

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): JUNE 1, 2000

NEWPARK RESOURCES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	1-2960	72-1123385
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3850 NORTH CAUSEWAY, SUITE 1770 METAIRIE, LOUISIANA	70002
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (504) 838-8222

ITEM 5. OTHER EVENTS.

On June 1, 2000, Newport Resources, Inc., a Delaware corporation ("Newpark"), completed the sale to Fletcher International Limited, a Cayman Islands company affiliated with Fletcher Asset Management, Inc. ("Purchaser"), of 120,000 shares of Series B Convertible Preferred Stock, \$0.01 par value per share (the "Series B Preferred Stock"), and a warrant (the "Warrant") to purchase up to 1,900,000 shares of the Common Stock of Newport at an exercise price of \$10.075 per share, subject to anti-dilution adjustments. The aggregate purchase price for the Series B Preferred Stock and the Warrant was \$30.0 million, and the net proceeds from the sale have been used to repay indebtedness. No underwriting discounts or commissions were paid in connection with the sale of the securities.

The following description of the Series B Preferred Stock and the Warrant are qualified in their entirety by reference to the Certificate of Rights and Preferences relating to the Series B Preferred Stock (the "Certificate") and to the Warrant Certificate relating to the Warrant, which are attached as exhibits hereto.

Cumulative dividends are payable on the Series B Preferred Stock quarterly in arrears. The dividend rate is 4.5% per annum, based on the stated value of \$250 per share of Series B Preferred Stock. Subject to certain conditions specified in the Certificate, dividends payable on the Series B Preferred Stock may be paid at the option of Newport either in cash or by issuing shares of Newport's Common Stock that have been registered under the Securities Act of 1933, as amended (the "Act"). The number shares of Common Stock of Newport to be issued as dividends is determined by dividing the cash amount of the dividend otherwise payable by the market value of the Common Stock determined in accordance with the provisions of the Certificate. If Newport fails to pay any dividends when due, such dividends shall accumulate and accrue additional dividends at the then existing dividend rate. The dividend rights of the Series B Preferred Stock are junior to the dividend rights of the holders of the 150,000 shares of Newport's Series A Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock").

So long as shares of the Series B Preferred Stock are outstanding, no dividends may be paid on the Common Stock or any other securities of Newport ranking junior to the Series B Preferred Stock with respect to dividends and distributions on liquidation ("Junior Securities"), except for dividends payable solely in shares of Common Stock. Subject to certain exceptions, no shares of Junior Securities or securities of Newport having a priority equal to the Series B Preferred Stock with respect to dividends and distributions on liquidation may be purchased or otherwise redeemed by Newport unless all accumulated dividends on the Series B Preferred Stock have been paid in full.

Upon a liquidation of Newport, the holders of the Series B Preferred Stock will be entitled to receive \$250 per share of Series B Preferred Stock plus accrued dividends before the holders of any Junior Securities receive any payment. The liquidation rights of the Series B Preferred Stock are junior to the liquidation rights of the holders of the Series A Preferred Stock, who are entitled to receive \$100 per share of Series A Preferred Stock plus accrued dividends before holders of the Series B Preferred Stock or Common Stock receive any payment. The holders of Common Stock will receive all liquidating distributions after the holders of the Series A Preferred Stock and the Series B Preferred Stock have received their stated amounts, unless Newport later issues additional

shares of preferred stock having priority over the Common Stock with respect to liquidating distributions.

The holders of the Series B Preferred Stock will have the right to convert all or any part of the Series B Preferred Stock into Common Stock at a conversion rate based on the then current market value of the Common Stock, as determined in accordance with the provisions of the Certificate, or \$10.075 per share of Common Stock, whichever is less. For purposes of any conversion, each share of Series B Preferred Stock will have a value equal to its liquidation preference, plus any accrued and unpaid dividends.

If Newport is in arrears in the payment of dividends on the Series B Preferred Stock in an aggregate amount equal to more than two quarterly dividends, the holders of the Series B Preferred Stock, voting as a separate class, will be entitled to elect a specified percentage of the members of Newport's Board of Directors. This percentage will be equal to the percentage of the total number of outstanding shares of Common Stock (including the shares issuable to the holders) that the holders of Series B Preferred Stock then own or are deemed to own assuming that (a) all unconverted shares of Series B Preferred Stock were converted into Common Stock, and (b) the unexercised portion of the Warrant was exercised.

The Series B Preferred Stock will not otherwise have voting rights on ordinary corporate matters, except as required by Delaware law. However, approval of a majority of the Series B Preferred Stock will be required before Newport can effect any changes to the rights of the Series B Preferred Stock or issue any additional shares of capital stock having a priority equal or senior to the Series B Preferred Stock with respect to dividends or distributions upon liquidation. The holders of the Series B Preferred Stock also will vote separately as a class and the approval of a majority of the Series B Preferred Stock will be required to (a) permit any subsidiary of Newport to issue or sell any securities of any Newport subsidiary or to sell all or substantially all of the assets of any Newport subsidiary to anyone other than Newport or another subsidiary of Newport, (b) increase or decrease, other than by redemption or conversion, the total number of authorized shares of preferred stock of Newport or (c) amend any provisions of any capital stock of Newport so as to make such capital stock redeemable by Newport.

The Certificate provides the holders of Series B Preferred Stock with certain rights if Newport is involved in a "Business Combination". These rights include the right to elect to receive either or a combination of (a) the stock and other securities, cash and property which the holder would have received had the holder converted the Series B Preferred Stock into Common Stock immediately before the transaction, (b) shares of common stock of the acquiring person or its parent company, as elected by the holders, according to a formula contained in the Certificate, which takes into account various factors, including the acquisition price for Newport's Common Stock, the conversion price for the Series B Preferred Stock, the market price of the common stock of the acquiring person or its parent and the stated value of the Series B Preferred Stock, or (c) cash in an amount equal to 133% of the stated value of the Series B Preferred Stock. This cash payment is to be paid by the acquiring person and not Newport. The acquiring person also will be required to assume, in writing, the obligations of Newport under the Certificate. The rights of the holders of

the Series B Preferred Stock in any Business Combination may delay, deter or prevent a change in control of Newpark.

The Warrant has a term of seven years, expiring June 1, 2007. The exercise price of the Warrant and the number of shares issuable upon exercise of the Warrant will be adjusted for stock splits, stock dividends, or, subject to certain exceptions, issuances or sales of Common Stock, including options and other securities convertible into Common Stock, without consideration or for a per share price less than the current market price of the Common Stock or the then current exercise price under the Warrant. For issuances of options and other securities convertible into Common Stock, the per share price will be deemed to include the amounts received upon issuance of the option or convertible security and the amount to be received upon exercise or conversion.

As with the Series B Preferred Stock, the Warrant provides that the holders of the Warrant will have certain rights if Newpark is involved in a "Business Combination". These rights include the right to elect to receive either or a combination of (a) the stock and other securities, cash and property which the holder would have received had the holder exercised the Warrant immediately before the transaction, (b) shares of common stock of the acquiring person or its parent company, as elected by the holders, according to a formula contained in the Warrant, which takes into account various factors, including the acquisition price for Newpark's Common Stock, the exercise price under the Warrant and the market price of the common stock of the acquiring person or its parent or (c) cash in an amount equal to 33% of then total Warrant exercise price on the unexercised portion of the Warrant. Again, this cash payment is to be paid by the acquiring person and not Newpark, and the acquiring person also will be required to assume, in writing, the obligations of Newpark under the Warrant. The rights of the holders of the Warrant in any Business Combination may delay, deter or prevent a change in control of Newpark.

The agreement pursuant to which the Series B Preferred Stock and the Warrant were issued (the "Agreement") requires Newpark to use its best efforts to register under the Act all of the shares of Common Stock issuable upon exercise of the Warrant and 1.5 times the number of shares of Common Stock issuable as of the effective date of the registration statement upon conversion of the Series B Preferred Stock or as dividends on the Series B Preferred Stock. Newpark will be required to increase the number of shares registered under the registration statement if the total number of shares of Common Stock issued and issuable under the Warrant and with respect to the Series B Preferred Stock exceeds 80% of the number of shares then registered. Newpark currently estimates that the registration statement will initially cover 8,000,000 shares of Common Stock. Newpark also is required to obtain stockholder consent if the total number of shares of Common Stock issued or issuable to Purchaser with respect to the Series B Preferred Stock and the Warrant would exceed 13,825,034 (19.99% of the number of shares outstanding on May 25, 2000) and the listing requirements or rules of the New York Stock Exchange would require stockholder approval to issue in excess of this amount. If this stockholder consent is not received within 60 days after notice is sent to Newpark by Purchaser, Purchaser may elect to do either or a combination of (a) a cashless exercise of the Warrant for up to that number of shares of Common Stock that would require stockholder consent or (b) convert the number of shares of Common Stock exceeding 13,825,034 into an "Excess Right". This Excess Right will have a value equal to the market price of the Common Stock on the notice date (in the case of the Series B Preferred Stock), and the spread

between the market price of the Common Stock over the exercise price of the Warrant on the notice date (in the case of the Warrant), times the number of shares of Common Stock converted into such Excess Right. For one year after its issuance, Purchaser may apply this Excess Right, on a dollar-for-dollar basis, in lieu of payment of the exercise price under the Warrant or convert the Excess Right into shares of Series B Preferred Stock at the ratio of \$250 of stated value of Excess Right into one share of Series B Preferred Stock.

