, to declare any outstanding indebtedness, together with any accrued interest and other fees, to be immediately due and payable. If we are unable to repay the outstanding indebtedness, if any, under the ABL Facility when due, the lenders would be permitted to proceed against their collateral. In the event any outstanding indebtedness in excess of \$25.0 million is accelerated, this could also cause an event of default under our Senior Notes. The acceleration of any of our indebtedness and the election to exercise any such remedies could have a material adverse effect on our business and financial condition.

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

- (a) Not applicable
- (b) Not applicable
- (c) The following table details our repurchases of shares of our common stock, for the three months ended June 30, 2016:

<b>Period</b>	<b>Total Number of Shares Purchased (1)</b>	<b>Average Price per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Approximate Dollar Value of Shares and Convertible Senior Notes that May Yet be Purchased Under Plans or Programs</b>
April 1 - 30, 2016	11,666	\$ —	—	\$ 33.5
May 1 - 31, 2016	—	—	—	\$ 33.5
June 1 - 30, 2016	203,664	—	—	\$ 33.5
Total	215,330	\$ —	—	

- (1) During the three months ended June 30, 2016, we purchased an aggregate of 215,330 shares surrendered in lieu of taxes under vesting of restricted shares. As of June 30, 2016, we had \$33.5 million of authorization remaining under our existing Board authorized repurchase program discussed below.

In April 2013, our Board of Directors approved a share repurchase program that authorizes the Company to purchase up to \$50.0 million of its outstanding shares of common stock. This authorization was subsequently increased to \$100.0 million in February 2014. In September 2015, our Board of Directors expanded the repurchase program to include the repurchase of our Senior Notes, in addition to outstanding shares of common stock. The repurchase program has no specific term. The Company may repurchase shares or Senior Notes in the open market or as otherwise determined by management, subject to market conditions, business opportunities, limitations under our ABL Facility and other factors. Repurchases are expected to be funded from operating cash flows and available cash on-hand. As part of the share repurchase program, the Company's management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934.

We have not paid any dividends during the two recent fiscal years or any subsequent interim period, and we do not intend to pay any cash dividends in the foreseeable future. In addition, our credit facilities contain covenants which limit the payment of dividends on our 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.



**ITEM 6. Exhibits**

- \*3.1 Restated Certificate of Incorporation of Newpark Resources, Inc.
- 4.1 Amendment No. 1 to Newpark Resources, Inc. 2015 Employee Equity Incentive Plan., incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-8 filed on May 19, 2016 (SEC File No. 333-211459)
- 10.1 Executive Separation and General Release Agreement between Newpark Resources, Inc. and Jeffery Lynn Juergens, dated May 10, 2016, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 12, 2016 (SEC File No. 001-02960)
- \*10.2 Employment Agreement, dated as of April 22, 2016, by and between Newpark Resources, Inc. and Matthew S. Lanigan
- \*10.3 Change in Control Agreement dated as of April 22, 2016, by and between Newpark Resources, Inc. and Matthew S. Lanigan
- 10.4 ABL Facility Agreement dated May 12, 2016 by and among Newpark Resources, Inc., Newpark Drilling Fluids LLC, Newpark Mats & Integrated Services LLC, Excalibar Minerals LLC, and Dura-Base Nevada, Inc., as borrowers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the other Lenders party hereto, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 13, 2016 (SEC File No. 001-02960)
- \*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
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- \*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.DEF XBRL Definition Linkbase Document
- \*101.LAB XBRL Label Linkbase Document
- \*101.PRE XBRL Presentation Linkbase Document

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\* Filed herewith.

**NEWPARK RESOURCES, INC.**

**SIGNATURES**

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

Date: July 29, 2016

NEWPARK RESOURCES, INC.

By: /s/ Paul L. Howes

Paul L. Howes  
President and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Gregg S. Piontek

Gregg S. Piontek  
Vice President and Chief Financial Officer  
(Principal Financial Officer)

By: /s/ Douglas L. White

Douglas L. White  
Corporate Controller and Chief Accounting Officer  
(Principal Accounting Officer)

## EXHIBIT INDEX

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\* Filed herewith.

