

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

Form 10-Q

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

For the quarterly period ended March 31, 2019

or

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

For the transition period from _____ to _____

Commission File Number: 001-02960



Newpark 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

Yes No

As of April 24, 2019, a total of 90,505,971 shares of common stock, \$0.01 par value per share, were outstanding.

NEWPARK RESOURCES, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED
MARCH 31, 2019

<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	<u>2</u>
<u>ITEM 1.</u>	<u>Financial Statements</u>	<u>2</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Operations</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Stockholders' Equity</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>6</u>
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>ITEM 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>15</u>
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>23</u>
<u>ITEM 4.</u>	<u>Controls and Procedures</u>	<u>23</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	<u>24</u>
<u>ITEM 1.</u>	<u>Legal Proceedings</u>	<u>24</u>
<u>ITEM 1A.</u>	<u>Risk Factors</u>	<u>24</u>
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>24</u>
<u>ITEM 3.</u>	<u>Defaults Upon Senior Securities</u>	<u>24</u>
<u>ITEM 4.</u>	<u>Mine Safety Disclosures</u>	<u>24</u>
<u>ITEM 5.</u>	<u>Other Information</u>	<u>24</u>
<u>ITEM 6.</u>	<u>Exhibits</u>	<u>25</u>
	<u>Signatures</u>	<u>26</u>

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. Words such as "will," "may," "could," "would," "should," "anticipates," "believes," "estimates," "expects," "plans," "intends," and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties, contingencies, and other factors, some of which are beyond our control, are difficult to predict and could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, these statements.

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

For further information regarding these and other factors, risks, and uncertainties that could cause actual results to differ, we refer you to the risk factors set forth in Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018.

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

(In thousands, except share data)	March 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 54,486	\$ 56,118
Receivables, net	250,053	254,394
Inventories	186,495	196,896
Prepaid expenses and other current assets	15,535	15,904
Total current assets	506,569	523,312
Property, plant and equipment, net	319,465	316,293
Operating lease assets	27,653	—
Goodwill	43,949	43,832
Other intangible assets, net	24,216	25,160
Deferred tax assets	4,712	4,516
Other assets	3,534	2,741
Total assets	\$ 930,098	\$ 915,854
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current debt	\$ 1,955	\$ 2,522
Accounts payable	72,355	90,607
Accrued liabilities	39,443	48,797
Total current liabilities	113,753	141,926
Long-term debt, less current portion	179,604	159,225
Noncurrent operating lease liabilities	21,577	—
Deferred tax liabilities	37,391	37,486
Other noncurrent liabilities	7,985	7,536
Total liabilities	360,310	346,173
Commitments and contingencies (Note 9)		
Common stock, \$0.01 par value (200,000,000 shares authorized and 106,425,568 and 106,362,991 shares issued, respectively)	1,064	1,064
Paid-in capital	622,554	617,276
Accumulated other comprehensive loss	(69,594)	(67,673)
Retained earnings	150,084	148,802
Treasury stock, at cost (16,128,867 and 15,530,952 shares, respectively)	(134,320)	(129,788)
Total stockholders' equity	569,788	569,681
Total liabilities and stockholders' equity	\$ 930,098	\$ 915,854

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

**Three Months Ended
March 31,**

(In thousands, except per share data)	2019	2018
Revenues	\$ 211,473	\$ 227,293
Cost of revenues	174,976	186,455
Selling, general and administrative expenses	30,742	26,954
Other operating loss, net	76	46
Operating income	<u>5,679</u>	<u>13,838</u>
Foreign currency exchange (gain) loss	(1,062)	225
Interest expense, net	3,656	3,300
Income before income taxes	<u>3,085</u>	<u>10,313</u>
Provision for income taxes	1,803	3,091
Net income	<u>\$ 1,282</u>	<u>\$ 7,222</u>
Net income per common share - basic:	\$ 0.01	\$ 0.08
Net income per common share - diluted:	\$ 0.01	\$ 0.08

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands)	Three Months Ended	
	March 31,	
	2019	2018
Net income	\$ 1,282	\$ 7,222
Foreign currency translation adjustments (net of tax benefit (expense) of \$70 and \$(499))	(1,921)	(666)
Comprehensive income (loss)	<u>\$ (639)</u>	<u>\$ 6,556</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, 2017	\$ 1,046	\$ 603,849	\$ (53,219)	\$ 123,375	\$ (127,571)	\$ 547,480
Cumulative effect of accounting changes	—	—	—	(6,764)	—	(6,764)
Net income	—	—	—	7,222	—	7,222
Employee stock options, restricted stock and employee stock purchase plan	—	353	—	(90)	391	654
Stock-based compensation expense	—	2,289	—	—	—	2,289
Foreign currency translation, net of tax	—	—	(666)	—	—	(666)
Balance at March 31, 2018	<u>\$ 1,046</u>	<u>\$ 606,491</u>	<u>\$ (53,885)</u>	<u>\$ 123,743</u>	<u>\$ (127,180)</u>	<u>\$ 550,215</u>
Balance at December 31, 2018	\$ 1,064	\$ 617,276	\$ (67,673)	\$ 148,802	\$ (129,788)	\$ 569,681
Net income	—	—	—	1,282	—	1,282
Employee stock options, restricted stock and employee stock purchase plan	—	309	—	—	481	790
Stock-based compensation expense	—	4,969	—	—	—	4,969
Treasury shares purchased at cost	—	—	—	—	(5,013)	(5,013)
Foreign currency translation, net of tax	—	—	(1,921)	—	—	(1,921)
Balance at March 31, 2019	<u>\$ 1,064</u>	<u>\$ 622,554</u>	<u>\$ (69,594)</u>	<u>\$ 150,084</u>	<u>\$ (134,320)</u>	<u>\$ 569,788</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

(In thousands)	Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 1,282	\$ 7,222
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	11,438	11,271
Stock-based compensation expense	4,969	2,289
Provision for deferred income taxes	(438)	381
Net provision for doubtful accounts	386	341
Gain on sale of assets	(2,339)	(383)
Amortization of original issue discount and debt issuance costs	1,481	1,309
Change in assets and liabilities:		
(Increase) decrease in receivables	5,300	(5,928)
(Increase) decrease in inventories	10,139	(17,841)
(Increase) decrease in other assets	(273)	129
Increase (decrease) in accounts payable	(15,149)	18,511
Decrease in accrued liabilities and other	(14,527)	(17,168)
Net cash provided by operating activities	2,269	133
Cash flows from investing activities:		
Capital expenditures	(17,467)	(10,696)
Proceeds from sale of property, plant and equipment	1,771	575
Refund of proceeds from sale of a business	—	(13,974)
Net cash used in investing activities	(15,696)	(24,095)
Cash flows from financing activities:		
Borrowings on lines of credit	80,656	107,156
Payments on lines of credit	(61,524)	(81,224)
Debt issuance costs	(927)	—
Proceeds from employee stock plans	330	353
Purchases of treasury stock	(5,013)	(42)
Other financing activities	(1,169)	(545)
Net cash provided by financing activities	12,353	25,698
Effect of exchange rate changes on cash	(581)	812
Net increase (decrease) in cash, cash equivalents, and restricted cash	(1,655)	2,548
Cash, cash equivalents, and restricted cash at beginning of period	64,266	65,460
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 62,611</u>	<u>\$ 68,008</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

NEWPARK RESOURCES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Newpark Resources, Inc. and our wholly-owned subsidiaries, which we collectively refer to as “we,” “our,” or “us,” have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission (“SEC”), and do not include all information and footnotes required by the accounting principles generally accepted in the United States (“U.S. GAAP”) for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018. Our fiscal year end is December 31 and our first quarter represents the three-month period ended March 31. The results of operations for the first quarter of 2019 are not necessarily indicative of the results to be expected for the entire year. Unless otherwise noted, all currency amounts are stated in U.S. dollars.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of March 31, 2019 and our results of operations and cash flows for the first quarter of 2019 and 2018. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2018 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, 2018.

New Accounting Pronouncements

Standards Adopted in 2019

Leases. In February 2016, the Financial Accounting Standards Board (“FASB”) amended the guidance related to the accounting for leases. The new guidance provides principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to recognize both assets and liabilities arising from finance and operating leases. The classification as either a finance 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.

We adopted this new guidance as of January 1, 2019 using the modified retrospective transition method, and recorded approximately \$28 million of operating lease assets and liabilities as of January 1, 2019, with no cumulative effect adjustment to retained earnings. The new guidance had no impact on our consolidated statements of operations or cash flows. Results for reporting periods beginning after December 31, 2018 are presented under the new guidance, while prior period amounts were not adjusted and continue to be reported in accordance with previous guidance.

As permitted under the transition guidance within the new standard, we elected to carry forward the historical lease identification and classification for existing leases upon adoption. We have also made an accounting policy election to not recognize leases with an initial term of 12 months or less in the consolidated balance sheets. See Note 8 for additional required disclosures.