The Agreement also provides that, unless otherwise specified by Purchaser, the number of shares that may be issued upon conversion of the Series B Preferred Stock and exercise of the Warrant may not exceed 6,743,075, plus 9.75% of the increase in the number of outstanding shares of Common Stock of Newpark since May 25, 2000, unless Purchaser delivers an increase notice and 65 days passes after that notice is delivered. Newpark is required to give Purchaser a monthly notice of the increase in the number of outstanding shares of Common Stock.

With certain exceptions, the Agreement requires Newpark to provide Purchaser, its affiliates and its designees who together with Purchaser and its affiliates hold at least 60,000 shares of Series B Preferred Stock, with a right of first refusal with respect any shares of Newpark's capital stock or any securities convertible into or exchangeable for any shares of Newpark's capital stock. This right of first refusal will be exercisable for ten trading days after delivery of the required notice from Newpark to Purchaser. The right of first refusal will terminate at such time as the number of shares of Common Stock Newpark is required to register under the Act is less than 3,457,988, as that number may be adjusted for stock splits, stock dividends, recapitalizations or other similar adjustments.

The sale of the Series B Preferred Stock and the Warrant was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder. The sale was made without general solicitation or advertising, Purchaser is a sophisticated investor with access to all relevant information necessary to evaluate an investment in the securities, and Purchaser represented to Newpark that the securities were being acquired for investment purposes.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

- 4.1 Certificate of Rights and Preferences of Series B Convertible Preferred Stock of Newpark, dated May 30, 2000.
- 4.2 Agreement, dated May 30, 2000, between Newpark and Purchaser.
- 4.3 Warrant Certificate, dated June 1, 2000, to purchase 1,900,000 shares of Common Stock, par value \$.01 per share, of Newpark.
- 99.1 Press Release issued by Newpark on June 1, 2000.

SIGNATURES

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

NEWPARK RESOURCES, INC.

Dated: June 6, 2000

By /s/ Matthew W. Hardey

Matthew W. Hardey, Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

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CERTIFICATE OF RIGHTS AND PREFERENCES
OF
SERIES B CONVERTIBLE PREFERRED STOCK
OF
NEWPARK RESOURCES, INC.

Pursuant to Section 151(g) of the Delaware General Corporation Law, NEWPARK RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Company"), hereby certifies that the following resolution was duly adopted by the Board of Directors of the Company on May 26, 2000, pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation of the Company, which authorizes the issuance of up to 1,000,000 shares of preferred stock, \$0.01 par value.

RESOLVED, that pursuant to authority expressly granted to and vested in the Board of Directors of the Company and pursuant to the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of preferred stock, herein designated and authorized as the Series B Convertible Preferred Stock, \$0.01 par value per share, which shall consist of 120,000 of the 1,000,000 shares of preferred stock which the Company now has authority to issue, and the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations and restrictions thereof as follows:

1. Number. The number of shares constituting the Series B Convertible Preferred Stock (the "Series B Preferred Stock") shall be 120,000.

2. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"Acquiring Person" means, in connection with any Business Combination, the continuing or surviving corporation of a consolidation or merger with the Company (if other than the Company), the transferee of substantially all of the properties or assets of the Company, the corporation consolidating with or merging into the Company in a consolidation or merger in connection with which the Common Stock is changed into or exchanged for stock or other securities of any other Person or cash or any other property, or, in the case of a capital reorganization or reclassification, the Company.

"Acquisition Price" means (i) the Market Price of the Common Stock on the date immediately preceding the date on which a Business Combination is consummated, or (ii) if a purchase, tender or exchange offer is made by the Acquiring Person (or by any of its affiliates) to the holders of the Common Stock and such offer is accepted by the holders of more than 50% of the outstanding shares of Common Stock, the greater of (x) the price determined in accordance with the provisions of the foregoing clause (i) of this sentence and (y) the Market Price on the date immediately preceding the acceptance of such offer by the holders of more than 50% of the outstanding shares of Common Stock.

"Board" means the Board of Directors of the Company.

"Business Combination" is defined in Section 6(F)(i).

"Business Day" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in New York, New York, or New Orleans, Louisiana generally are authorized or required by law or other governmental actions to close.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

"Certificate" means the Certificate of Incorporation of the Company, as amended.

"Certificate of Rights and Preferences" means this Certificate of Rights and Preferences of the Series B Preferred Stock.

"Common Stock" means the Company's common stock, par value \$.01 per share, and any Capital Stock for or into which such Common Stock hereafter is exchanged, converted, reclassified or recapitalized by the Company or pursuant to a Business Combination to which the Company is a party.

"Common Stock Equivalents" means (without duplication with any other Common Stock or common stock, as the case may be, or Common Stock Equivalents) rights, warrants, options, convertible securities or exchangeable securities, exercisable for or convertible or exchangeable into, directly or indirectly, Common Stock, or common stock, as the case may be, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"Company" means Newpark Resources, Inc. a Delaware corporation.

"Conversion Price" means, on any date, the average of the daily Market Prices of the Common Stock for the period of forty Trading Days ending and excluding five Trading Days before and excluding that date, but no greater than the lowest of the following: (i) \$10.075; (ii) the average of the daily Market Prices of the Common Stock for the first three Trading Days of that forty day period; and (iii) the average of the daily Market Prices of the Common Stock for the last three Trading Days of that forty day period. The foregoing notwithstanding, if the Company shall combine, subdivide or reclassify its Common Stock, or shall declare any dividend payable in shares of its Common Stock, or shall take any other action of a similar nature affecting such shares, the Conversion Price shall be adjusted to the extent appropriate to reflect such event, including appropriate adjustments to account for any such event that occurs during any of the measurement periods set forth in the previous sentence.

"Conversion Rate" means the Stated Value of one share of Series B Preferred Stock plus accrued and unpaid dividends divided by the Conversion Price.

"Dividend Payment Date" is defined in Section 3(A).

"Dividend Period" is defined in Section 3(A).

"Dividend Rate" means a rate equal to 4.5% per annum times the Stated Value, payable quarterly commencing August 31, 2000.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fletcher" means Fletcher International Limited, a company organized under the laws of the Cayman Islands, together with its successors.

"Holder" means a holder of record of the Series B Preferred Stock.

"Indenture" means the Indenture dated as of December 17, 1997, among the Company, the "Guarantors," as defined in the Indenture, and State Street Bank and Trust Company, a Massachusetts banking and trust company, as Trustee, with respect to the Company's 8 5/8% Senior Subordinated Notes due 2007.

"Investment Banking Firm" shall mean a nationally recognized investment banking firm.

"Issue Date" means with respect to any shares of Series B Preferred Stock the original date of issuance of such shares of Series B Preferred Stock.

"Junior Securities" means Capital Stock that, with respect to dividends and distributions upon Liquidation, ranks junior to the Series B Preferred Stock, including but not limited to Common Stock and any other class or series of Capital Stock issued by the Company or any Subsidiary of the Company on or after the Issue Date (other than the Series B Preferred Stock and any Parity Securities and Senior Securities issued with the approval of the Holders of a Majority of the Series B Preferred Stock).

"Liquidation" means the voluntary or involuntary liquidation, dissolution or winding up of the Company; provided, however, that a consolidation, merger or share exchange shall not be deemed a Liquidation, nor shall a sale, assignment, conveyance, transfer, lease or other disposition by the Company of all or substantially all of its assets, which does not involve a distribution by the Company of cash or other property to the holders of Common Stock, be deemed to be a Liquidation.

"Liquidation Preference" is defined in Section 4.

"Main Agreement" means the Agreement dated as of May 30, 2000, among the Company and Fletcher pursuant to which 120,000 shares of Series B Preferred Stock and certain other securities are to be issued by the Company, including all schedules and exhibits thereto.

"Majority of the Series B Preferred Stock" means more than 50% of the then outstanding shares of Series B Preferred Stock.

"Market Price" means, on any date, the amount per share of the Common Stock (or, for purposes of determining the Market Price of the common stock of an Acquiring Person or its Parent under Section 6(E), the common stock of such Acquiring Person or such Parent), equal to (i) the daily volume-weighted average price on the NYSE (as defined in the Main Agreement) or, if no such sale takes place on such date, the average of the closing bid and asked prices on the NYSE thereof on such date, in each case as reported by Bloomberg, L.P. (or by such other Person as the Holder and the Issuer may agree), or (ii) if such Common Stock is not then listed or admitted to trading on the NYSE, the higher of (x) the book value thereof as determined by any firm of independent public accountants of recognized standing selected by the Board of Directors of the Issuer as of the last day of any month ending within 60 days preceding the date as of which the determination is to be made or (y) the fair value thereof determined in good faith by the Board of Directors of the Issuer as of a date which is within 18 days of the date as of which the determination is to be made.

"NYSE" shall have the meaning set forth in the Main Agreement.