**CERTIFICATE OF AMENDMENT  
TO THE  
RESTATED CERTIFICATE OF INCORPORATION  
OF  
NEWPARK RESOURCES, INC.**

Newpark Resources, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

**FIRST:** The name of the Corporation is Newpark Resources, Inc. The Restated Certificate of Incorporation of the Corporation was filed with the Delaware Secretary of State's Office on November 5, 1998.

**SECOND:** This Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation was duly adopted in accordance with Section 242 of the DGCL. The Board of Directors duly adopted resolutions setting forth and declaring advisable this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation and directed that the proposed amendment be considered by the stockholders of the Corporation. The proposed amendment was considered at the annual meeting of stockholders duly called upon notice in accordance with Section 222 of the DGCL and held on May 19, 2016, at which meeting the necessary number of shares were voted in favor of the proposed amendment. The stockholders of the Corporation duly adopted this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation.

**THIRD:** Article SEVENTH of the Restated Certificate of Incorporation is hereby amended by deleting all of Paragraph B of Article SEVENTH and replacing it with the following in substitution therefor:

"B. Any director may be removed from office, with or without cause, only upon the vote or written consent of stockholders representing not less than two-thirds (2/3) of the issued and outstanding capital stock of each class then entitled to vote in elections of directors."

**FOURTH:** This Certificate of Amendment to the Restated Certificate of Incorporation shall become effective on the date this Certificate of Amendment to the Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware.

**IN WITNESS WHEREOF**, this Certificate of Amendment to the Restated Certificate of Incorporation has been executed for and on behalf of the Corporation by an officer thereunto duly authorized and attested to as of May 19, 2016.

NEWPARK RESOURCES, INC.

By: /s/ Paul L. Howes

Name: Paul L. Howes

Title: President and Chief Executive Officer

## EMPLOYMENT AGREEMENT

THIS AGREEMENT dated April 22, 2016 is entered into by Newpark Resources, Inc. (the “**Company**”), a Delaware corporation, and Matthew S. Lanigan (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, and President, Newpark Mats and Integrated Services (referred to as “President - Mats”); 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 President - Mats 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 April 22, 2016, 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 Three Hundred Fifteen Thousand Dollars (\$315,000) 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 2010 Annual Cash Incentive Plan (“ACIP”) or any similar plan that replaces the ACIP, subject to any amendments made at the 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 sixty-five (65%) 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 2016 will occur prior to March 31, 2017, except to the extent of any payments associated with achievement beyond the “over-achievement” level, which 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 will not be amended, modified, changed, or interpreted or applied to make them less generous than they were on April 22, 2016, without prior written notice.

(c) **Stock Options and Share Awards.** In addition, Executive shall be eligible to participate in the Long Term Incentive Plan (“LTIP”) and to receive such number of stock options, time -vested restricted stock and/or performance restricted share awards as are granted by the Compensation Committee in accordance with the Board approved plans (including the 2015 Employee Equity Incentive Plan, 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 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: Fifty thousand (50,000) 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) **Benefit Plans and Vacation.** Subject to the terms of such Plans, throughout his 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 he 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 his 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 April 22, 2016 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.

(f) **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.

(g) **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 his 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 his 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 his 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 he remains a passive investor in such entity, (ii) so long as he 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 his voluntary resignation at his 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) his 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 (65%) for the remaining period of the Initial Term or (B) Executive's current annual Base Salary as provided herein plus Target Award incentive (65%) for one year; (ii) full vesting of all time restricted stock awarded at the commencement of employment (inducement award), 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) his 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 his 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 his 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.  
9320 Lakeside Boulevard, Suite 100  
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:**

Matthew S. Lanigan  
102 E. Bracebridge Circle  
The Woodlands, Texas 77382

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 distributees, 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 his 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/ Matthew S. Lanigan**  
**Matthew S. Lanigan**  
**(Executive)**

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

**Witness: /s/ Kerrie-Anne Lanigan**  
**Kerrie-Anne Lanigan**

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

**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 April 22, 2016 is made by Matthew S. Lanigan (“**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 his relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Mats and Integrated Services, Newpark Canada, and other affiliates (the “**Related Entities**” or referred to collectively with Newpark Resources as the “**Company**.”) he 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 he 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 he 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 his Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into his possession by or through his 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 his 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 he in connection with his 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 his termination ("**Restricted Term**"), he 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 his 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 he 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 he, 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 he had contact with, knowledge of, or association within the course of employment with the Company to discontinue his or his employment, and will not assist any other person or entity in such a solicitation.