Standards Not Yet Adopted

Credit Losses. In June 2016, the FASB issued new guidance which requires financial assets measured at amortized cost basis, including trade receivables, to be presented at the net amount expected to be collected. The new guidance requires an entity to estimate its lifetime “expected credit loss” for such assets at inception which will generally result in the earlier recognition of allowances for losses. This guidance is effective for us in the first quarter of 2020 with early adoption permitted, and will be applied using a modified retrospective transition method through a cumulative-effect adjustment, if any, to retained earnings as of the date of adoption. We are currently evaluating the impact of the new guidance on our consolidated financial statements and related disclosures.

Note 2 – Earnings Per Share

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

(In thousands, except per share data)	First Quarter	
	2019	2018
Numerator		
Net income - basic and diluted	\$ 1,282	\$ 7,222
Denominator		
Weighted average common shares outstanding - basic	90,111	89,094
Dilutive effect of stock options and restricted stock awards	2,267	2,637
Dilutive effect of 2021 Convertible Notes	—	—
Weighted average common shares outstanding - diluted	92,378	91,731
Net income per common share		
Basic	\$ 0.01	\$ 0.08
Diluted	\$ 0.01	\$ 0.08

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

(In thousands)	First Quarter	
	2019	2018
Stock options and restricted stock awards	1,712	1,654

The 2021 Convertible Notes (as defined in Note 7) only impact the calculation of diluted net income per share in periods that the average price of our common stock, as calculated in accordance with the terms of the indenture governing the 2021 Convertible Notes, exceeds the conversion price of \$9.33 per share. We have the option to pay cash, issue shares of common stock, or any combination thereof for the aggregate amount due upon conversion of the 2021 Convertible Notes as further described in Note 7. If converted, we currently intend to settle the principal amount of the notes in cash and as a result, only the amounts payable in excess of the principal amount of the notes, if any, are assumed to be settled with shares of common stock for purposes of computing diluted net income per share.

Note 3 – Repurchase Program

In November 2018, our Board of Directors authorized changes to our existing securities repurchase program, which it first authorized in 2013. The authorization increased the amount under the repurchase program to \$100 million, available for repurchases of any combination of our common stock and our 2021 Convertible Notes. The repurchase program has no specific term. Repurchases are expected to be funded from operating cash flows and available cash on hand. As part of the share repurchase program, our management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934.

In January 2019, we repurchased an aggregate of 655,666 shares of our common stock under our Board authorized repurchase program for a total cost of \$5.0 million. There were no shares repurchased under the program during the first quarter of 2018. As of March 31, 2019, we had \$95.0 million of authorization remaining under the program.

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

In February 2019, the Compensation Committee of our Board of Directors (“Compensation Committee”) modified our retirement policy applicable to cash and equity awards granted to include our Chief Executive Officer and those officers who report to our Chief Executive Officer, whom were previously excluded from the retirement policy. In addition, the Compensation Committee also modified the retirement policy for certain vested stock options that remain outstanding to extend the exercise period available following the qualifying retirement of eligible employees. As a result of these modifications, we recognized a pretax charge of approximately \$4.0 million in the first quarter of 2019. This charge primarily reflects the acceleration of expense, as well as the incremental value associated with modifications to extend the exercise period of outstanding options, for previously-granted awards for retirement eligible executive officers.

Note 5 – Receivables

Receivables consisted of the following:

(In thousands)	March 31, 2019	December 31, 2018
Trade receivables:		
Gross trade receivables	\$ 242,483	\$ 248,176
Allowance for doubtful accounts	(9,559)	(10,034)
Net trade receivables	232,924	238,142
Income tax receivables	9,549	9,027
Other receivables	7,580	7,225
Total receivables, net	\$ 250,053	\$ 254,394

Other receivables included \$6.6 million and \$6.3 million for value added, goods and service taxes related to foreign jurisdictions as of March 31, 2019 and December 31, 2018, respectively.

Note 6 – Inventories

Inventories consisted of the following:

(In thousands)	March 31, 2019	December 31, 2018
Raw materials:		
Fluids systems	\$ 139,591	\$ 148,737
Mats and integrated services	6,672	1,485
Total raw materials	146,263	150,222
Blended fluids systems components	36,155	38,088
Finished goods - mats	4,077	8,586
Total inventories	\$ 186,495	\$ 196,896

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

Note 7 – Financing Arrangements and Fair Value of Financial Instruments

Financing arrangements consisted of the following:

(In thousands)	March 31, 2019			December 31, 2018		
	Principal Amount	Unamortized Discount and Debt Issuance Costs	Total Debt	Principal Amount	Unamortized Discount and Debt Issuance Costs	Total Debt
2021 Convertible Notes	\$ 100,000	\$ (16,437)	\$ 83,563	\$ 100,000	\$ (17,752)	\$ 82,248
ABL Facility	95,000	—	95,000	76,300	—	76,300
Other debt	2,996	—	2,996	3,199	—	3,199
Total debt	197,996	(16,437)	181,559	179,499	(17,752)	161,747
Less: current portion	(1,955)	—	(1,955)	(2,522)	—	(2,522)
Long-term debt	\$ 196,041	\$ (16,437)	\$ 179,604	\$ 176,977	\$ (17,752)	\$ 159,225

2021 Convertible Notes. In December 2016, we issued \$100.0 million of unsecured convertible senior notes (“2021 Convertible Notes”) that mature on December 1, 2021, unless earlier converted by the holders pursuant to the terms of the notes. The notes bear interest at a rate of 4.0% per year, payable semiannually in arrears on June 1 and December 1 of each year.

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

- during any calendar quarter commencing after the calendar quarter ending on March 31, 2017 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (regardless of whether consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the notes in effect on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of notes for each trading day was less than 98% of the last reported sale price of our common stock on such date multiplied by the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events, as described in the indenture governing the notes, such as a consolidation, merger, or share exchange.

On or after June 1, 2021 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of whether any of the foregoing conditions have been satisfied. As of April 24, 2019, the notes were not convertible.

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

In accordance with accounting guidance for convertible debt with a cash conversion option, we separately accounted for the debt and equity components of the notes in a manner that reflected our estimated nonconvertible debt borrowing rate. As of March 31, 2019, the carrying amount of the debt component was \$83.6 million, which is net of the unamortized debt discount and issuance costs of \$14.7 million and \$1.7 million, respectively. Including the impact of the debt discount and related deferred debt issuance costs, the effective interest rate on the notes is approximately 11.3%.

Asset-Based Loan Facility. In May 2016, we entered into an asset-based revolving credit agreement which replaced our previous credit agreement. In October 2017, we entered into an Amended and Restated Credit Agreement and in March 2019, we entered into a First Amendment to Amended and Restated Credit Agreement (as amended, the “ABL Facility”). The March 2019 amendment increased the amount available for borrowings, reduced applicable borrowing rates, and extended the term. The ABL Facility provides financing of up to \$200.0 million available for borrowings (inclusive of letters of credit) and can be increased up to a maximum capacity of \$275.0 million, subject to certain conditions. As of March 31, 2019, our total availability under the ABL Facility was \$174.7 million, of which \$95.0 million was drawn, resulting in remaining availability of \$79.7 million.

The ABL Facility terminates in March 2024; however, the ABL Facility has a springing maturity date that will accelerate the maturity of the ABL Facility to September 1, 2021 if, prior to such date, the 2021 Convertible Notes have not been repurchased, redeemed, refinanced, exchanged or otherwise satisfied in full or we have not escrowed an amount of funds, that together with

the amount that we establish as a reserve against our borrowing capacity, is sufficient for the future settlement of the 2021 Convertible Notes at their maturity. The ABL Facility requires compliance with a minimum fixed charge coverage ratio and minimum unused availability of \$25.0 million to utilize borrowings or assignment of availability under the ABL Facility towards funding the repayment of the 2021 Convertible Notes.

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

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. and (c) LIBOR, subject to a floor of zero, plus 100 basis points, plus, in each case, an applicable margin per annum. The applicable margin ranges from 150 to 200 basis points for LIBOR borrowings, and 50 to 100 basis points for base rate borrowings, based on the consolidated fixed charge coverage ratio as defined in the ABL Facility. As of March 31, 2019, the applicable margin for borrowings under our ABL Facility was 150 basis points with respect to LIBOR borrowings and 50 basis points with respect to base rate borrowings. The weighted average interest rate for the ABL Facility was 4.2% at March 31, 2019. In addition, we are required to pay a commitment fee on the unused portion of the ABL Facility ranging from 25 to 37.5 basis points, based on the level of outstanding borrowings, as defined in the ABL Facility. The applicable commitment fee as of March 31, 2019 was 37.5 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. The ABL Facility also requires compliance with a fixed charge coverage ratio if availability under the ABL Facility falls below \$22.5 million. In addition, the ABL Facility contains customary events of default, including, without limitation, a failure to make payments under the facility, acceleration of more than \$25.0 million of other indebtedness, certain bankruptcy events and certain change of control events.

Other Debt. Our foreign subsidiaries in Italy, India, and Canada maintain local credit arrangements consisting primarily of lines of credit 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. We had \$1.6 million and \$1.1 million outstanding under these arrangements at March 31, 2019 and December 31, 2018, respectively.

At March 31, 2019, we had letters of credit issued and outstanding of \$5.7 million that are collateralized by \$6.2 million in restricted cash. Additionally, our foreign operations had \$38.1 million outstanding in letters of credit and other guarantees, primarily issued under a credit arrangement in Italy as well as certain letters of credit that are collateralized by \$2.0 million in restricted cash.