"Other Securities" means any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or otherwise) which the Holders of the Series B Preferred Stock at any time shall be entitled to receive, or shall have received, upon conversion of the Series B Preferred Stock in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities.

"Parent" means, as to any Acquiring Person any corporation which (i) controls the Acquiring Person directly or indirectly through one or more intermediaries, (ii) is required to include the Acquiring Person in the consolidated financial statements contained in such Parent's Annual Report on Form 10-K (if the Parent is required to file such a report) and (iii) is not itself included in the consolidated financial statements of any other Person (other than its consolidated subsidiaries).

"Parity Securities" means any class or series of Capital Stock that, with respect to dividends or distributions upon Liquidation, is pari passu with the Series B Preferred Stock.

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, limited liability company, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Record Date" is defined in Section 3(A).

"Registered Common Stock" means Common Stock that has been registered under the Securities Act and is freely tradable.

"Securities Act" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"Senior Securities" means the Series A Preferred Stock and any other class or series of Capital Stock that, with respect to dividends or distributions upon Liquidation, ranks senior to the Series B Preferred Stock.

"Series A Preferred Stock" means the Series A Cumulative Perpetual Preferred Stock of the Company the powers, designations, preferences and relative, participating, optional and other special rights of which are specified in a Certificate of Designation filed in the office of the Secretary of State of Delaware on April 14, 1999.

"Series B Preferred Stock" means the Series B Convertible Preferred Stock of the Company or successor as contemplated by Section 6(E)(ii) as well as any series of preferred stock of the Company issued under Section 6(c)(y) of the Main Agreement.

"Stated Value" is an amount equal to \$250.00 per share of Series B Preferred Stock.

"Subsidiary" of a Person means (i) a corporation, a majority of whose stock with voting power, under ordinary circumstances, to elect directors is at the time of determination, directly or indirectly, owned by such Person or by one or more Subsidiaries of such Person, or (ii) any other entity (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has a least a majority ownership interest.

"Trading Day" means any day on which the Common Stock is quoted on the NYSE.

"Warrant" means the warrant issued and sold pursuant to the Main Agreement.

"Warrant Shares" means shares of Common Stock acquired upon exercise of the Warrant.

The foregoing definitions will be equally applicable to both the singular and plural forms of the defined terms.

3. Dividends and Distributions.

(A) The Holders shall be entitled to receive out of the assets of the Company legally available for that purpose, dividends at the Dividend Rate, and no more, to be paid in accordance with the terms of this Section 3. Such dividends shall be fully cumulative from the Issue Date, shall accumulate regardless of whether the Company earns a profit and shall be payable in arrears, when and as declared by the Board, on February 28, May 31, August 31 and November 30 of each year (each such date being herein referred to as a "Dividend Payment Date"), commencing on August 31, 2000. The period from the Issue Date to August 31, 2000, and each quarterly period between consecutive Dividend Payment Dates shall hereinafter be referred to as a "Dividend Period." The dividend for any Dividend Period for any share of Series B Preferred Stock that is not outstanding on every day of the Dividend Period shall be prorated based on the number of days such share was outstanding during the period. Each such dividend shall be paid to the holders of record of the Series B Preferred Stock as their names appear on the share register of the Company on the corresponding Record Date. As used above, the term "Record Date" means, with respect to the dividend payable on February 28, May 31, August 31 and November 30, respectively, of each year, the preceding February 15, May 15, August 15 and November 15, or such other record date designated by the Board with respect to the dividend payable on such respective

Dividend Payment Date not exceeding 30 days preceding such Dividend Payment Date. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to Holders of record on a date designated by the Board, not exceeding 30 days preceding the payment date thereof, as may be fixed by the Board. For purposes of determining the amount of dividends accrued (i) as of the first Dividend Payment Date and as of any date that is not a Dividend Payment Date, such amount shall be calculated on the basis of the Dividend Rate for the actual number of days elapsed from and including the Issue Date (in case of the first Dividend Payment Date and any date prior to the first Dividend Payment Date) or the last preceding Dividend Payment Date (in case of any other date) to the date as of which such determination is to be made, based on a 360-day year of twelve 30-day months and (ii) as of any Dividend Payment Date after the first Dividend Payment Date, such amount shall be calculated on the basis of such Dividend Rate based on a 360-day year of twelve 30-day months.

(B) Dividends payable on the Series B Preferred Stock may be paid, at the option of the Company, either in cash or by the issuance of Registered Common Stock, provided, however, that the Company's right to pay dividends on any Dividend Payment Date by the issuance of Registered Common Stock shall continue only so long as at least one of the following conditions exists: (x) the payment in cash of the dividend payable on such Dividend Payment Date would violate the terms of the Indenture; or (y) the Company shall have obtained the Required Consent (as defined in the Main Agreement); or (z) the number of shares of Common Stock issued and issuable under the Main Agreement (including one year of dividends from such Dividend Payment Date, assuming that all such dividends will be paid in shares of Common Stock as they accrue) and all previously issued shares of Common Stock and all unconverted shares of Series B Preferred Stock and any unexercised rights under the Warrant on an as-converted and as-exercised basis as of that date) does not exceed 17.5% of the Original Number (as defined in the Main Agreement), or, if such number of shares exceeds 17.5% of the Original Number and does not exceed 19.99% of the Original Number, the Company has notified its stockholders of a stockholder's meeting for the purpose of voting on a Required Consent in accordance with the Main Agreement and has used and is using its best efforts to obtain the Required Consent. Subject to the foregoing, payments on any Dividend Payment Date shall be made in Registered Common Stock unless the Company notifies the Holders in writing of its intention to pay cash on or before (but no more than fifteen days before) the immediately preceding Dividend Payment Date. The number of shares of Registered Common Stock to be issued shall be determined by dividing the cash amount of the dividend otherwise payable by the average of the daily Market Prices of the Common Stock for the five Trading Days ending on and including the third Trading Day before the designated payment date of such dividend; provided, however, if the Company shall combine, subdivide or reclassify its Common Stock, or shall declare any dividend payable in shares of its Common Stock, or shall take any other action of a similar nature affecting such shares, the number of shares of Registered Common Stock to be issued shall be adjusted to the extent appropriate to reflect such event, including appropriate adjustments to account for any such event that occurs during the period of five Trading Days set forth in the previous sentence. The number of shares of Registered

Common Stock to be issued as a dividend shall be rounded to the nearest whole share after aggregating all shares of Series B Preferred Stock owned by a Holder.

(C) If, on any Dividend Payment Date, the Company fails to pay dividends, then until the dividends that were scheduled to be paid on such date are paid, such dividends shall cumulate and shall accrue additional dividends to and including the date of payment thereof at the Dividend Rate then in effect, compounded quarterly on each subsequent Dividend Payment Date. Unpaid dividends for any period less than a full Dividend Period shall cumulate on a day-to-day basis and shall be computed on the basis of a 360-day year of twelve 30-day months.

(D) So long as any shares of the Series B Preferred Stock shall be outstanding, (i) the Company shall not and shall not allow its Subsidiaries to declare or pay any dividend whatsoever, whether in cash, property or otherwise, set aside any cash or property for the payment of dividends, or make any other distribution on any Junior Securities (except a dividend or distribution payable in shares of Common Stock), (ii) the Company shall not and shall not allow its Subsidiaries to declare or pay any dividend whatsoever, whether in cash, property or otherwise, set aside any cash or property for the payment of dividends, or make any other distribution on any Parity Securities (except a dividend or distribution payable in shares of Common Stock), except for dividends paid to the Company or any of its wholly-owned Subsidiaries and (iii) the Company shall not and shall not allow its Subsidiaries to repurchase, redeem or otherwise acquire for value or set aside any cash or property for the repurchase or redemption of any Junior Securities or Parity Securities other than as the Company may be contractually obligated as of the date of this Agreement, which obligations were disclosed in writing to Fletcher before the date of the Main Agreement, unless in each such case all dividends to which the Holders of the Series B Preferred Stock shall have been entitled to receive for all previous Dividend Periods shall have been paid.

4. Liquidation Preference. In the event of any Liquidation, after payment or provision for payment by the Company of the debts and other liabilities of the Company and the liquidation preference of any Senior Securities that rank senior to the Series B Preferred Stock with respect to distributions upon Liquidation, each Holder shall be entitled to receive an amount in cash for each share of the then outstanding Series B Preferred Stock held by such Holder equal to the Stated Value per share plus an amount equal to all accrued but unpaid dividends thereon, whether or not earnings are available in respect of such dividends or such dividends have been declared, to and including the date full payment is tendered to the Holders with respect to such Liquidation and no more (such amount being referred to herein as the "Liquidation Preference") before any distribution shall be made to the holders of any Junior Securities (and any Senior Securities or Parity Securities that, with respect to distributions upon Liquidation, rank junior to the Series B Preferred Stock) upon the Liquidation of the Company. In case the assets of the Company available for payment to the Holders are insufficient to pay the full Liquidation Preference on all outstanding shares of the Series B Preferred Stock and all outstanding shares of Parity Securities and Senior Securities that, with respect to distributions upon Liquidation, are pari passu with the Series B Preferred Stock in the amounts to which the holders of such shares are entitled, then the entire assets of the Company available for payment to the Holders and to the holders of such Parity Securities and Senior

Securities shall be distributed ratably among the Holders of the Series B Preferred Stock and the holders of such Parity Securities and Senior Securities, based upon the aggregate amount due on such shares upon Liquidation. Written notice of any Liquidation of the Company, stating a payment date and the place where the distributable amounts shall be payable, shall be given by facsimile and overnight delivery not less than ten days prior to the payment date stated therein, to the Holders of record of the Series B Preferred Stock, if any, at their respective addresses as the same shall appear on the books of the Company.