8. **Non-Disparagement.** Executive covenants and agrees he 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, his 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 his 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 mat sales and rentals (site construction), and drilling and completion fluids and related businesses.

(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 his 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) he 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 his 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 :**

Matthew S. Lanigan  
102 E. Bracebridge Circle  
The Woodlands, Texas 77382

**If to the Company :**

9320 Lakeside Boulevard , 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/ Matthew S. Lanigan

**Matthew S. Lanigan**  
**(Executive)**

Signed: /s/ 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. Alabama        | 26.. Montana       |
| 2. Alaska         | 27. Nebraska       |
| 3. Arizona        | 28. Nevada         |
| 4. Arkansas       | 29. New Hampshire  |
| 5. California     | 30. New Jersey     |
| 6. Colorado       | 31. New Mexico     |
| 7. Connecticut    | 32. New York       |
| 8. Delaware       | 33. North Carolina |
| 9. Florida        | 34. North Dakota   |
| 10. Georgia       | 35. Ohio           |
| 11. Hawaii        | 36. Oklahoma       |
| 12. Idaho         | 37. Oregon         |
| 13. Illinois      | 38. Pennsylvania   |
| 14. Indiana       | 39. Rhode Island   |
| 15. Iowa          | 40. South Carolina |
| 16. Kansas        | 41. South Dakota   |
| 17. Kentucky      | 42. Tennessee      |
| 18. Louisiana     | 43. Texas          |
| 19. Maine         | 44. Utah           |
| 20. Maryland      | 45. Vermont        |
| 21. Massachusetts | 46. Virginia       |
| 22. Michigan      | 47. Washington     |
| 23. Minnesota     | 48. West Virginia  |
| 24. Mississippi   | 49. Wisconsin      |
| 25. Missouri      | 50. Wyoming        |

Other areas:

9. The Gulf of Mexico, or 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 April 22, 2016 is made by Matthew S. Lanigan (“**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 his relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Mats and Integrated Services, Newpark Canada, and other affiliates (the “**Related Entities**” or referred to collectively with Newpark Resources as the “**Company**”) he 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 he 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 he 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 his Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into his possession by or through his 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 his 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 he in connection with his 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 his termination or such lesser period of time as is the maximum amount permitted by law ("**Restricted Term**"), he 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 his 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 he 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 he, 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 he had contact with, knowledge of, or association within the course of employment with the Company to discontinue his or his employment, and will not assist any other person or entity in such a solicitation.

**8. Non-Disparagement.** Executive covenants and agrees he 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 his 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 mat sales and rentals (site construction), and drilling and completion fluids and related businesses.

(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 his 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) he 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 his 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 :**

Matthew S. Lanigan  
102 E. Bracebridge Circle  
The Woodlands, Texas 77382

**If to the Company :**

9320 Lakeside Boulevard, 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/ Matthew S. Lanigan  
Matthew S. Lanigan  
(Executive)

Signed: /s/ Paul L. Howes  
Paul L. Howes  
President & CEO  
Newpark Resources, Inc

## ATTACHMENT B-1 (Restricted Areas)

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

- |                   |                    |
|-------------------|--------------------|
| 1. Alabama        | 26.. Montana       |
| 2. Alaska         | 27. Nebraska       |
| 3. Arizona        | 28. Nevada         |
| 4. Arkansas       | 29. New Hampshire  |
| 5. California     | 30. New Jersey     |
| 6. Colorado       | 31. New Mexico     |
| 7. Connecticut    | 32. New York       |
| 8. Delaware       | 33. North Carolina |
| 9. Florida        | 34. North Dakota   |
| 10. Georgia       | 35. Ohio           |
| 11. Hawaii        | 36. Oklahoma       |
| 12. Idaho         | 37. Oregon         |
| 13. Illinois      | 38. Pennsylvania   |
| 14. Indiana       | 39. Rhode Island   |
| 15. Iowa          | 40. South Carolina |
| 16. Kansas        | 41. South Dakota   |
| 17. Kentucky      | 42. Tennessee      |
| 18. Louisiana     | 43. Texas          |
| 19. Maine         | 44. Utah           |
| 20. Maryland      | 45. Vermont        |
| 21. Massachusetts | 46. Virginia       |
| 22. Michigan      | 47. Washington     |
| 23. Minnesota     | 48. West Virginia  |
| 24. Mississippi   | 49. Wisconsin      |
| 25. Missouri      | 50. Wyoming        |