Our financial instruments include cash and cash equivalents, receivables, payables, and debt. We believe the carrying values of these instruments, with the exception of our 2021 Convertible Notes, approximated their fair values at March 31, 2019 and December 31, 2018. The estimated fair value of our 2021 Convertible Notes was \$121.0 million at March 31, 2019 and \$120.9 million at December 31, 2018, based on quoted market prices at these respective dates.

Note 8 – Leases

We lease certain office space, manufacturing facilities, warehouses, land, and equipment. Our leases have remaining terms ranging from 1 to 9 years with various extension and termination options. We consider these options in determining the lease term used to establish our operating lease assets and liabilities. Lease agreements with lease and non-lease components are accounted for as a single lease component. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Leases consisted of the following:

(In thousands)	Balance Sheet Classification	March 31, 2019
Assets:		
Operating	Operating lease assets	\$ 27,653
Finance	Property, plant and equipment, net	1,405
Total lease assets		<u>\$ 29,058</u>
Liabilities:		
Current:		
Operating	Accrued liabilities	\$ 6,964
Finance	Current debt	272
Noncurrent:		
Operating	Noncurrent operating lease liabilities	\$ 21,577
Finance	Long-term debt, less current portion	1,041
Total lease liabilities		<u>\$ 29,854</u>

Total operating lease expenses were \$7.1 million for the first quarter of 2019, of which \$4.6 million related to short-term leases and \$2.5 million related to leases recognized on the balance sheet, which approximates cash paid during the period. Amortization and interest for finance leases are not material. Operating lease expenses and amortization of leased assets for finance leases are included in either cost of revenues or selling, general and administrative expenses. Interest for finance leases is included in interest expense, net.

The maturity of lease liabilities as of March 31, 2019 is as follows:

(In thousands)	Operating Leases	Finance Leases	Total
2019 (remainder of year)	\$ 6,424	\$ 245	\$ 6,669
2020	5,676	327	6,003
2021	4,501	327	4,828
2022	3,699	326	4,025
2023	3,062	219	3,281
Thereafter	9,424	—	9,424
Total lease payments	<u>32,786</u>	<u>1,444</u>	<u>34,230</u>
Less: Interest	4,245	131	4,376
Present value of lease liabilities	<u>\$ 28,541</u>	<u>\$ 1,313</u>	<u>\$ 29,854</u>

During the first quarter of 2019, we entered into \$1.4 million of new operating lease liabilities in exchange for leased assets.

Lease Term and Discount Rate	March 31, 2019
Weighted-average remaining lease term (years)	
Operating leases	6.6
Finance leases	4.4
Weighted-average discount rate	
Operating leases	4.3%
Finance leases	4.6%

Note 9 – Commitments and Contingencies

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state, and local levels. While the outcome of litigation or other proceedings against us cannot be predicted with certainty, management does not consider it reasonably possible that a loss resulting from such litigation or other proceedings, in excess of any amounts accrued or covered by insurance, has been incurred that is expected to have a material adverse impact on our consolidated financial statements.

Kenedy, Texas Drilling Fluids Facility Fire

In July 2018, a fire occurred at our Kenedy, Texas drilling fluids facility, destroying the distribution warehouse, including inventory and surrounding equipment. In addition, nearby residences and businesses were evacuated as part of the response to the fire. In order to avoid any customer service disruptions, we implemented contingency plans to supply products from alternate facilities in the area and region. During the third quarter of 2018, we received a petition filed on behalf of 23 plaintiffs seeking a total of \$1.5 million for alleged bodily injuries and property damage claimed to have been incurred as a result of the fire and the subsequent efforts we undertook to remediate any potential smoke damage. In December 2018, the plaintiffs' counsel filed an amended petition that increased the number of plaintiffs to 39 and also seeks punitive damages. While no trial date has been set for the matter at this time, we have been advised by our insurer that these claims are insured under our general liability insurance program. While this event and related claims are covered by our property, business interruption, and general liability insurance programs, these programs contain self-insured retentions, which remain our financial obligations.

During 2018, we incurred fire-related costs of \$4.8 million, which included \$1.9 million for inventory and property, plant and equipment, \$2.1 million in property-related cleanup and other costs, and \$0.8 million relating to our self-insured retention for third-party claims. Based on the provisions of our insurance policies and initial insurance claims filed, we estimated \$4.0 million in expected insurance recoveries and recognized a charge of \$0.8 million in other operating (income) loss, net, in the third quarter of 2018. The insurance receivable balance included in other receivables was \$0.6 million as of March 31, 2019, and December 31, 2018. As of March 31, 2019, the claims related to the fire under our property, business interruption, and general liability insurance programs have not been finalized.

Note 10 – Supplemental Disclosures to the Statements of Cash Flows

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

(In thousands)	First Quarter	
	2019	2018
Cash paid for:		
Income taxes (net of refunds)	\$ 3,868	\$ 4,073
Interest	\$ 1,514	\$ 895

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

(In thousands)	March 31, 2019	December 31, 2018
	Cash and cash equivalents	\$ 54,486
Restricted cash (included in other current assets)	8,125	8,148
Cash, cash equivalents, and restricted cash	\$ 62,611	\$ 64,266

Note 11 – Segment Data

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

(In thousands)	First Quarter	
	2019	2018
Revenues		
Fluids systems	\$ 160,653	\$ 177,379
Mats and integrated services	50,820	49,914
Total revenues	\$ 211,473	\$ 227,293
Operating income (loss)		
Fluids systems	\$ 3,874	\$ 10,477
Mats and integrated services	13,538	12,086
Corporate office	(11,733)	(8,725)
Total operating income	\$ 5,679	\$ 13,838

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

(In thousands)	First Quarter	
	2019	2018
United States	\$ 103,059	\$ 92,469
Canada	13,266	23,072
Total North America	116,325	115,541
EMEA	37,765	51,435
Asia Pacific	5,124	2,489
Latin America	1,439	7,914
Total International	44,328	61,838
Total Fluids Systems revenues	\$ 160,653	\$ 177,379

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

(In thousands)	First Quarter	
	2019	2018
Service revenues	\$ 21,150	\$ 21,304
Rental revenues	21,580	18,812
Product sales revenues	8,090	9,798
Total Mats and Integrated Services revenues	\$ 50,820	\$ 49,914

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

The following discussion of our financial condition, results of operations, liquidity, and capital resources should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2018. Our first quarter represents the three-month period ended March 31. Unless otherwise noted, all currency amounts are stated in U.S. dollars. The reference to a “Note” herein refers to the accompanying Notes to Unaudited Condensed Consolidated Financial Statements contained in Item 1 “Financial Statements.”

Overview

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

Our operating results depend, to a large extent, on oil and natural 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. Drilling activity levels, in turn, depend on a variety of factors, including oil and natural gas commodity pricing, inventory levels, product demand, and regulatory restrictions. Oil and natural gas prices and activity are cyclical and volatile, and this market volatility has a significant impact on our operating results.

While our revenue potential is driven by a number of factors including those described above, rig count data remains the most widely accepted indicator of drilling activity. Average North American rig count data for the first quarter of 2019 as compared to the first quarter of 2018 is as follows:

	First Quarter		2019 vs 2018	
	2019	2018	Count	%
U.S. Rig Count	1,043	966	77	8 %
Canada Rig Count	183	269	(86)	(32)%
North America Rig Count	1,226	1,235	(9)	(1)%

Source: Baker Hughes, a GE Company

As of April 19, 2019, the Canada rig count was 66. The Canada rig count reflects the normal seasonality for this market, with the highest rig count levels generally observed in the first quarter of each year, prior to Spring break-up.

Outside of North America, drilling activity is generally more stable as drilling activity in many countries is based on longer-term economic projections and multi-year drilling programs, which tends to reduce the impact of short-term changes in commodity prices on overall drilling activity.

Segment Overview

Our Fluids Systems segment, which generated 76% of consolidated revenues for the first quarter of 2019, provides customized fluids solutions to E&P customers globally, operating through four geographic regions: North America, Europe, the Middle East and Africa (“EMEA”), Asia Pacific, and Latin America. International expansion, including the penetration of international oil companies (“IOCs”) and national oil companies (“NOCs”), is a key element of our Fluids Systems strategy, which in recent years has helped to stabilize revenues as North American oil and natural gas exploration activities have fluctuated significantly. Significant international contract awards with recent developments include:

- In Kuwait, we provide drilling and completion fluids and related services for land operations under a multi-year contract with Kuwait Oil Company (“KOC”), which began in 2014. Following a recent tender process with KOC, we have received two new contract awards to provide drilling and completion fluids, along with related services, covering a five-year term which began in the first quarter of 2019. The initial revenue value of the combined awards is approximately \$165 million and expands our presence to include a second base of operations in Northern Kuwait. While the transition to the new contracts resulted in recent fluctuations in revenues, based on the customer plans currently in place, we expect the revenue levels of the new awards to increase and eventually surpass the levels achieved on the previous contract.
- In Algeria, we provide drilling and completion fluids and related services to Sonatrach under a multi-year contract. Work under Lot 1 and Lot 3 of a three-year contract awarded in 2015 (“2015 Contract”) was completed in the fourth quarter of 2018. During 2018, Sonatrach initiated a new tender (“2018 Tender”), for a three-year term succeeding

the 2015 Contract. For the 2018 Tender, Sonatrach adopted a change in its procurement process, limiting the number of Lots that could be awarded to major service providers. We were awarded a new contract pursuant to the 2018 Tender. As a consequence of the change in the procurement process, the new award under the 2018 Tender will result in lower revenues from Sonatrach. Based upon the new contract award, we expect that revenue from Sonatrach under the 2018 Tender will be approximately \$125 million over the three-year term, which would result in a reduction of approximately \$25 million per year as compared to the prior activity levels. Consequently, following the transition to the new contract in late 2018, first quarter 2019 revenues reflect a \$4 million decline from the first quarter 2018.