5. Voting Rights. The Holders shall have the following voting rights with respect to the Series B Preferred Stock:

(A) Each share of Series B Preferred Stock shall entitle the holder thereof to the voting rights specified in Sections 5(B), 5(C), 5(D) and 5(E) and no other voting rights except as required by law.

(B) Whenever, at any time or times, dividends payable on the Series B Preferred Stock shall be in arrears in an aggregate amount greater than (2) quarterly dividends, there shall be vested in the Holders, voting as a separate class and with one vote for each share, the right, at their option, to elect and appoint to the Board of Directors of the Company, and the Company shall otherwise take appropriate action as necessary to permit the inclusion on the Board of Directors of, a number of persons (not to be less than a minimum of one designee) designated by the Holders such that, following such election, such designees represent a percentage of the total members of the Board of Directors (assuming no vacancies) that most nearly approximates (regardless of any limits imposed by the 65 Day Notice and Issuance Blockage restrictions) the proportion that (i) the sum of (A) the total number of then outstanding shares of Series B Preferred Stock (calculated on an as-if-converted to Common Stock basis as of the date such election is held as if such date were the Conversion Date) plus (B) the total number of then outstanding shares of Common Stock held by such Holders plus (C) the total number of shares of Common Stock underlying the unexercised portion of the Warrant (on an as-if-exercised basis as of the date such election is held as if such date were the Exercise Date), bears to (ii) the total outstanding shares of the voting capital stock of the Company (including outstanding shares of Series B Preferred Stock and unexercised rights under the Warrant, calculated on an as-if-converted to Common Stock basis). Such right of the Holders to vote for the election of a director or directors may be exercised, at their option, at any annual meeting or at any special meeting called for such purpose, or at any adjournment thereof, until all arrearages in dividends on the outstanding shares of Series B Preferred Stock shall have been paid in full, and when so paid, then all rights of the Holders under this Section 5(B) shall cease until the next such arrearage, if any. So long as such right to vote continues, upon written request of the Holders of ten percent (10%) or more of the outstanding Series B Preferred Stock addressed to the Company at the address set forth in the Main Agreement, the Secretary of the Company shall call a special meeting of the Holders for the election of such director or directors as provided herein.

(C) Such meeting shall be held within twenty (20) days after delivery of such request to such Secretary, at the place and upon the notice provided by law and in the Bylaws

of the Company for the holding of meetings of its stockholders. If such notice of meeting is not given within ten (10) days of the request described in the prior sentence, the Holders of Series B Preferred Stock requesting such meeting may also call such meeting or may act by written consent and for such purposes shall have access to the stock books and records of the Company. At any meeting so called or at any other meeting held while the Holders of shares of Series B Preferred Stock shall have the voting power provided in Section 5(B), the Holders of a majority of the shares of Series B Preferred Stock present in person or by proxy or voting by written consent, shall be sufficient to constitute a quorum of the Holders for the election of directors as herein provided. If at any such meeting or any adjournment thereof the Holders of at least a majority of the then outstanding shares of Series B Preferred Stock then entitled to vote in such election shall be present or represented by proxy or acting by written consent, then, by vote (or action by written consent) of the Holders of at least the majority of all such shares of Series B Preferred Stock present or represented in such meeting, the then authorized number of directors of the Company shall be increased by the number necessary to allow all directors elected by the Holders to be seated (less any vacancies then existing on the Board) and the Holders of such shares of Series B Preferred Stock shall be entitled to elect such additional director or directors (or fill such vacancy or vacancies).

(D) The director or directors so elected shall serve until the next annual meeting of the Company's stockholders for the election of directors or until his or her successor(s) shall be elected and shall qualify; provided, however, that whenever all arrearages in dividends on all outstanding shares of Series B Preferred Stock shall have been paid, the term of office of the person(s) so elected as director(s) shall forthwith terminate, and, if the size of the Board shall have been increased as provided herein, the number of the whole Board shall be reduced accordingly. If any director so elected by the Holders shall cease to serve as director before his or her term shall expire, the Holders, at a special meeting of such Holders called as provided above, may elect a successor to hold office for the unexpired term of such director.

(E) The consent of the Holders of at least a Majority of the Series B Preferred Stock, voting separately as a single class with one vote per share, in person or by proxy, either in writing without a meeting or at an annual or a special meeting of such Holders called for the purpose, shall be necessary to:

(i) amend, alter or repeal, by way of merger or otherwise, any of the provisions of the Certificate, including the Certificate of Rights and Preferences, or Bylaws of the Company so as to:

(A) change any of the rights, preferences or privileges of Holders. Without limiting the generality of the preceding sentence, such change includes any action that would:

(1) Reduce the dividend rates on the Series B Preferred Stock, or make such dividends non-cumulative, or defer the date from

which dividends will accrue, or cancel accrued and unpaid dividends, or change the relative seniority rights of the holders of Series B Preferred Stock as to the payment of dividends in relation to the holders of any other capital stock of the Company;

(2) Reduce the amount payable to the holders of the Series B Preferred Stock upon the voluntary or involuntary liquidation, dissolution, or winding up of the Company, or change the relative seniority of the liquidation preferences of the holders of the Series B Preferred Stock to the rights upon liquidation of the holders of any other capital stock of the Company;

(3) Make the Series B Preferred Stock redeemable at the option of the Corporation; or

(4) Change the authorized number of directors of the Company at any time when the Holders of shares of Series B Preferred Stock have the voting power provided in Section 5(B).

(B) authorize, create or issue any shares of Parity Securities or Senior Securities (or amend the provisions of any existing class of Capital Stock to make such class of Capital Stock a class of Parity Securities or Senior Securities); or

(ii) Permit any Subsidiary of the Company to issue or sell, or obligate itself to issue or sell, except to the Company or any wholly owned Subsidiary, any security of such Subsidiary or all or substantially all of the assets of any Subsidiary; or

(iii) Increase or decrease (other than by redemption or conversion) the total number of authorized shares of Preferred Stock or amend any provisions of any Capital Stock so as to make such Capital Stock redeemable by the Company.

6. Conversion.

(A) Procedure for Conversion

(i) Shares of Series B Preferred Stock are convertible into Common Stock at the Conversion Rate per share at the option of the Holders thereof at any time. Conversion of shares of Series B Preferred Stock may be effected by delivering a duly executed written Conversion Notice, in form and substance as attached to the Main Agreement, by facsimile, mail or overnight courier delivery, to the Company's address set forth in Section 19 of the Main Agreement. The closing of such exercise shall take place (a) on the third Trading Day following and

excluding the date the Conversion Notice is delivered, (b) such later date as the conditions set forth in Section 6(A)(ii) have been waived or satisfied or (c) any other date upon which the exercising Holder and the Issuer mutually agree (the "Conversion Closing Date").

(ii) It shall be a condition of the converting Holder's obligation to close that each of the following are satisfied, unless waived by such Holder:

(A) (1) the representations and warranties made by the Company in the Main Agreement shall be true and correct as of the Conversion Closing Date, except as otherwise disclosed prior to the date of the Conversion Notice to the registered Holders of the Series B Preferred Stock either in writing directed to them or in a periodic or current report filed with the SEC; (2) the Company shall have complied fully with all of the covenants and agreements in the Main Agreement; (3) all shares to be issued upon such conversion are duly listed and admitted to trading on the principal securities exchange, if any, on which the Company's Common Stock is listed; and such Holder shall have received a certificate of the Chief Executive Officer or the Chief Financial Officer of the Company dated such date and to the effect of clauses (1), (2) and (3).

(B) On the Conversion Closing Date, the Company shall have delivered to the Holder an opinion of Ervin, Cohen & Jessup LLP (or such other counsel reasonably satisfactory to such Holder) reasonably satisfactory to such Holder, dated the date of delivery, confirming in substance the matters covered in paragraphs (a), (b), (c), (d), (e) and (f) of Section 3 of the Main Agreement, subject to any changes required to reflect the exceptions referred to in clause (ii)(A)(1) above.

The Company shall use commercially reasonable efforts to cause each of the foregoing conditions to be satisfied at the earliest possible date. If such conditions are not satisfied or waived prior to the third Trading Day following the date the Conversion Notice is delivered, then the Holder may, at its sole option, and at any time, withdraw the Conversion Notice by written notice to the Company regardless of whether such conditions have been satisfied or waived as of the withdrawal date and, after such withdrawal, shall have no further obligations with respect to such Conversion Notice and may submit a Conversion Notice with respect to the shares referenced in the original Conversion Notice at any time. Withdrawal of such Conversion Notice shall be the exercising Holder's sole remedy for the Issuer's failure to cause such conditions to be satisfied, except to the extent that such failure constitutes a breach of the provisions of the Main Agreement.