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. Panola       | 81. Upton      |
| 2. Aransas    | 22. Fayette   | 42. Kenedy      | 62. Pecos        | 82. Val Verde  |
| 3. Austin     | 23. Fort Bend | 43. Kleberg     | 63. Polk         | 83. Victoria   |
| 4. Bee        | 24. Freestone | 44. Lavaca      | 64. Reagan       | 84. Waller     |
| 5. Bienville  | 25. Gaines    | 45. Leon        | 65. Reeves       | 85. Washington |
| 6. Borden     | 26. Galveston | 46. Liberty     | 66. Robertson    | 86. Webb       |
| 7. Brazoria   | 27. Glasscock | 47. Limestone   | 67. Roosevelt    | 87. Wharton    |
| 8. Brazos     | 28. Goliad    | 48. Live Oak    | 68. Rusk         | 88. Winkler    |
| 9. Brooks     | 29. Gregg     | 49. Loving      | 69. San Patricio | 89. Yoakum     |
| 10. Burleson  | 30. Hardin    | 50. Lubbock     | 70. Schleicher   | 90. Zapata     |
| 11. Calhoun   | 31. Harris    | 51. Marion      | 71. Scurry       |                |
| 12. Cameron   | 32. Harrison  | 52. Matagorda   | 72. Shelby       |                |
| 13. Chambers  | 33. Hidalgo   | 53. McMullen    | 73. Snyder       |                |
| 14. Cochran   | 34. Hockley   | 54. Montgomery  | 74. Starr        |                |
| 15. Colorado  | 35. Houston   | 55. Motley      | 75. Sterling     |                |
| 16. Crane     | 36. Howard    | 56. Nacogdoches | 76. Terrell      |                |
| 17. Crockett  | 37. Jackson   | 57. Navarro     | 77. Terry        |                |
| 18. Culberson | 38. Jefferson | 58. Newton      | 78. Titus        |                |
| 19. Dewitt    | 39. Jim Hogg  | 59. Nueces      | 79. Tom Green    |                |
| 20. Duval     | 40. Jim Wells | 60. Orange      | 80. Upshur       |                |



April 22, 2016

Matthew S. Lanigan  
102 E. Bracebridge Circle  
The Woodlands, TX 77382

**PERSONAL AND  
CONFIDENTIAL**

Dear Matthew,

Newpark Resources, Inc., a Delaware corporation ("**Newpark**"), considers you a valuable executive, and the Board of Directors (the "**Board**") has authorized certain actions to reinforce and encourage your attention and dedication to your duties without distraction if **Newpark** should become the target of a hostile takeover attempt or enter into negotiations that could lead to a change in control of **Newpark**.

This letter (the "**Agreement**") sets forth the understanding between you and **Newpark** concerning the continuation of your employment in connection with a "**Change in Control**" or "**Potential Change in Control**" and the "**Termination Benefit**" you will receive if your employment with **Newpark** is "**Terminated**" by **Newpark** without "**Cause**" or by you for "**Good Reason**" during an "**Employment Period**," as those terms are defined in **Annex A** attached to this letter.

This **Agreement** is entered into with the understanding between you and **Newpark** that you will have knowledge or otherwise be notified of a **Change in Control** or **Potential Change in Control**, or the **Termination** thereof, at the time it occurs.

1. **Definitions.** Capitalized terms used in this **Agreement** are defined in **Annex A** attached hereto and hereby incorporated into this **Agreement** by reference and in Section 14 hereof.
2. **Consideration; Termination During Employment Period.**

2.1 Subject to the terms and conditions of this **Agreement**, you agree that you will not resign from **Newpark** during an **Employment Period** except for **Good Reason**.