- In Australia, we provide drilling and completion fluids and related services under a contract with Baker Hughes, a GE Company (“Baker Hughes”), as part of its integrated service offering in support of the Greater Enfield project in offshore Western Australia. Work under this contract began in the first quarter of 2018 and is expected to continue through 2019.
- In Brazil, we provided drilling fluids and related services under a multi-year contract with Petrobras for both onshore and offshore locations. Work under this contract began in the first half of 2009 and concluded in December 2018. For the first quarter of 2018, our Brazilian subsidiary generated revenues of \$6.4 million, substantially all of which related to the Petrobras contract. Despite the completion of the Petrobras contract, we are maintaining infrastructure in the Brazilian market to support our efforts to penetrate the offshore IOC market.

In addition to our international expansion efforts, we are also expanding our presence in North America, capitalizing on our capabilities, infrastructure, and strong market position in the North American land drilling fluids markets to expand our drilling fluids presence within the deepwater Gulf of Mexico, as well as our presence in adjacent product offerings, including completion fluids and stimulation chemicals. To support this effort, we have incurred start-up costs, including costs associated with additional personnel and facility-related expenses, and have made additional capital investments.

Our Mats and Integrated Services segment, which generated 24% of consolidated revenues for the first quarter of 2019, provides composite mat rentals utilized for temporary worksite access, along with related site construction and services to customers in various markets including E&P, electrical transmission & distribution, pipeline, solar, petrochemical, and construction industries across North America and Europe. We also sell composite mats to customers around the world. The Mats and Integrated Services segment revenues from non-E&P markets represented approximately 40% of the segment's revenues for the first quarter of 2019.

First Quarter of 2019 Compared to First Quarter of 2018

Consolidated Results of Operations

Summarized results of operations for the first quarter of 2019 compared to the first quarter of 2018 are as follows:

(In thousands)	First Quarter		2019 vs 2018	
	2019	2018	\$	%
Revenues	\$ 211,473	\$ 227,293	\$ (15,820)	(7)%
Cost of revenues	174,976	186,455	(11,479)	(6)%
Selling, general and administrative expenses	30,742	26,954	3,788	14 %
Other operating loss, net	76	46	30	65 %
Operating income	5,679	13,838	(8,159)	(59)%
Foreign currency exchange (gain) loss	(1,062)	225	(1,287)	NM
Interest expense, net	3,656	3,300	356	11 %
Income before income taxes	3,085	10,313	(7,228)	(70)%
Provision for income taxes	1,803	3,091	(1,288)	(42)%
Net income	\$ 1,282	\$ 7,222	\$ (5,940)	(82)%

Revenues

Revenues decreased 7% to \$211.5 million for the first quarter of 2019, compared to \$227.3 million for the first quarter of 2018. This \$15.8 million decrease includes a \$2.6 million (2%) increase in revenues in North America, the majority of which is attributable to the Mats and Integrated Services segment. Revenues from our international operations decreased by \$18.5 million (28%), primarily driven by transitions in key contracts in our EMEA and Latin America regions, as described above. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of revenues

Cost of revenues decreased 6% to \$175.0 million for the first quarter of 2019, compared to \$186.5 million for the first quarter of 2018. This \$11.5 million decrease was primarily driven by the 7% decrease in revenues described above. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$3.8 million to \$30.7 million for the first quarter of 2019, compared to \$27.0 million for the first quarter of 2018. This increase was primarily driven by \$4.0 million in charges associated with the February 2019 retirement policy modification, as discussed in Note 4. The remaining change reflects the impact of lower performance-based incentive compensation and patent enforcement costs, partially offset by increases in personnel costs. Selling, general and administrative expenses as a percentage of revenues was 14.5% for the first quarter of 2019 compared to 11.9% for the first quarter of 2018.

Foreign currency exchange

Foreign currency exchange was a \$1.1 million gain for the first quarter of 2019 compared to a \$0.2 million loss for the first quarter of 2018, and reflects the impact of currency translation on assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies.

Interest expense, net

Interest expense was \$3.7 million for the first quarter of 2019 compared to \$3.3 million for the first quarter of 2018. Interest expense for the first quarter of 2019 and 2018 includes \$1.5 million and \$1.3 million, respectively, in noncash amortization of original issue discount and debt issuance costs.

Provision for income taxes

The provision for income taxes was \$1.8 million for the first quarter of 2019, reflecting an effective tax rate of 58%, compared to \$3.1 million for the first quarter of 2018, reflecting an effective tax rate of 30%. The 2019 effective tax rate was negatively impacted by \$0.7 million of discrete tax adjustments relative to the amount of pre-tax income.

Operating Segment Results

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

(In thousands)	First Quarter		2019 vs 2018	
	2019	2018	\$	%
Revenues				
Fluids systems	\$ 160,653	\$ 177,379	\$ (16,726)	(9)%
Mats and integrated services	50,820	49,914	906	2 %
Total revenues	\$ 211,473	\$ 227,293	\$ (15,820)	(7)%
Operating income (loss)				
Fluids systems	\$ 3,874	\$ 10,477	\$ (6,603)	
Mats and integrated services	13,538	12,086	1,452	
Corporate office	(11,733)	(8,725)	(3,008)	
Total operating income	\$ 5,679	\$ 13,838	\$ (8,159)	
Segment operating margin				
Fluids systems	2.4%	5.9%		
Mats and integrated services	26.6%	24.2%		

Fluids Systems

Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Quarter		2019 vs 2018	
	2019	2018	\$	%
United States	\$ 103,059	\$ 92,469	\$ 10,590	11 %
Canada	13,266	23,072	(9,806)	(43)%
Total North America	116,325	115,541	784	1 %
EMEA	37,765	51,435	(13,670)	(27)%
Asia Pacific	5,124	2,489	2,635	106 %
Latin America	1,439	7,914	(6,475)	(82)%
Total International	44,328	61,838	(17,510)	(28)%
Total Fluids Systems revenues	\$ 160,653	\$ 177,379	\$ (16,726)	(9)%

North America revenues increased 1% to \$116.3 million for the first quarter of 2019 compared to \$115.5 million for the first quarter of 2018. This increase was primarily attributable to the 8% increase in the United States average rig count and market share gains in the offshore Gulf of Mexico market substantially offset by the 32% decline in the Canada average rig count.

Internationally, revenues decreased 28% to \$44.3 million for the first quarter of 2019 compared to \$61.8 million for the first quarter of 2018. This decrease was primarily attributable to declines attributable to the contract transitions described above in Brazil, Algeria, and Kuwait as well as lower drilling activity in Romania, largely attributable to recent declines in commodity prices.

Operating income

The Fluids Systems segment generated operating income of \$3.9 million for the first quarter of 2019 compared to operating income of \$10.5 million for the first quarter of 2018. The decrease in operating income includes a \$1.7 million reduction from North American operations, primarily attributable to the decrease in Canadian revenues described above, partially offset by an improvement in the United States from the increase in revenues and cost optimization efforts. Operating income from international operations decreased by \$3.8 million, primarily related to the decrease in revenues described above. In addition, the Fluids Systems segment operating income in the first quarter of 2019 includes \$1.1 million of charges related to severance costs and the February 2019 retirement policy modification.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

(In thousands)	First Quarter		2019 vs 2018	
	2019	2018	\$	%
Rental and service revenues	\$ 42,730	\$ 40,116	\$ 2,614	7 %
Product sales revenues	8,090	9,798	(1,708)	(17)%
Total Mats and Integrated Services revenues	\$ 50,820	\$ 49,914	\$ 906	2 %

Rental and service revenues increased \$2.6 million to \$42.7 million for the first quarter of 2019 compared to \$40.1 million for the first quarter of 2018, primarily due to increases in well completion site applications as well as the impact of our continuing effort to expand into non-E&P rental markets. Product sales revenues were \$8.1 million for the first quarter of 2019 compared to \$9.8 million for the first quarter of 2018. Revenues from product sales have typically fluctuated based on the timing of mat orders from customers.

Operating Income

The Mats and Integrated Services segment generated operating income of \$13.5 million for the first quarter of 2019 compared to \$12.1 million for the first quarter of 2018, primarily attributable to a favorable revenue mix and the change in revenues as described above.

Corporate Office

Corporate office expenses increased \$3.0 million to \$11.7 million for the first quarter of 2019 compared to \$8.7 million for the first quarter of 2018. This increase was primarily driven by \$3.4 million in charges associated with the February 2019 retirement policy modification, as discussed in Note 4. The remaining change reflects lower performance-based incentive compensation, as well as legal and U.S. tax reform assessment costs, partially offset by increases in personnel costs and strategic planning efforts.