(iii) Each Conversion of Series B Preferred Stock shall be deemed to have been effected immediately prior to the close of business on the Trading Day on which the Conversion Notice is delivered as provided in Section 6(A)(i), and at such time the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock (or Other Securities) shall be issuable upon such conversion as provided in Section 6(A)(iv) shall be deemed to have become the holder or holders of record thereof. The foregoing notwithstanding, such conversion shall not be deemed effective if and as of the date that the Holder delivers written notice of withdrawal to the Company as set forth in Section 6(A)(ii) above.

(iv) On the Conversion Closing Date, the Holder shall surrender the certificate representing the shares of Series B Preferred Stock to be converted to the Company at the address set forth for notices to the Company in Section 19 of the Main Agreement, and such Holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) to which such Holder is entitled upon such conversion.

(v) On the Conversion Closing Date, the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the Holder whose Series B Preferred Stock is being converted via book-entry transfer (if available to the Company), or if such Holder shall direct, at such address specified by the Holder via reputable overnight courier, one or more certificates for the number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) to which such Holder shall be entitled upon such conversion, plus, in lieu of any fractional share to which such Holder would otherwise be entitled, cash in an amount equal to the same fraction of the Market Price per share on the Trading Day immediately preceding the date of such conversion, and, in case such conversion is for only part of the shares represented by the certificate surrendered, at such address specified by the Holder via reputable overnight courier, a new Preferred Stock certificate of like tenor, calling in the aggregate on the face or faces thereof for the number of shares of Series B Preferred Stock which have not been converted into Common Stock upon such conversion.

(B) The Company shall at all times reserve for issuance such number of its shares of Common Stock as shall be required under the Main Agreement.

(C) The Company will procure, at its sole expense, the listing of the Common Stock issuable upon conversion of the Series B Preferred Stock and shares issuable as dividends hereunder, subject to issuance or notice of issuance, on all stock exchanges on which the Common Stock is then listed, no later than the date on which such Series B Preferred Stock is issued to the Holder and thereafter shall use its best efforts to prevent delisting of such shares. The Company will pay any and all documentary stamp or similar issue or transfer taxes that may be payable in respect of the issuance or delivery of shares of Common Stock on conversion of shares of the Series B Preferred Stock. The Company shall

not, however, be required to pay any tax which may be payable in respect of any transfer involving the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series B Preferred Stock so converted were registered, and no such issue and delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax, or has established, to the reasonable satisfaction of the Company, that such tax has been paid.

(D) No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series B Preferred Stock. If any such conversion would otherwise require the issuance of a fractional share of Common Stock, an amount equal to such fraction multiplied by the current Market Price per share of Common Stock on the date of conversion shall be paid to the Holder in cash by the Company. If more than one share of Series B Preferred Stock shall be surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series B Preferred Stock so surrendered.

(E) Business Combinations.

(i) In case the Company after the date hereof (a) is party to any acquisition of the Company by means of merger or other form of corporate reorganization in which outstanding shares of the Company are exchanged for securities or other consideration issued, or caused to be issued, by the Acquiring Person or its Parent, Subsidiary or affiliate, (b) a sale of all or substantially all of the assets of the Company (on a consolidated basis) in a single transaction or series of related transactions, (c) any other transaction or series of related transactions by the Company in which the power to cast the majority of the eligible votes at a meeting of the Company's stockholders at which directors are elected is transferred to a single entity or group acting in concert, or (d) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a reorganization or reclassification in which the Common Stock or Other Securities are not converted into or exchanged for cash or other property, and, immediately after consummation of such transaction, the stockholders of the Company immediately prior to such transaction own the Common Stock, Other Securities or other voting stock of the Company in substantially the same proportions relative to each other as such stockholders owned immediately prior to such transaction), then, and in the case of each such transaction (each of which is referred to herein as "Business Combination"), proper provision shall be made so that, upon the basis and the terms and in the manner provided herein, the Holder of each unconverted share of Series B Preferred Stock, upon conversion hereof at any time after the consummation of such Business Combination, shall be entitled to receive upon such conversion, in lieu of the Common Stock or Other Securities issuable upon such conversion prior to such consummation, either of the following, as shall be elected, in whole or in part, from time to time, by such Holder:

(A) the stock and other securities, cash and property to which such Holder would have been entitled upon such consummation if such Holder had converted such Series B Preferred Stock immediately prior thereto;

(B) the number of shares of common stock of the Acquiring Person or its Parent, at the election of the Holder, determined by dividing (A) the amount equal to the product obtained by multiplying (1) the number of shares of the Company's Common Stock (or Other Securities) to which such Holder would have been entitled had such holder converted such Series B Preferred Stock immediately prior to such consummation, times (2) the greater of the Acquisition Price and the Conversion Price in effect on the Trading Day immediately preceding the date of such consummation, by (B) the Market Price per share of the common stock of the Acquiring Person or its Parent, as the case may be, on the Trading Day immediately preceding the date of such consummation; or

(C) the number of shares of common stock of the Acquiring Person or its Parent, at the election of the Holder, determined by dividing (A) the Stated Value of the converted share by (B) the lesser of (1) the average of the daily Market Prices of the common stock of the Acquiring Person or its Parent, as the case may be, for the period of forty Trading Days ending and excluding five Trading Days before and excluding that date, but no greater than the lowest of the following: (a) the average of the daily Market Prices of the common stock of the Acquiring Person or its Parent, as the case may be, for the first three Trading Days of that forty day period; and (b) the average of the daily Market Prices of the common stock of the Acquiring Person or its Parent, as the case may be, for the last three Trading Days of that forty day period, and (2) the quotient of (a) the product of (i) \$10.075 (but if before such consummation the Company shall combine, subdivide or reclassify its Common Stock, or shall declare any dividend payable in shares of Common Stock, or shall take any other action of a similar nature affecting such shares, this amount shall be adjusted to the extent appropriate to reflect such event or events) and (ii) the Market Price per share of the common stock of the Acquiring Person or its Parent, as the case may be, on the Trading Day immediately preceding the date of such consummation divided by (b) the Market Price per share of the Company's Common Stock on the Trading Day immediately preceding the date of such consummation. The foregoing notwithstanding, if the Acquiring Person or its Parent, as the case may be, shall combine, subdivide or reclassify its Common Stock, or shall declare any dividend payable in shares of its Common Stock, or shall take any other action of a similar nature affecting such shares, the conversion price in this clause (C) shall be adjusted to the extent appropriate to reflect such event, including appropriate adjustments to account for any such event that occurs during any of the measurement periods set forth in the previous sentence.

(D) cash in an amount equal to 133% of the Stated Value of such share of Series B Preferred Stock, provided, however, that the Company shall not under any circumstances be obligated to pay cash to any Holder, the Company's obligation being limited to the obligation to require any Acquiring Person to agree to pay such cash in circumstances where a cash payment would be required.

(ii) Notwithstanding anything contained herein or in the Main Agreement to the contrary, the Company will not effect any Business Combination unless the requirements of Section 10 of the Main Agreement have been met and unless, prior to the consummation thereof, each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon conversion of Series B Preferred Stock as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the Holders of a Majority of the Series B Preferred Stock, (A) the obligations of the Company under this Certificate of Rights and Preferences (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Certificate of Rights and Preferences) and (B) the obligation to deliver to the Holders of Series B Preferred Stock such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 6(E), such Holders may be entitled to receive, and such Person shall have similarly delivered to such Holders an opinion of counsel for such Person, which counsel shall be reasonably satisfactory to Holders of a Majority of the Series B Preferred Stock, stating that the rights of such Holders under this Certificate of Rights and Preferences shall thereafter continue in full force and effect and the terms hereof, including, without limitation, all of the provisions of this Section 6(E) shall be applicable to the stock, securities, cash or property which such Person may be required to deliver upon any conversion of Preferred Stock or exercise of any rights pursuant hereto.

7. Status of Converted Shares; Limitations on Series B Preferred Stock.

The Company shall return to the status of unauthorized and undesignated shares of Preferred Stock each share of Series B Preferred Stock which shall be converted or for any other reason acquired by the Company, and such shares thereafter may have such characteristics and designations as the Board may determine (subject to Section 5), provided, however, no share of Series B Preferred Stock which shall be converted or otherwise acquired by the Company shall thereafter be reissued, sold or transferred by the Company as Series B Preferred Stock. The Company will not issue any further shares of Series B Preferred Stock. The Company shall have no right to redeem the shares of Series B Preferred Stock without the consent of a Majority of the Holders.

IN WITNESS WHEREOF, this Certificate of Rights and Preferences has been signed on behalf of the Company by its President and attested to by its Secretary, all as of the 30th day of May, 2000.

NEWPARK RESOURCES, INC.