2.2 **Newpark** shall pay you the **Termination Benefit** if (1) your employment with **Newpark** is **Terminated** by your resignation for **Good Reason** or (2) your employment with **Newpark** is **Terminated** by **Newpark** (i) not for **Cause**, (ii) by the independent exercise of **Newpark's** unilateral authority, (iii) not due to your implicit or explicit request, (iv) when you are both willing and able to continue the performance of your duties (and, without limiting the foregoing, therefore not by reason of your death or your failure to return to the full-time performance of your duties after the end of a **Disability Period**), and (v) such **Termination** otherwise constitutes an "involuntary separation from service" within the meaning of Section 409A of the **Code** and the regulations thereunder.

2.3 If your employment with **Newpark** is **Terminated** by **Newpark** during an **Employment Period** for **Cause**, **Newpark** shall give you written notice of **Termination** specifying the facts and circumstances constituting such **Cause**.

3. **Compensation Upon Termination or During Disability.**

3.1 During any **Disability Period** occurring during an **Employment Period**, you shall continue to receive your full base salary at the rate then in effect and on the dates and at the intervals as your base salary would be payable under **Newpark's** payroll practices at that time, unless and until your employment is **Terminated**.

3.2 If your employment is **Terminated** by **Newpark** for **Cause**, **Newpark** shall pay you your full base salary at the rate then in effect through the date of **Termination**, together with any severance pay, vacation pay and sick leave pay to which you are entitled in accordance with **Newpark** policy. Unless otherwise required under Paragraph 9, all of the amounts to which you are entitled under this Paragraph 3.2 shall be paid in a single lump sum payment made to you on or before the thirtieth day following the date of **Termination**. Neither this provision nor any payment made by **Newpark** in accordance herewith shall constitute waiver of **Newpark's** right to recover from you any damages caused by your conduct which constituted **Cause** for such **Termination** and any similar conduct.

3.3 If you become entitled to the **Termination Benefit** in accordance with Paragraph 2.2, you shall receive, in addition to the **Termination Benefit**, your full base salary at the rate then in effect through the date of **Termination**, plus a prorated annual bonus through the date of **Termination**. The **Termination Benefit** shall be in lieu of any severance pay, vacation pay and sick leave pay to which you would otherwise be entitled in accordance with **Newpark** policy. Unless otherwise required under Paragraph 9, all of the amounts to which you are entitled under this Paragraph 3.3 shall be paid in a single lump sum payment made to you on or before the thirtieth day following the date of **Termination**.

3.4 If you become entitled to the **Termination Benefit** in accordance with Paragraph 2.2, all unexpired stock options ("**Options**"), if any, granted to you prior to a **Change in Control** under any stock option plan of **Newpark** or otherwise, shall become exercisable in full on the day preceding the date of **Termination**, whether or not they would have been fully exercisable but for this provision, and shall remain exercisable during their original exercise period or for a period of three (3) years from the date of **Termination** whichever is the shorter, whether or not they would remain exercisable for such period but for this provision.

3.5 If you become entitled to the **Termination Benefit** in accordance with Paragraph 2.2, all unvested shares of restricted stock and all deferred compensation amounts, including restricted stock or deferred compensation subject to vesting based on time or achieving performance criteria, if any, granted or awarded to you prior to a **Change in Control** under any stock plan or deferred compensation plan of **Newpark** or otherwise, shall become vested in full on the day preceding the date of **Termination** and all restrictions thereon shall lapse, whether or not they would have been vested in full but for this provision. **Newpark** shall promptly deliver all such shares to you, and all such deferred compensation shall be paid to you in a lump sum on the date of **Termination**.

3.6 If you become entitled to the **Termination Benefit** in accordance with Paragraph 2.2, **Newpark** shall continue to provide you and your eligible family members, based on the cost sharing arrangement between you and **Newpark** on the date of **Termination**, with life insurance, medical and dental health benefits and **Disability** coverage and benefits at least equal to those which would have been provided to you if your employment had not **Terminated** for a period of **24** months. Notwithstanding the foregoing, if you become re-employed and are eligible to receive life insurance, medical and dental health benefits and **Disability** coverage and benefits under another employer's plans, **Newpark's** obligations under this paragraph shall be reduced to the extent of any such coverage and benefits. You agree to promptly report any such coverage and benefits to **Newpark**. If you are ineligible under the terms of **Newpark's** benefit

plans or programs to continue to be so covered, **Newpark** shall provide you with substantially equivalent coverage through other sources or will reimburse you for the cost of obtaining such coverage and benefits.