Liquidity and Capital Resources

Net cash provided by operating activities was \$2.3 million for the first quarter of 2019 compared to \$0.1 million for the first quarter of 2018. During the first quarter of 2019, net income adjusted for non-cash items provided cash of \$16.8 million, while changes in working capital used \$14.5 million of cash which includes employee payments for 2018 annual performance-based incentive programs.

Net cash used in investing activities was \$15.7 million for the first quarter of 2019, including capital expenditures of \$17.5 million. Capital expenditures during the first quarter of 2019 included \$10.5 million for the Mats and Integrated Services segment, including investments in the mat rental fleet as well as new products, and \$5.6 million for the Fluids Systems segment.

Net cash provided by financing activities was \$12.4 million for the first quarter of 2019. We borrowed a net \$18.7 million on our ABL Facility (as defined below) during the first quarter of 2019 primarily to fund investing activities as described above as well as \$5.0 million in share repurchases under our Board authorized repurchase program.

As of March 31, 2019, we had cash on hand of \$54.5 million, substantially all of which resides within our international subsidiaries. As a result of the U.S. Tax Cuts and Jobs Act (“Tax Act”), we began repatriating excess cash from certain of our international subsidiaries in 2018 and we intend to continue repatriating excess cash from these international subsidiaries, subject to cash requirements to support the strategic objectives of these international subsidiaries. We anticipate that future working capital requirements for our operations will fluctuate directionally with revenues. In addition, we expect total 2019 capital expenditures to be approximately \$40.0 million to \$45.0 million. Availability under our ABL Facility also provides additional liquidity as discussed further below. Total availability under the ABL Facility will fluctuate directionally based on the level of eligible accounts receivable, inventory, and, subject to satisfaction of certain financial covenants as described below, composite mats included in the rental fleet. We expect our available cash on-hand, cash generated by operations, and remaining availability under our ABL Facility to be adequate to fund current operations during the next 12 months. In addition, we may continue to purchase our common stock under our existing Board authorized repurchase program from time to time during 2019.

Our capitalization is as follows:

(In thousands)	March 31, 2019	December 31, 2018
2021 Convertible Notes	\$ 100,000	\$ 100,000
ABL Facility	95,000	76,300
Other debt	2,996	3,199
Unamortized discount and debt issuance costs	(16,437)	(17,752)
Total debt	\$ 181,559	\$ 161,747
Stockholder's equity	569,788	569,681
Total capitalization	\$ 751,347	\$ 731,428
Total debt to capitalization	24.2%	22.1%

2021 Convertible Notes. In December 2016, we issued \$100.0 million of unsecured convertible senior notes (“2021 Convertible Notes”) that mature on December 1, 2021, unless earlier converted by the holders pursuant to the terms of the notes. The notes bear interest at a rate of 4.0% per year, payable semiannually in arrears on June 1 and December 1 of each year.

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

- during any calendar quarter commencing after the calendar quarter ending on March 31, 2017 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (regardless of whether consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the notes in effect on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of notes for each trading day was less than 98% of the last reported sale price of our common stock on such date multiplied by the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events, as described in the indenture governing the notes, such as a consolidation, merger, or share exchange.

On or after June 1, 2021 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of whether any of the foregoing conditions have been satisfied. As of April 24, 2019, the notes were not convertible.

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

Asset-Based Loan Facility. In May 2016, we entered into an asset-based revolving credit agreement which replaced our previous credit agreement. In October 2017, we entered into an Amended and Restated Credit Agreement and in March 2019, we entered into a First Amendment to Amended and Restated Credit Agreement (as amended, the “ABL Facility”). The March 2019 amendment increased the amount available for borrowings, reduced applicable borrowing rates, and extended the term. The ABL Facility provides financing of up to \$200.0 million available for borrowings (inclusive of letters of credit) and can be increased up to a maximum capacity of \$275.0 million, subject to certain conditions. As of March 31, 2019, our total availability under the ABL Facility was \$174.7 million, of which \$95.0 million was drawn, resulting in remaining availability of \$79.7 million.

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

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

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. and (c) LIBOR, subject to a floor of zero, plus 100 basis points, plus, in each case, an applicable margin per annum. The applicable margin ranges from 150 to 200 basis points for LIBOR borrowings, and 50 to 100 basis points for base rate borrowings, based on the consolidated fixed charge coverage ratio as defined in the ABL Facility. As of March 31, 2019, the applicable margin for borrowings under our ABL Facility was 150 basis points with respect to LIBOR borrowings and 50 basis points with respect to base rate borrowings. The weighted average interest rate for the ABL Facility was 4.2% at March 31, 2019. In addition, we are required to pay a commitment fee on the unused portion of the ABL Facility ranging from 25 to 37.5 basis points, based on the level of outstanding borrowings, as defined in the ABL Facility. The applicable commitment fee as of March 31, 2019 was 37.5 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. The ABL Facility also requires compliance with a fixed charge coverage ratio if availability under the ABL Facility falls below \$22.5 million. In addition, the ABL Facility contains customary events of default, including, without limitation, a failure to make payments under the facility, acceleration of more than \$25.0 million of other indebtedness, certain bankruptcy events and certain change of control events.

Other Debt. Our foreign subsidiaries in Italy, India, and Canada maintain local credit arrangements consisting primarily of lines of credit 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. We had \$1.6 million and \$1.1 million outstanding under these arrangements at March 31, 2019 and December 31, 2018, respectively.

At March 31, 2019, we had letters of credit issued and outstanding of \$5.7 million that are collateralized by \$6.2 million in restricted cash. Additionally, our foreign operations had \$38.1 million outstanding in letters of credit and other guarantees, primarily issued under a credit arrangement in Italy as well as certain letters of credit that are collateralized by \$2.0 million in restricted cash.

Critical Accounting Estimates and Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires us to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in preparing our condensed consolidated financial statements include the following: allowances for doubtful accounts, reserves for self-insured retention under insurance programs, estimated performance and values associated with employee incentive programs, fair values used for impairments of long-lived assets, including goodwill and other intangibles, and valuation allowances for deferred tax assets. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

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, 2018. Our critical accounting estimates and policies have not materially changed since December 31, 2018.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

At March 31, 2019, we had total principal amounts outstanding under financing arrangements of \$198.0 million, including \$100.0 million of borrowings under our 2021 Convertible Notes which bear interest at a fixed rate of 4.0% and \$95.0 million of borrowings under our ABL Facility. Borrowings under our ABL Facility are subject to a variable interest rate as determined by the ABL Facility. The weighted average interest rate at March 31, 2019 for the ABL Facility was 4.2%. Based on the balance of variable rate debt at March 31, 2019, a 100 basis-point increase in short-term interest rates would have increased annual pre-tax interest expense by \$1.0 million.

Foreign Currency Risk

Our principal foreign operations are conducted in certain areas of EMEA, Asia Pacific, Latin America, 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, British pounds, Australian dollars, and Brazilian reais. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2019, the end of the period covered by this quarterly report.

Changes in Internal Control Over Financial Reporting

Except for the remediation of the previously reported material weakness as described below, there were no changes in internal control over financial reporting during the quarter ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation of the 2018 Material Weakness

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2018 due to a material weakness in internal control over financial reporting. Specifically, we did not properly design and operate adequate monitoring control activities to identify material terms and conditions included in infrequent, material complex financing arrangements to ensure compliance with all material obligations.

In 2019, we undertook remediation measures to design new controls to monitor activities with respect to infrequent and material complex financing arrangements, and implemented a compliance checklist to identify material terms and compliance requirements with respective due dates, and assigned responsible personnel to monitor compliance activities. We completed the testing and evaluation of the operating effectiveness of the new controls, and based on the results of the testing, the controls were determined to be designed and operating effectively as of March 31, 2019. Accordingly, our management concluded the previously reported material weakness was remediated as of March 31, 2019.

PART II OTHER INFORMATION**ITEM 1. Legal Proceedings**

None.

ITEM 1A. Risk Factors

There have been no material changes during the period ended March 31, 2019 in our “Risk Factors” as discussed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018.

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

a) Not applicable

b) Not applicable

c) The following table details our repurchases of shares of our common stock for the three months ended March 31, 2019:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs (\$ in Millions)
January 2019	655,666	\$ 7.63	655,666	\$ 95.0
February 2019	—	\$ —	—	\$ 95.0
March 2019	—	\$ —	—	\$ 95.0
Total	655,666	\$ —	655,666	

In November 2018, our Board of Directors authorized changes to our existing securities repurchase program, which it first authorized in 2013. The authorization increased the authorized amount under the repurchase program to \$100.0 million, available for repurchases of any combination of our common stock and our 2021 Convertible Notes.

Our repurchase program authorizes us to purchase our outstanding shares of common stock or 2021 Convertible Notes in the open market or as otherwise determined by management, subject to certain limitations under the ABL Facility and other factors. The repurchase program has no specific term. Repurchases are expected to be funded from operating cash flows and available cash on hand. As part of the repurchase program, our management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934. In January 2019, we repurchased an aggregate of 655,666 shares of our common stock under our Board authorized repurchase program for a total cost of \$5.0 million.