By: /s/ Matthew W. Hardey

Matthew W. Hardey, Vice President

ATTEST:

By: /s/ Edah Keating

Edah Keating, Secretary

AGREEMENT
BETWEEN NEWPARK RESOURCES, INC.
AND FLETCHER INTERNATIONAL LIMITED

DATED AS OF MAY 30, 2000

INDEX OF DEFINED TERMS

	PAGE

65 Day Notice	14
Acquirer	19
Agreement	1
Auditor Report	7
Average Price	13
Benefit Plans	5
Blackout Period	9
Blackout Violation	10
Certificate of Rights and Preferences	1
claim	6
Closing	1
Closing Date	1
Combination	20
Common Shares	1
Common Stock	1
Covered Security	8
debt	6
Excess Notice Date	14
Excess Rights	13
Excess Rights Notice	13
Exchange Act	2
Exercisable Number	14
First Refusal Stockholders	16
Fletcher	1
Fletcher Indemnified Party	22
Increase	14
Increase Notice	14
Indemnification Amount	10
Indemnified Party	24
Indemnifying Party	24
Investment Securities	1
Issuance Blockage	12
Maximum Number	14
Newpark	1
Newpark Indemnified Party	23
Notice Period	14
NYSE	2
Offer Notice	16
Offered Shares	16
Original Number	12
Preferred Shares	1

Preferred Stock	5
Preferred Stock Conversion Delivery Notice	12
Preferred Stock Conversion Notice	12
Proceeding	22
Prospectus	8
Registrable Number	7
Registration Requirement	7
Registration Statement	8
Related Proceeding	27
Required Consent	12
Required Registration Date	7
Rule 144	8
Sales Contract	10
SEC	5
SEC Filing	5
Securities Act	5
Series B Preferred Stock	1
Trading Day	1
Trigger Date	12
Warrant	1
Warrant Exercise Delivery Notice	12
Warrant Exercise Notice	12

TABLE OF CONTENTS

	PAGE

1. Purchase and Sale.....	1
2. Closing.....	2
3. Representations and Warranties of Newpark.....	2
4. Registration Provisions.....	7
5. "Market Stand-Off" Agreement.....	11
6. Conversion of Preferred Shares; Exercise of Warrant.....	11
7. Representations and Warranties of Fletcher.....	14
8. Right of First Refusal.....	15
9. Covenants of Newpark.....	17
10. Consolidation, Merger, Etc.....	19
11. Covenants of Fletcher.....	19
12. Legend.....	19
13. Conditions Precedent to Fletcher's Obligations.....	20
14. Conditions Precedent to Newpark's Obligations.....	21
15. Fees and Expenses.....	21
16. Non-Performance.....	21
17. Indemnification.....	21
18. Survival of the Representations, Warranties, etc.....	24
19. Notices.....	24
20. Miscellaneous.....	26
21. Newpark's Obligations.....	28
22. Time of Essence.....	28

FORM OF CERTIFICATE OF RIGHTS AND PREFERENCES OF
CLASS B CONVERTIBLE PREFERRED STOCK OF
NEWARK RESOURCES, INC.....A-1

FORM OF WARRANT CERTIFICATE.....B-1

FORM OF DELIVERY NOTICEC-1

AUDITOR REPORT.....D-1

FORM OF PREFERRED STOCK CONVERSION NOTICE.....E-1

FORM OF PREFERRED STOCK CONVERSION DELIVERY NOTICE.....F-1

FORM OF EXCESS RIGHTS NOTICE.....G-1

EXECUTION COPY

AGREEMENT

This Agreement (this "Agreement") dated as of May 30, 2000 is entered into by and between Newpark Resources, Inc., a corporation organized under the laws of Delaware (together with its successors, "Newpark"), and Fletcher International Limited, a company organized under the laws of the Cayman Islands (together with its successors, "Fletcher").

The parties hereto agree as follows:

1. Purchase and Sale. In consideration of and upon the basis of the representations, warranties and agreements and subject to the terms and conditions set forth in this Agreement:

a. Fletcher agrees to purchase from Newpark, and Newpark agrees to sell to Fletcher on the Closing Date (as defined below), in accordance with Section 2 below, 120,000 shares (the "Preferred Shares") of Newpark's Series B Convertible Preferred Stock, liquidation preference \$250 per share (the "Series B Preferred Stock"), having the terms and conditions set forth in the Certificate of Rights and Preferences attached hereto as Annex A (the "Certificate of Rights and Preferences"), at an aggregate purchase price of \$30,000,000. In addition, Newpark shall issue to Fletcher on the Closing Date one warrant substantially in the form attached hereto as Annex B (a "Warrant") to purchase from time to time up to an aggregate of 1,900,000 shares (subject to the adjustments contained in the Warrant and this Agreement) of Newpark common stock, par value \$0.01 per share (the "Common Stock") at a per share purchase price equal to \$10.075. Fletcher shall have the right to convert the outstanding Preferred Shares, and to exercise the Warrant, into shares of Common Stock in the manner, and subject to the terms, specified in this Agreement and in the Certificate of Rights and Preferences and the Warrant, respectively.

b. The closing (the "Closing") of the sale of the Preferred Shares shall occur on the Trading Day following the satisfaction or, if applicable, waiver of the conditions set forth in Sections 13 and 14 hereof, or at such other date and time as Fletcher and Newpark shall mutually agree (such date, the "Closing Date"). As used herein, the term "Common Shares" means the shares of Common Stock issued and/or issuable under this Agreement, including shares issuable upon conversion of or as dividends under the Preferred Shares, upon exercise of the Warrant and all other shares issuable under the Certificate of Rights and Preferences, the Warrant or this Agreement; the term "Investment Securities" means the Warrant and Preferred Shares issued hereunder, and all Common Shares; the term "Trading Day" means any day on which the Common Stock may be traded on the NYSE; and the term "NYSE" means the New York Stock Exchange, but if the New York Stock Exchange is not then the principal U.S.

trading market for the Common Stock, then "NYSE" shall be deemed to mean the principal U.S. national securities exchange (as defined in the Securities Exchange Act of 1934, as amended ("the Exchange Act")) on which the Common Stock is then traded, or if such Common Stock is not then listed or admitted to trading on any national securities exchange but is designated as a national market system security or a Nasdaq SmallCap Market Security by the NASD, then such market system, or if such Common Stock is not listed or quoted on any of the foregoing, then the OTC Bulletin Board.

2. Closing. The Closing shall take place initially via facsimile on the Closing Date in the manner set forth below; provided that original certificates representing shares of Series B Preferred Stock and Warrant shall be delivered via Federal Express on the second Trading Day following the Closing Date to Fletcher as Fletcher instructs in writing, and provided, further, that each original preferred stock certificate issued in accordance with this Section 2 shall represent 20,000 shares of Series B Preferred Stock (except that to the extent the number of shares of Series B Preferred Stock to be delivered at any given time is not evenly divisible by 20,000, one stock certificate shall represent the remaining shares). At the Closing, the following deliveries shall be made:

a. Series B Preferred Stock and Warrant. Newpark shall deliver to Fletcher six (6) stock certificates, each representing 20,000 shares of Series B Preferred Stock, together with one Warrant duly executed by Newpark in definitive form, in each case duly registered on the books of Newpark as instructed by Fletcher.

b. Purchase Price. Fletcher shall cause to be wire transferred to Newpark, in accordance with the instructions set forth in Section 19, the aggregate purchase price of \$30,000,000 in immediately available United States dollars.

c. Closing Documents. The closing documents required by Sections 13 and 14 shall be delivered to Fletcher and Newpark, respectively.

d. Delivery Notice. An executed copy of the delivery notice in the form attached hereto as Annex C shall be delivered to Fletcher.

The deliveries specified in this Section 2 shall be deemed to occur simultaneously as part of a single transaction, and no delivery shall be deemed to have been made until all such deliveries have been made.

3. Representations and Warranties of Newpark. Newpark hereby represents and warrants to Fletcher on the Closing Date, as follows:

a. Newpark has been duly incorporated and is validly existing in good standing under the laws of Delaware or, after the Closing Date, if another entity has

succeeded Newpark in accordance with the terms hereof, under the laws of one of the states of the United States.

b. The execution, delivery and performance of this Agreement and the Certificate of Rights and Preferences and the Warrant by Newpark (including the issuance of the Investment Securities) have been duly authorized by all requisite corporate action and no further consent or authorization of Newpark, its Board of Directors or its shareholders is required, except as otherwise contemplated by this Agreement.

c. This Agreement has been duly executed and delivered by Newpark and, when this Agreement is duly authorized, executed and delivered by Fletcher, will be a valid and binding agreement enforceable against Newpark in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity.

d. Newpark has full corporate power and authority necessary to execute and deliver this Agreement and to perform its obligations hereunder and under the Certificate of Rights and Preferences and the Warrant (including the issuance of the Investment Securities).

e. No consent, approval, authorization or order of any court, governmental agency or other body is required for execution and delivery by Newpark of this Agreement or the performance by Newpark of any of its obligations hereunder and under the Certificate of Rights and Preferences and the Warrant other than such as may already have been received, except as otherwise contemplated by this Agreement.

f. Neither the execution and delivery by Newpark of this Agreement nor the performance by Newpark of any of its obligations hereunder and under the Certificate of Rights and Preferences and the Warrant:

(i) violates, conflicts with, results in a breach of, or constitutes a default (or an event which with the giving of notice or the lapse of time or both would be reasonably likely to constitute a default) under (A) the certificates of incorporation or by-laws of Newpark or any of its subsidiaries, (B) any decree, judgment, order, law, treaty, rule, regulation or determination of which Newpark is aware (or would be aware after due inquiry) of any court, governmental agency or body, or arbitrator having jurisdiction over Newpark or any of its subsidiaries or any of their respective properties or assets, (C) the terms of any bond, debenture, note or any other evidence of indebtedness, or any agreement, stock option or other similar plan, indenture, lease, mortgage, deed of trust or other instrument to which Newpark or any of its subsidiaries is a party, by which Newpark or any of its subsidiaries is bound, or to which any of the properties or

assets of Newport or any of its subsidiaries is subject, (D) the terms of any "lock-up" or similar provision of any underwriting or similar agreement to which Newport or any of its subsidiaries is a party or (E) any rule or regulation of the National Association of Securities Dealers, Inc. or the NYSE (subject to obtaining the Required Consents under circumstances contemplated by Section 6(c) of this Agreement) or any rule or regulation of the markets where Newport's securities are publicly traded applicable to Newport or the transactions contemplated here by; or

(ii) results in the creation or imposition of any lien, charge or encumbrance upon any Investment Securities or upon any of the properties or assets of Newport or any of its subsidiaries.

g. Newport has validly reserved for issuance to Fletcher 120,000 shares of Series B Preferred Stock pursuant to this Agreement and 8,000,000 shares of Common Stock (or such greater number as may be required by Section 9(h)) for issuance upon conversion of the Preferred Shares and exercise of the Warrant. When issued to Fletcher against payment therefor, each Investment Security:

(1) will have been duly and validly authorized, duly and validly issued, fully paid and non-assessable;

(2) will be free and clear of any security interests, liens, claims or other encumbrances (other than security interests, liens, claims or other encumbrances created solely by Fletcher); and

(3) will not have been issued or sold in violation of any preemptive or other similar rights of the holders of any securities of Newport.

h. Newport satisfies all maintenance criteria of the New York Stock Exchange or, after the Closing Date, has a valid exemption from such criteria of which it has previously notified Fletcher in writing. No present set of facts or circumstances will (with the passage of time or the giving of notice or both or neither) cause any of the Common Stock to be delisted from the New York Stock Exchange. All of the Covered Securities (as defined in Section 4.b) will, when issued, be duly listed and admitted for trading on all of the markets where shares of Common Stock are traded, including the New York Stock Exchange.

i. There is no pending or, to the best knowledge of Newport, threatened action, suit, proceeding or investigation before any court, governmental agency or body, or arbitrator having jurisdiction over Newport or any of its affiliates that would affect the execution by Newport of, or the performance by Newport of its

obligations under, this Agreement, the Certificate of Rights and Preferences or the Warrant.

j. Since December 31, 1997, none of Newport's filings with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act") or under Section 13(a) or 15(d) of the Exchange Act (each an "SEC Filing") contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading. Since the date of Newport's most recent SEC Filing, there has not been, and Newport is not aware of, any development that is reasonably likely to result in any material adverse change in the condition, financial or otherwise, or in the business affairs or prospects of Newport, whether or not arising in the ordinary course of business.

k. The offer and sale of the Investment Securities to Fletcher pursuant to this Agreement will, subject to compliance by Fletcher with the applicable representations and warranties contained in Section 7 hereof and with the applicable covenants and agreements contained in Section 11 hereof, be made in accordance with the provisions and requirements of Securities Act Section 4(2) or Regulation D promulgated under the Securities Act and any applicable state law.

l. As of the date hereof, the authorized capital stock of Newport consists of 100,000,000 shares of Common Stock and 1,000,000 shares of preferred stock, par value \$0.01 ("Preferred Stock"). As of May 25, 2000, (A) 69,159,752 shares of Common Stock and 150,000 shares of Preferred Stock were issued and outstanding, (B) 8,247,056 shares of Common Stock and no shares of Preferred Stock are currently reserved and subject to issuance upon the exercise of outstanding stock options, warrants or other convertible rights, (C) 668 shares of Common Stock are held in the treasury of Newport, (D) up to 4,101,952 additional shares of Common Stock may be issued under the 1993 Non-Employee Directors' Stock Option Plan, the Amended and Restated Newport Resources, Inc. 1995 Incentive Stock Option Plan, the Newport Resources, Inc. Cash and Stock Incentive Plan and the 1999 Employee Stock Purchase Plan (collectively, the "Benefit Plans") and (E) 228,637 shares of Common Stock reserved for issuance as dividends on the Series A Cumulative Perpetual Preferred Stock and a presently indeterminate number of shares issuable upon conversion of the currently outstanding Series A Cumulative Perpetual Preferred Stock. All of the outstanding shares of Common Stock are, and all shares of capital stock which may be issued pursuant to stock options, warrants or other convertible rights will be, when issued and paid for in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable and free of any preemptive rights in respect thereof. As of the date hereof, except as set forth above, and except for shares of Common Stock or other securities issued upon conversion, exchange, exercise or purchase associated with the securities, options, warrants, rights and other instruments referenced above, no shares of capital stock or other voting securities of Newport were outstanding, no equity equivalents,

interests in the ownership or earnings of Newpark or other similar rights were outstanding, and there were no existing options, warrants, calls, subscriptions or other rights or agreements or commitments relating to the capital stock of Newpark or any of its subsidiaries or obligating Newpark or any of its subsidiaries to issue, transfer, sell or redeem any shares of capital stock, or other equity interest in, Newpark or any of its subsidiaries or obligating Newpark or any of its subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, agreement or commitment. Attached hereto as Schedule 3(1) is a true and correct list as of the date of this Agreement of all outstanding options, warrants, calls, subscriptions and other rights or agreements or commitments relating to the issuance of additional shares of capital stock of Newpark and with respect to each a description of the number and class of securities and the exercise price thereof; provided that with respect to Benefit Plans, such schedule may summarize the total number of shares subject to, the range of exercise prices under and the average exercise prices of such options, warrants, calls, or other rights issued under the Benefit Plans.

m. Solvency. The sum of the assets of Newpark, both at a fair valuation and at present fair salable value, exceeds its liabilities, including contingent liabilities, Newpark has sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and Newpark has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this paragraph, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such contingent liabilities, such liabilities are computed at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

n. Audited Financials. Attached hereto as Annex D is a true, correct and complete copy of (i) the report of Deloitte & Touche LLP to the board of directors and shareholders of Newpark dated March 26, 1999 (March 27, 2000 as to Note D thereto), together with the accompanying consolidated financial statements and schedules of Newpark at December 31, 1998 and the results of Newpark's operations and cash flows for each of the two (2) years in the period ended December 31, 1998 (ii) the report of Arthur Andersen LLP dated March 27, 2000, together with the accompanying consolidated financial statements and schedules of Newpark at December 31, 1999 and the results of Newpark's operations and cash flows for the year ended December 31, 1999, as such report appears in the Annual Report on Form 10-K for the fiscal year ended December 31, 1999 filed by Newpark with the SEC (the "Auditor Report") and

(iii) the written consent of Arthur Andersen LLP to the inclusion of its report described in clause (ii) herein.

o. Equivalent Value. As of the date hereof, the consideration that Newpark is receiving from Fletcher is equivalent in value to the consideration Fletcher is receiving from Newpark pursuant to this Agreement. As of the date hereof, under the terms of this Agreement, Newpark is receiving fair consideration from Fletcher for the agreements, covenants, representations and warranties made by Newpark to Fletcher.

p. No Non-Public Information. Fletcher has not requested from Newpark, and Newpark has not furnished to Fletcher, any material non-public information concerning Newpark or its subsidiaries.

4. Registration Provisions.

a. Newpark shall as soon as practicable and at its own expense, but in no event later than thirty (30) days after the Closing Date, file a Registration Statement (as defined below) under the Securities Act covering the resale of all of the Common Shares and shall use its best efforts to cause such Registration Statement to be declared effective not later than the 75th day following the Closing Date (the "Required Registration Date"). The obligations to have the Registration Statement declared effective and to maintain such effectiveness as provided in this Section 4 (subject to any Blackout Period that does not constitute a Blackout Violation) are referred to herein as the "Registration Requirement." Pursuant to the preceding sentence, Newpark shall register pursuant to such Registration Statement not less than the number of shares of Common Stock equal at least to the sum of (x) the 1,900,000 Common Shares initially issuable under the Warrant plus (y) all Common Shares that may become issuable under the Warrant pursuant to Sections 2, 3 and 4 thereof plus (z) (1) 1.5 times (2) the total number of Common Shares issued or issuable under this Agreement excluding the Warrant (including all shares issued or issuable under the Preferred Shares, whether upon conversion, as dividends within the year following such date (assuming that all dividends are made as required in the Certificate of Rights and Preferences and are made in Common Stock) or otherwise on an as-converted basis as of such date) (the "Registrable Number"). Newpark shall promptly amend such Registration Statement (or, if necessary, file a new Registration Statement) at any time that the number of Common Shares issued and issuable under this Agreement exceeds eighty percent (80%) of the number of shares then registered so that the Registrable Number (as determined on such date) of Common Shares shall be registered and freely tradable.