3.7 If you become entitled to the **Termination Benefit** in accordance with Paragraph 2.2, **Newpark** shall provide you with outplacement services, payable by **Newpark**, with an aggregate cost not to exceed **\$10,000** with an executive outplacement service firm reasonably acceptable to you and **Newpark**.

3.8 Except as provided in Paragraph 3.6, you shall not be required to mitigate the amount of any **Termination Benefit** by seeking other employment or otherwise, nor shall the amount of any **Termination Benefit** be reduced by any compensation earned by you as the result of employment by another employer, or otherwise.

3.9 Except as expressly provided otherwise herein, none of the provisions of this **Agreement** is intended to curtail or limit in any way any contractual rights which you may have under any plan in which you are eligible to participate or under any agreement binding on **Newpark** to which you are a party, and all such contractual rights shall survive the execution of this **Agreement** and any **Change in Control**. The **Termination Benefit** shall not be considered compensation for any benefit calculation or other purpose under any retirement plan or other benefit plan maintained by **Newpark**.

4. **Successors; Binding Agreement.** This **Agreement** shall be binding on and inure to the benefit of **Newpark** and any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of **Newpark**. This **Agreement** shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

5. **Termination of Agreement.** For Officers with Employment Agreements this contract may only be **Terminated** in accordance with the provisions of that agreement. For other employees, **Newpark** may **Terminate** this **Agreement** effective at any time, by notice to you, if no **Change in Control** has occurred prior to the giving of such notice, and no **Potential Change in Control** then exists. Once **Terminated**, this **Agreement** shall have no further force or effect.

6. **Notices.** All notices and all other communications provided for in the **Agreement** shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this **Agreement**, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt. Notices to **Newpark** shall be directed to the attention of the Secretary of **Newpark**.

7. **Amendments; Waivers.** No provision or term of this **Agreement** may be supplemented, amended, modified, waived or **Terminated** except in a writing duly executed by all parties intended to be bound thereby. No waiver of any of the provisions of this **Agreement** shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Failure of a party to insist on strict compliance with any of the terms and conditions of this **Agreement** shall not be deemed a waiver of any such terms and conditions.

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

9. **Section 409A.**

9.1 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**).

9.2 For purposes of Section 409A of the **Code** (including, but not limited to, to application of the exceptions for short-term deferrals and for “separation pay only upon an 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.

9.3 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 will not affect the amount of expenses eligible for reimbursement in any other 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.

9.4 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.

10. **No Guarantee of Tax Treatment.** The **Company** makes no representation or warranty, and undertakes no covenant, regarding any federal, state or local tax treatment of amounts or matters subject to this **Agreement** or any federal, state or local tax treatment applicable to or inapplicable to **Executive**.

11. **Entire Agreement.** This **Agreement**, including **Annex A**, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all previous agreements, whether written or oral, relating to the same subject matter. All such previous agreements between the parties hereto are hereby **Terminated** and shall have no further force or effect.

12. **Attorneys’ Fees.** In any litigation relating to this **Agreement**, including litigation with respect to any instrument, document or agreement made under or in connection with this **Agreement**, the prevailing party shall be entitled to recover its costs and reasonable attorneys’ fees.

13. **Choice of Law.** The validity, interpretation, construction and performance of this **Agreement** shall be governed by the laws of the State of Delaware.

Your rights hereunder shall terminate if the **Change in Control Agreement** amended hereby is terminated in accordance with the provisions of such **Change in Control Agreement**.

If this letter correctly sets forth our understanding on the subject matter hereof, kindly sign and return to **Newpark** the enclosed copy of this letter, which will then constitute our **Agreement** on this subject.