We have not paid any dividends during the three most 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 ABL Facility contains covenants which limit the payment of dividends on our common stock.

ITEM 3. Defaults Upon Senior Securities

None, except as previously reported on the Current Report on Form 8-K filed January 16, 2019, as amended by the amendment to such Current Report filed January 22, 2019.

ITEM 4. Mine Safety Disclosures

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

ITEM 5. Other Information

None.

ITEM 6. Exhibits

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

†*10.1	<u>Employment Agreement, dated as of August 15, 2018, between Newpark Resources, Inc. and Edward Chipman Earle</u>
†*10.2	<u>Change in Control Agreement, dated as of August 15, 2018, between Newpark Resources, Inc. and Edward Chipman Earle</u>
10.3	<u>Limited Waiver, effective as of January 18, 2019, 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 thereto, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on January 22, 2019 (SEC File No. 001-02960)</u>
10.4	<u>First Amendment to Amended and Restated Credit Agreement and Amended and Restated Security Agreement, dated as of March 20, 2019, 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 thereto, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 21, 2019 (SEC File No. 001-02960)</u>
*31.1	<u>Certification of Paul L. Howes pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
*31.2	<u>Certification of Gregg S. Piontek pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
**32.1	<u>Certification of Paul L. Howes pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
**32.2	<u>Certification of Gregg S. Piontek pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
*95.1	<u>Reporting requirements under the Mine Safety and Health Administration</u>
*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

† Management compensation plan or agreement.

* Filed herewith.

** Furnished 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: April 26, 2019

NEWPARK RESOURCES, INC.

(Registrant)

By: /s/ Paul L. Howes

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

By: /s/ Gregg S. Piontek

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

By: /s/ Douglas L. White

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

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“**Agreement**”) dated August 15, 2018 (“**Effective Date**”) is entered into by Newpark Resources, Inc. (the “**Company**”), a Delaware corporation, and Edward Chipman Earle (the “**Executive**”) and is intended to incorporate and accurately reflect all prior negotiations, discussions, or agreements between the Parties. Executive and the Company may sometimes be referenced herein individually as “**Party**” or collectively as the “**Parties**.”

WHEREAS, the Company desires: a) to retain the services of Executive, initially, as a Vice President of the Company and Special Advisor to the Chief Executive Officer of the Company (the “**CEO**”) and, thereafter, as a Vice President, General Counsel, Corporate Secretary, Chief Administrative Officer, and Chief Compliance Officer, as further outlined below; and b) for Executive to enter into certain restrictive covenants as set forth in this Agreement; all, in order to enhance shareholder value and grow the Company’s business to its maximum potential; and

WHEREAS, Executive has represented himself as qualified to achieve the foregoing objectives, and the Parties mutually desire and agree to enter into an employment relationship by means of this 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, in the capacities outlined in this Section 1.1 on the terms and conditions set forth in this Agreement. During the period commencing on the Effective Date and ending on August 31, 2018, Executive shall serve as a Vice President of the Company and Executive Advisor to the CEO, and, thereafter, for the remainder of the Employment Term (as defined in this Section 1.1), Executive shall serve as a Vice President, the General Counsel, Corporate Secretary, Chief Administrative Officer, and Chief Compliance Officer, in all cases, reporting to the President and CEO. Executive’s employment under this Agreement shall commence on the Effective Date and shall continue for a period of three (3) years (“**Initial Term**”), subject to the provisions of Section 2, and shall automatically be renewed for successive one (1) year periods (each a “**Renewal Term**”) 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 Term or any Renewal Term. The period during which Executive is employed hereunder shall be referred to as the “**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 Four Hundred and Ten Thousand Dollars and No Cents (\$410,000.00), less applicable taxes, withholdings and deductions, 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 made to the Base Salary shall be automatically incorporated herein by reference, included in the term Base Salary and be contractual obligations of the 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 discretion of the Board of Directors of the Company (the “**Board**”) as provided herein. Performance measures and goals will be set by the Compensation Committee of the Board. Executive’s target Award Level (as that term is defined in the ACIP) under the ACIP is equal to seventy (70%) percent of Executive’s Base Salary (as that term is defined in the ACIP). Payout under the ACIP for a particular year will be made in cash by March 15 of the next year, e.g. payout for 2018 will occur prior to March 15, 2019, 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 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 the Effective Date, without prior written notice.

c. **Stock Options and Share Awards.** In addition, during the Employment Term, 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, share 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 Effective Date with the following grants: Fifth 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-Fifty percent (50%) vesting on the second anniversary of the Effective Date and fifty percent (50%) vesting on the fourth anniversary of the Effective Date.

e. **Benefit Plans and Vacation.** Throughout Executive’s 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. 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 the greater of \$500,000 or, subject to evidence of insurability to the satisfaction of the Company’s group life insurance provider, 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, 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 Section 1.2(e) 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’s principal place of employment will be located at the Company’s offices in The Woodlands, Texas.

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

a. During the Employment Term, Executive shall devote substantially all of his working time, attention and energies to the business of the Company and its subsidiaries and affiliates. 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 Employment Term, Executive shall not, directly or indirectly, without the prior consent of the CEO, 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 (i) acquiring, solely as an investment, any securities of a partnership, trust, limited liability company, corporation or other entity, so long as (A) he remains a passive investor in such entity, (B) he does not become part of any control group thereof, and (C) so long as such entity is not, directly or indirectly, in competition with the Company or any of its subsidiaries or affiliates, or (ii) 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.

1.4 **Indemnification.** Executive shall execute simultaneously with this Agreement an Indemnification Agreement, in the form of the attached Appendix A, and that agreement is incorporated by reference.

1.5 **Change of Control.** Executive and the Company shall execute simultaneously with this Agreement a Change of Control Agreement in the form of the attached Appendix B, and that agreement is incorporated by reference.

2. Termination of Employment

2.1 **Termination.** This Agreement and Executive's employment by the Company under this Agreement shall be terminated (a) automatically, upon Executive's death or Executive becoming Totally Disabled (as defined in Section 6.11(e) below), (b) by Executive with Good Reason (as defined in Section 6.11(c) below) upon 30 days' written notice to the Company, (c) by Executive for any reason other than Good Reason upon 30 days' written notice to the Company, (d) by the Company for Cause (as defined in Section 6.11(a) below), (e) by the Company without Cause, or (f) at the end of the Employment Term as outlined in Section 1.1. The effective date of the termination of this Agreement and Executive's employment under this Agreement for any reason shall be referred to herein as the "**Termination Date.**"

2.2 **Termination by Executive for any Reason Other than Good Reason** If this Agreement and Executive's employment under this Agreement are terminated by Executive at any time during the Employment Term for any reason other than Good Reason, then Executive shall be entitled to receive only (a) a pro rata share of Executive's Base Salary and any other compensation, in each case, earned through the Termination Date, and (b) subject to the terms and conditions of any applicable Plans, such stock options, share awards, and grants as shall have fully vested before the Termination Date. 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 Executive's the Termination Date.

2.3 **Termination by Executive with Good Reason or by the Company without Cause.** If Executive's employment is terminated by Executive with Good Reason or by the Company without Cause, then Executive shall be entitled to receive: (a) a pro rata share of Executive's Base Salary and any other compensation, in each case, earned through the Termination Date; (b) Executive's Base Salary that would have otherwise been payable to Executive if he had continued in active employment with the Company for the greater of (i) the remainder of the Initial Term or any Renewal Term, as applicable, or (ii) twelve (12) months; (c) an incentive compensation payment for the Plan Year in which the Termination Date occurs equal to Executive's target Award Level (70%); (d) an incentive compensation payment, which is calculated by multiplying a fraction with the numerator equal to Executive's target Award Level (70%) and a denominator of 12 by the greater of (i) the difference between twelve (12) months and the number of full months remaining in the Plan Year in which the Termination Date occurs ("**Plan Year Balance**"), and (ii) the difference between the number of full months remaining in the Initial Term or any Renewal Term, as applicable, and the Plan Year Balance (collectively, the sum of the amounts in subsections (b)-(d) shall be referred to as the "**Severance Payment**"); (e) full vesting of all time restricted stock awarded at the Effective Date, provided however, there shall be no vesting of annual options or stock awards in the post-employment exercise period in accordance with the Plans; (f) an amount equal to the cost to Executive to continue his same coverage under the Company's group medical insurance program, pursuant to COBRA, for the greater of (i) the period remaining in the Initial Term or any Renewal Term, as applicable, or (ii) twelve (12) months, but, in either case, no more than a period of eighteen (18) months (the "**COBRA Benefit**"); and (g) direct payment by the Company for the costs of outplacement services obtained by Executive during the twelve (12) month period immediately following the Termination Date, not to exceed \$20,000. As a condition to receiving the benefits and/or payments described in subsections (b)-(g) above, Executive must comply with Section 2.9 below. Subject to Executive's compliance with Section 2.9 below, the Company shall pay the Severance Payment and the COBRA Benefit in a single lump sum within sixty (60) days of the Termination Date. Executive's right to exercise vested options following the Termination Date will be governed by the Plans.