Very truly yours,

**NEWPARK RESOURCES, INC.**

By /s/ Paul L. Howes

Paul L. Howes

President and CEO

Agreed to this 22nd day of April, 2016

/s/ Matthew S. Lanigan

MATTHEW S. LANIGAN

**ANNEX A TO LETTER AGREEMENT  
DATED APRIL 22, 2016**

The following terms used herein and in letter agreement (the “**Agreement**”) dated April 22, 2016, between Newport Resources, Inc., and Matthew S. Lanigan (“**Executive**”) shall have the following meanings:

“**Cause**”, when used with reference to **Termination** of the employment of **Executive** by **Newpark** for “**Cause**”, shall mean:

- a) **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 dishonesty, willful misconduct or material neglect by **Executive** of his obligations under this **Agreement** that results in material injury to the **Company**;
- b) appropriation (or an overt act attempting appropriation) of a material business opportunity of the **Company**;
- c) theft, embezzlement or other similar misappropriation of funds or property of the **Company** by **Executive**;
- d) the failure of **Executive** to follow the reasonable and lawful written instructions or policy of **Newpark** 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

A “**Change of Control**” shall be deemed to occur if: (i) a “**Takeover Transaction**” (as defined below) occurs; or (ii) any election of directors of **Newpark** takes place (whether by the directors then in office or by the stockholders at a meeting or by written consent) and a majority of the directors in the office following such election are individuals who were not nominated by a vote of two-thirds of the members of the **Board of Directors** or its nominating committee immediately preceding such election; or (iii) **Newpark** effectuates a complete liquidation or a sale or disposition of all or substantially all of its assets unless immediately following any such sale or disposition of all or substantially all of its assets the individuals who were members of the **Board of Directors** of **Newpark** immediately prior to such transaction continue to constitute a majority of the **Board of Directors** or other governing body of the surviving corporation or entity (or, in the case of an acquisition involving a holding company, constitute a majority of the **Board of Directors** or other governing body of the holding company) for a period of not less than twelve (12) months following the closing of such transaction. A “**Takeover Transaction**” shall mean (i) a merger or consolidation of **Newpark** with, or an acquisition by **Newpark** of the equity interests or all or substantially all of the assets of, any other corporation or entity, other than a merger, consolidation or acquisition in which the individuals who were members of the **Board of Directors** of **Newpark** immediately prior to such transaction continue to constitute a majority of the **Board of Directors** or other governing body of the surviving corporation or entity (or, in the case of an acquisition involving a holding company, constitute a majority of the **Board of Directors** or other governing body of the holding company) for a period of not less than twelve (12) months following the closing of such transaction, or (ii) one or more occurrences or events as a result of which any individual, entity or group (as such term is used in Section 13(d)(3) or Section 14(d)(2) of the **Exchange Act**) becomes the “**beneficial owner**” (as such term is defined in Rule 13d-3 under the **Exchange Act**),

directly or indirectly, of thirty percent (30%) or more of the combined voting power of **Newpark**'s then outstanding securities.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Company**” or “**Newpark**” shall mean Newpark Resource, Inc., and its consolidated subsidiaries and any successor to its business and/or assets which assumes or becomes subject to this **Agreement** by operation of law or otherwise.

“**Disability**” shall mean Executive's full-time absence from his duties with **Newpark**, as a result of incapacity due to physical or mental illness.

“**Disability Period**” shall mean a leave of absence for **Disability** for a period of not more than six (6) months commencing on the first day of a **Disability** occurring during the **Employment Period**.

“**Employment Period**” shall mean a period (a) commencing when a **Potential Change in Control** occurs or, if no **Potential Change in Control** has occurred with respect to a **Change in Control**, when such **Change in Control** occurs, and (b) ending two years after such **Change in Control** occurred. If the event or agreement that gives rise to a **Potential Change in Control** **Terminates** or is **Terminated** without the **Change in Control** contemplated thereby having occurred, the **Employment Period** shall **Terminate** upon **Termination** of such event or agreement; however, a new **Employment Period** shall commence under the same conditions upon any subsequent **Potential Change in Control** or **Change in Control**.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Good Reason**” shall mean any one or more of the following occurring (i) during the **Employment Period**, (ii) without Executive's express written consent, (iii) for the first time within 45 days prior to the Executive's written notice to the Company objecting to the condition or occurrence and remaining uncured by the Company for at least 30 days after such notice, and (iv) within 90 days prior to Executive's resignation as a result thereof:

a) the **Company** adversely changes Executive's title or changes in any material respect the responsibilities, authority or status of Executive 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**;

b) the diminution of the Executive's salary, incentive and or a material diminution of the Executive's benefits **Newpark**'s requiring Executive to be based anywhere outside a 50 mile radius from the **Newpark** office at which Executive had been based prior to the **Change in Control** or **Potential Change in Control**, or a 50 mile radius from his present residence, whichever is farther, except for required travel on **Newpark**'s business to an extent substantially consistent with Executive's present business travel obligations; or

c) the failure of the **Company** to obtain the assumption of this **Agreement** or other existing employment agreement by any successor or assignee of the **Company**.

A “**Potential Change in Control**” shall be deemed to have occurred on the date that (a) **Newpark** first has actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the **Exchange Act**) has become the beneficial owner (as defined in Rule 13(d)-3 under the **Exchange Act**), directly or indirectly, or has initiated an offer which has not expired and which, if accepted by holders of a sufficient number of **Newpark**’s then outstanding securities, would result in such person’s becoming the beneficial owner, directly or indirectly, of securities of **Newpark** representing thirty percent (30%) or more of the combined voting power of **Newpark**’s then outstanding securities, or (b) **Newpark** enters into an agreement (including a letter of intent) the consummation of which would result in a **Change in Control**.

“**Start Date**” shall mean the first day of an **Employment Period**.

“**Terminate**” and “**Termination**” and all variants of the foregoing shall mean and refer to the termination of **Executive**’s employment with the **Company**, other than by reason of death, that constitutes a “separation from service” within the meaning of Section 409A of the **Code** and the regulations thereunder.

“**Termination Benefit**” shall mean the amount determined in accordance with subsection (a) below. If Executive is entitled to a **Termination Benefit**, it shall be paid to Executive no later than the 60th day following the date on which his employment **Terminates**. The **Termination Benefit** shall be an amount equal to (i) 2 times Executive’s annual base salary for the fiscal year of **Newpark** immediately preceding the fiscal year in which the **Start Date** occurs plus (ii) 2 times the higher of: a) the highest bonus actually received by the Executive under the 2010 Annual Cash Incentive Plan (or its predecessor plan) of **Newpark** in the two years immediately preceding the fiscal year of **Newpark** in which the **Start Date** occurs; or b) the “**Target Award Opportunity**” to which Executive would be entitled under the 2010 Annual Cash Incentive Plan of **Newpark** for the fiscal year of **Newpark** immediately preceding the fiscal year in which the **Start Date** occurs.



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

I, Paul L. Howes, certify that:

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

Date: July 29, 2016

/s/ Paul L. Howes

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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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's boards of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2016

/s/ Gregg S. Piontek

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Gregg S. Piontek

Vice President and Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2016, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul L. Howes, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: July 29, 2016

/s/ Paul L. Howes

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Paul L. Howes

President and Chief Executive Officer

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

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2016, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg S. Piontek, Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: July 29, 2016

/s/ Gregg S. Piontek

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Gregg S. Piontek

Vice President and Chief Financial Officer

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

As required by the reporting requirements regarding mine safety in Section 1503 of the Dodd-Frank Act and the SEC’s final rules promulgated thereunder, the table below presents the following information for the three months ended June 30, 2016 for each of the specialized facilities operated by our subsidiary:

- (a) The total number of Mine Act Section 104 significant and substantial citations received, which are for alleged violations of a mining safety standard or regulation where there exists a reasonable likelihood that the hazard could result in an injury or illness of a reasonably serious nature;
- (b) The total number of Mine Act Section 104(b) orders received, which are for an alleged failure to totally abate the subject matter of a Mine Act Section 104(a) citation within the period specified in the citation;
- (c) The total number of Mine Act Section 104(d) citations and orders received, which are for an alleged unwarrantable failure to comply with a mining safety standard or regulation;
- (d) The total number of flagrant violations under Section 110(b)(2) of the Mine Act received;
- (e) The total number of imminent danger orders issued under Section 107(a) of the Mine Act;
- (f) The total dollar value of proposed assessments from MSHA under the Mine Act;
- (g) The total number of mining-related fatalities;
- (h) Mine Act Section 104(e) written notices for an alleged pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of a coal mine health or safety hazard, or the potential to have such a pattern; and
- (i) The total number of pending legal actions before the Federal Mine Safety and Health Review Commission as required by Section 1503(a)(3) of the Dodd-Frank Act. The number of legal actions pending as of June 30, 2016 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 June 30, 2016**

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

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