2.4 **Termination for Cause.** If Executive's employment is terminated by the Company at any time during the Employment Term for Cause, then Executive shall be entitled to receive only (a) a pro rata share of Executive's Base Salary and any other compensation, in each case, earned through the Termination Date and (b) subject to the terms and conditions of any applicable Plans, such stock options, share awards, and grants as shall have fully vested before the Termination Date. In any such event, Executive shall be ineligible for and shall forfeit all rights with respect to options, awards and grants that have not vested as of the Termination Date.

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 Executive may from time to time designate by written notice to the Company, or such other Person as may be required by law, the following amounts: (a) a pro rata share of Executive's Base Salary and any other compensation, in each case, earned but unpaid through the date of death, and (b)

subject to the terms and conditions of any applicable Plans, such stock options, share awards, and grants as shall have fully vested as of the date of death. 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.** If this Agreement and Executive's employment under this Agreement are terminated due to Executive becoming Totally Disabled, then Executive shall be entitled to receive: (a) a pro rata share of Executive's Base Salary and any other compensation, in each case, earned through the Termination Date, (b) subject to the terms and conditions of any applicable Plans, such stock options, share awards, and grants as shall have fully vested before the Termination Date, and (c) subject to Section 2.9, a lump sum payment in an amount equal to Executive's Base Salary that would have otherwise been payable to Executive if he had continued in active employment with the Company until the shorter of (i) six (6) months or (ii) the date benefits become payable to Executive under the terms of the Company's disability policy.

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 Executive or others. In no event shall 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 Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not Executive obtains or seeks to obtain other employment.

2.8 **Coordination of Benefits.** In the event that Executive is entitled to benefits following termination under any Change in Control Agreement with the Company, Executive 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.

2.9 **Waiver and Release of Claims.** As a condition to Executive's right to receive the payments and/or benefits described in Section 2.3(b) and Section 2.6(c), Executive must execute and deliver to the Company, and not revoke (if applicable), a release of all claims in favor of the Company, its affiliates, predecessors, successors, parent companies, subsidiaries, operating units, and divisions, and each of the foregoing entities' respective agents, representatives, members, and managers, officers, directors, shareholders, employees, insurers, fiduciaries of employee benefit plans, plan administrators, and attorneys in a form provided by the Company.

3. **Confidentiality**

3.1 **Executive's Receipt of Confidential Information.** Executive acknowledges that in connection with his role with the Company and in providing services in support of the Company Parties, Executive will receive, have access to and have the opportunity to develop certain confidential or proprietary information and knowledge concerning the Company Parties and each of the respective businesses, methods and operations ("**Confidential Information**"), which the Company Parties desire to protect. Confidential Information under this Agreement includes, by way of example and without limitation, information regarding the Company Parties' customers, employees, contractors, operations, markets and industries 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 Parties' relationship with that customer); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; trade secrets; programs; 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 Parties; 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 Parties in the pursuit of their business will not cause the information to lose its protected status under this Agreement.

3.2 **Value of Confidential Information.** Executive acknowledges and stipulates that the Confidential Information constitutes a valuable, special, and unique asset used by the Company Parties in their businesses to obtain a competitive advantage over their competitors. Executive further acknowledges that protection of such Confidential Information

against unauthorized disclosure and use is of critical importance to the Company Parties in maintaining their competitive position and economic investment, as well as work for their respective employees.

3.3 **Executive's Promise Not to Use or Disclose Confidential Information.** Both during and after the period Executive is employed by the Company, Executive agrees not to misappropriate or, without the prior express written consent of an officer of the Company, use, disclose or otherwise make available to any Person any Confidential Information, except as (a) authorized in the performance of Executive's regular employment duties to the Company and/or (b) as allowed under Section 6.10. 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.

3.4 **Return of Confidential Information and Property.** All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by Executive in connection with Executive's employment with the Company belong to the Company Parties or any of them. 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 with the Company (whether during business hours and whether on the Company's premises or otherwise), which relate to the Company Parties' business, products, or services are the Company Parties' 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 property of the Company Parties. At the termination of Executive's employment, regardless of the reason and whether by Executive or the Company, Executive will promptly return to the Company all papers, documents, writings, any computer related hardware or software, cell phone(s), keys, or other data or property belonging to the Company Parties that is in Executive's possession, custody or control, including, without limitation, Confidential Information and any such data that Executive had access to or possessed during his employment with the Company. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

3.5 **No Use of Other Confidential Information or Conflicting Obligations by Executive.** Executive promises that he will not use as part of his employment with the Company, disclose to the Company Parties, bring on the Company Parties' premises, or induce the Company Parties or any of their employees to intentionally or unintentionally use or disclose, any confidential or proprietary information or material belonging to Executive's previous employer(s) or belonging to any other Person. Further, Executive represents that he is not a party to any other agreement, or under any other duty, which will interfere or conflict with Executive's full compliance with this Agreement. Executive will not enter into any agreement or undertake any other duty, whether written or oral, in conflict with the provisions of this Agreement. Executive represents that his performance of this Agreement and his employment with the Company Parties does not and will not breach any agreement or other duty Executive has to keep in confidence proprietary information, knowledge or data acquired by Executive prior to his employment with the Company, including any information belonging to Executive's prior employer(s).

3.6 **Breach of this Section.** Executive understands and agrees that the restrictions in this Section 3 shall continue beyond the termination of Executive's employment regardless of the reason for such termination. Executive acknowledges that money damages may not be a sufficient remedy for any breach of this Section 3 by Executive, and that the Company shall be entitled to seek to enforce the provisions of this Section 3 by specific performance and injunctive relief as remedies for such breach or any threatened breach. The Parties intend that the Company Parties shall be third-party beneficiaries of, and shall be entitled to enforce, Executive's covenants in this Section 3 that are relevant to each of them. Such remedies shall not be deemed the exclusive remedies for a breach of this Section 3, but shall be in addition to all remedies available at law or in equity to the Company Parties, including the recovery of damages from Executive and his agents involved in such breach. In the event that Executive fails in any material respect to perform any of his material obligations under this Section 3, the Company may elect (a) to cease any payments due under this Agreement and recover all payments made to Executive under this Agreement on or subsequent to the date of the failure, except with respect to those payments that constitute wages earned by and owed to Executive, (b) obtain an injunction and/or (c) exercise any and all other remedies available by law.

4. Additional Post-Employment Restrictions

4.1 **Consideration to Executive.** The restrictive covenants contained in this Section 4 are supported by consideration to Executive from the Company Parties as specified in this Agreement, including the consideration provided in Sections 1-3. Executive acknowledges that the consideration provided for in Sections 1-3 of this Agreement constitute separate and independent consideration for the restrictive covenants contained in this Section 4 and entered into by Executive,

and that the consideration in each such Section 1, 2 and 3 is reasonable and sufficient consideration for Executive's promises in this Agreement.

4.2 **Non-Competition.** Executive agrees that during the period of Executive's employment with the Company and during the twenty-four (24) month period immediately following the date of termination of Executive's employment with the Company (the "**Restricted Term**"), Executive will not, directly or indirectly, for himself or for others, anywhere in the Restricted Area (as defined below), unless expressly authorized in writing by the CEO, engage in, or assist any Person engaged in, the selling or providing of products or services that would displace the products or services (a) which the Company Parties sell, provide or plan to sell or provide as of the date of termination of Executive's employment or at any time during Executive's employment with the Company, or (b) with which Executive had involvement or about which Executive received or had access to Confidential Information in the course of his employment with the Company. The foregoing is expressly understood to include, without limitation, the business of manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company Parties as of the date of termination of Executive's employment or any time during Executive's employment. "**Restricted Area**" under this Agreement means the geographic areas listed in Appendix C attached hereto and incorporated by reference.

4.3 **Prohibition on Circumvention.** 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 acknowledges that these restrictions are necessary to protect the Confidential Information and business interests of the Company Parties.

4.4 **Non-Solicitation of Customers.** During the Restricted Term, Executive shall not on his own behalf or on behalf of any other Person, either directly or indirectly, within the Restricted Area, (a) call on, service, or solicit competing business from customers of the Company Parties with whom Executive had or made contact within the twenty-four (24) months immediately preceding the date of termination of Executive's employment with the Company, or (b) induce or encourage any such customer or other source of ongoing business to stop doing business with the Company Parties.

4.5 **Non-Solicitation of Employees.** During the Restricted Term, Executive shall not, on his own behalf or on behalf of any other Person, either directly or indirectly, call on, solicit, or retain any employee or officer of the Company Parties, with whom Executive worked, had contact or associated, or about whom Executive received Confidential Information, within the course of Executive's employment with the Company, or in any other manner attempt, directly or indirectly, to influence, encourage, or induce any such employee or officer of the Company Parties to terminate or discontinue his or his employment with any of the Company Parties.

4.6 **Reasonableness of Restrictions; Severability; Reformation.** 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. It is expressly understood and agreed that the Company Parties and Executive consider the restrictions contained in this Section 4 to be reasonable and necessary for the purposes of preserving and protecting the Confidential Information and other legitimate business interests of the Company Parties. Nevertheless, if any of the aforesaid restrictions is found by a court having jurisdiction to be unreasonable, overly broad as to geographic area or time or otherwise unenforceable, the Parties intend for the restrictions therein set forth to be modified by such court so as to be reasonable and enforceable and, as so modified by the court, to be fully enforced. Executive and the Company further agree that the covenants in Section 4 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 otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 4.

4.7 **Remedies for Breach.** Executive agrees that a breach or violation of Section 4 of this Agreement by Executive shall entitle the Company Parties as a matter of right, to an injunction, 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 Parties may show themselves justly entitled, including, but not limited to, specific performance and damages. The Parties intend that the Company Parties shall be third-party beneficiaries of, and shall be entitled to enforce, Executive's covenants in this Section 4 that are relevant to each of them. The Parties specifically agree that the remedy of damages alone is inadequate. In the event that Executive fails in any material respect to perform any of his material obligations under this Section 4, the Company may elect (a) to cease any payments due under this Agreement and recover all payments made to Executive under this Agreement on

or subsequent to the date of the failure, except with respect to those payments that constitute wages earned by and owed to Executive, (b) obtain an injunction and/or (c) exercise any and all other remedies available by law.

4.8 **Advance Approval of Board.** 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 other legitimate business interests of the Company Parties. 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, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

5. Dispute Resolution

5.1 **Informal Resolution.** In the event of a dispute arising from or relating to this Agreement, including the interpretation or application of this Agreement, or Executive's employment with the Company (other than a claim arising under or relating to Sections 3 and 4 of this Agreement, which are specifically excluded from the scope of this Section 5.1), prior to seeking arbitration as provided for below, the Party claiming to be aggrieved shall first advise the other Party, in writing, of the specifics of the claim, including the specific provision of this Agreement alleged to have been violated, if applicable, 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.

5.2 **Mandatory Arbitration.** The Parties mutually agree that any and all disputes arising from or relating to this Agreement, including the interpretation or application of this Agreement, or Executive's employment with the Company, which the Parties are unable to resolve as provided for above, if applicable, will be submitted exclusively to final and binding arbitration pursuant to the Federal Arbitration Act. The arbitration will be conducted 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 Section 5.2 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. The Parties understand that their mutual obligations to arbitrate under this Section 5.2 survive any termination of this Agreement.

5.3 **Temporary Relief.** Notwithstanding any other provision hereof, to preserve the status quo or return the Parties to their positions as they existed prior to any alleged improper conduct, any Party may seek temporary relief, i.e., temporary restraining orders and preliminary injunctions, from a court of competent jurisdiction over the Parties, and such court may issue such relief, if the requirements under applicable law are met.

6. Miscellaneous Provisions.

6.1 **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.

6.2 **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 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:

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

6.3 **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.

6.4 **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.

6.5 **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.

6.6 **Entire Agreement; Written Modifications.** This Agreement, together with Appendix A, Appendix B, and Appendix C, contains the entire agreement between the Parties and supersedes all prior or contemporaneous representations, promises, understandings, and agreements between Executive and the Company.

6.7 **Successors; Assignment.** Executive acknowledges and agrees that this Agreement shall be binding upon and inure to the benefit of the Company and any other Person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of the Company by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. The Company may assign, and Executive expressly consents to the assignment of, this Agreement to any Person, including, without limitation, any successor, parent, subsidiary, or affiliated entity of the Company, including in connection with any sale or merger (whether a sale or merger of stock or assets or otherwise) of the Company or the business of the Company. Executive acknowledges that his obligations under this Agreement are personal to Executive and may not be assigned by him without prior written consent from the Company.

6.8 **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.

6.9 **Non-Disparagement.** Subject to Section 6.10 below, Executive agrees for himself, and all others acting on his behalf, either directly or indirectly, not to make, support, encourage, induce or voluntarily participate in any oral or written statements about the Company, any other Company Party, or any of such entities' officers, employees, shareholders, investors, directors, agents or representatives, that are malicious, obscene, threatening, harassing, intimidating or discriminatory and which are designed to harm any of the foregoing; except as required by law, when testifying truthfully pursuant to subpoena or other legal process, or when communicating with law enforcement or government agencies.

6.10 **Protected Disclosures.** Notwithstanding the obligations stated in this Agreement, including the restrictions found in Section 3 and Section 6.9, neither this Agreement nor any other agreement or policy of the Company Parties shall prevent or prohibit Executive from making the protected statements or disclosures or engaging in the protected

activities, in each case, as follows: (a) disclosures of trade secrets made in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (b) disclosures of trade secrets made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal or per court order, or (c) disclosures of trade secrets by Executive to his attorney in a lawsuit for retaliation for reporting a suspected violation of law and use of the trade secret information in the court proceeding, if any document containing the trade secrets is filed under seal and does not disclose the trade secrets, except pursuant to court order, or (d) providing information to any federal, state or local governmental agency or commission or participating in any investigation or proceeding conducted by any such governmental agency or commission, or (e) using the Company's internal reporting procedures, or (f) other actions protected as whistleblower activity under applicable law. Further, this Agreement does not impose any condition precedent (such as prior notice to the Company) any penalty, or any other restriction or limitation adversely affecting Executive's rights regarding any such protected activities, disclosures, reports, claims or investigation.

6.11 **Definitions.** In this Agreement:

- a. **"Cause"** shall mean any of the following:
 - (i) Executive's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for an act on Executive's part constituting a felony; or
 - (ii) dishonesty, willful misconduct or gross neglect by Executive in the performance of his obligations under this Agreement and otherwise to the Company Parties that results in material injury to any Company Party;
 - (iii) appropriation (or an overt act attempting appropriation) by Executive of a material business opportunity belonging to any Company Party;
 - (iv) Executive's theft, embezzlement or other similar misappropriation of funds or property belonging to any Company Party; or
 - (v) failure of Executive to follow the reasonable and lawful written instructions or policies 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 ninety (90) days, after such notice.
- b. **"Company Parties"** shall include any Person (as defined in Section 6.11(d) below) in the group consisting of the Company (including successors and assigns) and the direct and indirect subsidiaries and affiliated Persons of the Company. As used herein, a Person is affiliated with another Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person. The term "control" (including, with correlative meaning, the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
- c. **"Good Reason"** means any of the following:
 - (i) 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;
 - (ii) 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;
 - (iii) the material diminution of Executive's base salary or bonus opportunity without prior notice and acceptance;
 - (iv) the failure of the Company to obtain the assumption of this Agreement by any successor or assignee of the Company;
 - (v) Requiring Executive to relocate more than 50 miles from The Woodlands, Texas; or
 - (vi) provided that in any of the above situations, Executive has given reasonable and specific written notice to the CEO of such failure within thirty (30) days after the event occurs, the Company fails to correct the event within thirty (30) days after receipt of such notice and Executive must resign his employment within thirty (30) days after the Company does not cure such events.
- d. **"Person"** means any individual, partnership, firm, corporation, institution, limited liability company or any other legal entity or other person.

- e. **“Totally Disabled”** means 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 Executive becoming Totally Disabled for purposes of this Agreement. However, in the absence of Executive’s receipt of such long-term disability benefits or Social Security benefits, the CEO in good faith may determine that 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

6.12 **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 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 Executive’s separation from service (or, if earlier, the date of death of 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 (60th) 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.

6.13 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

Executed as of the date first written above.

Signed: /s/ Edward Chipman Earle
Edward Chipman Earle (Executive)

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

Witness: /s/ Gregg S. Piontek
Name: Gregg S. Piontek

Witness: /s/ Ida Ashley
Name: Ida Ashley

APPENDIX C
(“RESTRICTED AREA”)

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:

1. Western Canada
2. Gulf of Mexico (off the “**Gulf Coast** ”)

August 15, 2018

**PERSONAL AND
CONFIDENTIAL**

Edward C. Earle

Dear Edward,

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 pro-rated 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 unexercised 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 **\$20,000** 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 (60th) 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 15th day of August, 2018

/s/ Edward C. Earle

EDWARD C. EARLE

**ANNEX A TO LETTER AGREEMENT
DATED August 15, 2018**

The following terms used herein and in letter agreement (the “**Agreement**”) dated August 15, 2018, between Newpark Resources, Inc., and Edward C. Earle (“**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 Resources, 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 anyone 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 board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2019

/s/ Paul L. Howes

Paul L. Howes

President and Chief Executive Officer

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

I, Gregg S. Piontek, certify that:

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

Date: April 26, 2019

/s/ Gregg S. Piontek

Gregg S. Piontek

Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2019, 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: April 26, 2019

/s/ Paul L. Howes

Paul L. Howes

President and Chief Executive Officer

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2019, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg S. Piontek, Senior Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 26, 2019

/s/ Gregg S. Piontek

Gregg S. Piontek

Senior 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 included in Section 1503 of the Dodd-Frank Act and the SEC’s final rules promulgated thereunder, the table below presents the following information for the three months ended March 31, 2019 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 March 31, 2019 that are:

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

For the Three Months Ended March 31, 2019

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)	(H)	(I)	(I)	(I)
								Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Houston Plant / 41-04449	—	—	—	—	—	—	—	No	No	—	—	—
Dyersburg Plant / 40-03183	—	—	—	—	—	—	—	No	No	—	—	—
New Iberia Plant / 16-01302	—	—	—	—	—	—	—	No	No	—	—	—
Corpus Christi Plant / 41-04002	—	—	—	—	—	—	—	No	No	—	—	—

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