b. Each Common Share is a "Covered Security" and the registration statement filed or required to be filed under the Securities Act in accordance with Section 4.a hereof is referred to as the "Registration Statement". Newpark shall provide prompt written notice to Fletcher when the Registration Statement has been declared effective by the SEC.

c. Newport will use its best efforts to: (A) keep the Registration Statement effective until the earlier of (x) the later of (i) the second anniversary of the issuance of the last Covered Security that may be issued, or (ii) such time as all of the Covered Securities issued or issuable to Fletcher can be sold by Fletcher or any of its affiliates within a three (3)-month period without compliance with the registration requirements of the Securities Act pursuant to Rule 144 under the Securities Act ("Rule 144") or (y) the date all of the Covered Securities issued or issuable shall have been sold by Fletcher; (B) prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement (as so amended and supplemented from time to time, the "Prospectus") as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Covered Securities by Fletcher or any of its affiliates; (C) furnish such number of Prospectuses and other documents incident thereto, including any amendment of or supplement to the Prospectus, as Fletcher from time to time may reasonably request; (D) cause all Covered Securities to be listed on each securities exchange and quoted on each quotation service on which similar securities issued by Newport are then listed or quoted; (E) provide a transfer agent and registrar for all Covered Securities and a CUSIP number for all Covered Securities; (F) otherwise comply with all applicable rules and regulations of the SEC, the New York Stock Exchange and any other exchange or quotation service on which the Covered Securities are obligated to be listed or quoted under this Agreement; and (G) file the documents required of Newport and otherwise obtain and maintain requisite blue sky clearance in (x) New York, Delaware and all other jurisdictions in which any of the shares of Common Stock were originally sold and (y) all other states specified in writing by Fletcher, provided, however, that as to this clause (y), Newport shall not be required to qualify to do business or consent to service of process in any state in which it is not now so qualified or has not so consented. Fletcher shall have the right to approve the description of the plan of distribution and all other references to Fletcher contained in any Registration Statement and any Prospectus.

d. Newport shall furnish to Fletcher upon request a reasonable number of copies of a supplement to or an amendment of any Prospectus as may be necessary in order to facilitate the public sale or other disposition of all or any of the Covered Securities by Fletcher or any of its affiliates pursuant to the Registration Statement.

e. With a view to making available to Fletcher and its affiliates the benefits of Rule 144 and Form S-3 under the Securities Act, Newport covenants and agrees to: (A) make and keep available adequate current public information (within the meaning of Rule 144(c)) concerning Newport, until the earlier of (x) the second anniversary of the issuance of the last Covered Security to be issued or (y) such date as all of the Covered Securities shall have been resold by Fletcher or any of its affiliates; and (B) furnish to Fletcher upon request, as long as Fletcher owns any Covered

Securities, (x) a written statement by Newpark that it has complied with the reporting requirements of the Securities Act and the Exchange Act, (y) a copy of the most recent annual or quarterly report of Newpark, and (z) such other information as may be reasonably requested in order to avail Fletcher and its affiliates of Rule 144 or Form S-3 with respect to such Covered Securities.

f. Notwithstanding anything else in this Section 4, if, at any time during which a Prospectus is required to be delivered in connection with the sale of any Covered Security, Newpark determines in good faith that a development has occurred or a condition exists as a result of which the Registration Statement or the Prospectus contains a material misstatement or omission, or that a material transaction in which Newpark is engaged or proposes to engage would require an amendment to the Registration Statement or a supplement to the Prospectus and the disclosure of such transaction would be premature or injurious to the consummation of the transaction, Newpark will immediately notify Fletcher thereof by telephone and in writing. Upon receipt of such notification, Fletcher and its affiliates will immediately suspend all offers and sales of any Covered Security pursuant to the Registration Statement. In such event, Newpark will amend or supplement the Registration Statement as promptly as practicable and will use its best efforts to take such other steps as may be required to permit sales of the Covered Securities thereunder by Fletcher and its affiliates in accordance with applicable federal and state securities laws. Newpark will promptly notify Fletcher after it has determined in good faith that such sales have become permissible in such manner and will promptly deliver copies of the Registration Statement and the Prospectus (as so amended or supplemented) to Fletcher in accordance with paragraphs (c) and (d) of this Section 4. Notwithstanding the foregoing, (A) under no circumstances shall Newpark be entitled to exercise its right to suspend sales of any Covered Securities pursuant to the Registration Statement more than twice in any twelve (12)-month period, (B) the period during which such sales may be suspended (each a "Blackout Period") shall not exceed thirty (30) days, and (C) no Blackout Period may commence less than thirty (30) days after the end of the preceding Blackout Period. If any Blackout Period shall exceed the duration or frequency limits set forth in clause (A) or (B) (a "Blackout Violation"), then from the first day of such Blackout Violation until the first anniversary of the last day of the Blackout Period causing such Blackout Violation, (i) the Warrant Price under the Warrant shall decrease by two and one-half percent (2.5%) and (ii) the Conversion Price under the Certificate of Rights and Preferences shall decrease by two and one-half percent (2.5%). If a second Blackout Violation occurs before (or if the original Blackout Violation shall continue on) the first anniversary of the first day of the original Blackout Violation, then (i) the Warrant Price under the Warrant shall decrease by an additional two and one-half percent (2.5%) and (ii) the Conversion Price under the Preferred Shares shall decrease by an additional two and one-half percent (2.5%). Each subsequent Blackout Violation occurring on or before the anniversary of the first day of such Blackout Violation shall cause the Warrant Price and Conversion Price each to decrease by two and one-half percent (2.5%) in addition to all prior decreases, provided that not more than one such additional decrease shall take effect in any twelve (12)-month period.

All such adjustments in the Warrant Price and the Conversion Price shall continue until twelve (12) months shall have passed without a Blackout Violation.

Upon the commencement of a Blackout Period pursuant to this Section 4, Fletcher will notify Newpark of any contract to sell, assign, deliver or otherwise transfer any Covered Security (each a "Sales Contract") that Fletcher or any of its affiliates has entered into prior to the commencement of such Blackout Period and that would require delivery of such Covered Securities during such Blackout Period, which notice will contain the aggregate sale price and volume of Covered Securities pursuant to such Sales Contract. Upon receipt of such notice, Newpark will immediately notify Fletcher of its election either (i) to terminate the Blackout Period and, as promptly as practicable, amend or supplement the Registration Statement or the Prospectus in order to correct the material misstatement or omission and deliver to Fletcher copies of such amended or supplemented Registration Statement and Prospectus in accordance with paragraphs (c) and (d) of this Section 4, or (ii) to continue the Blackout Period in accordance with this paragraph. If Newpark elects to continue the Blackout Period (and, in any case, if a Blackout Violation occurs), and Fletcher or any of its affiliates are therefore unable to consummate the sale of Covered Securities pursuant to the Sales Contract, Newpark will promptly indemnify each Fletcher Indemnified Party (as such term is defined in Section 17.a. below) against any Proceeding (as such term is defined in Section 17.a. below) that each Fletcher Indemnified Party may incur arising out of or in connection with Fletcher's breach or alleged breach of any such Sales Contract, and Newpark shall reimburse each Fletcher Indemnified Party for any reasonable costs or expenses (including reasonable legal fees) incurred by such party in investigating or defending any such Proceeding (collectively, the "Indemnification Amount").

g. In addition to any other remedies available to Fletcher under this Agreement, if the Registration Statement has not been declared effective by the Required Registration Date or such Registration Statement is not available with respect to all Covered Securities (except during a Blackout Period or a Blackout Violation), then (A) the Conversion Price (as defined in the Certificate of Rights and Preferences) shall be permanently decreased by two and one-half percent (2.5%) for each month (or portion thereof), compounded monthly, that such Registration Statement shall not have been declared effective or such Registration Statement is not available with respect to all Covered Securities (except during a Blackout Period or a Blackout Violation), and (B) the Warrant Price (as defined in the Warrant Certificate) shall be permanently decreased by two and one-half percent (2.5%) for each month (or portion thereof), compounded monthly, that such Registration Statement shall not have been declared effective or such Registration Statement is not available with respect to all Covered Securities (except during a Blackout Period or a Blackout Violation); provided that any adjustment in this Section 4(g) caused by a Registration Statement that is available with respect to fewer than all of the Covered Securities shall affect all Covered Securities unless such

Registration Statement is unavailable for less than 5,000 shares of Covered Securities, in which case such adjustment shall only affect such lesser number of Covered Securities.

h. Nothing in this Section 4 shall be construed to impose an obligation upon Newport to register the Warrant or the Preferred Shares.

5. "Market Stand-Off" Agreement. If requested by Newport and an underwriter in a firm commitment underwritten public offering of Common Stock with net proceeds of at least \$25,000,000 to Newport, after underwriter's discounts or commissions and other fees or expenses, Fletcher shall not sell or otherwise transfer or dispose of any Common Stock (other than Common Stock included in the registration) during the ninety (90) day period (or such shorter period, if so notified by Newport in writing) following the effective date of a registration statement of Newport filed under the Securities Act, provided that:

a. such agreement shall only apply to registration statements of Newport including securities to be sold on its behalf to the public in an underwritten offering where the effective date of any such registration statement shall not occur before the first anniversary of the effective date of the immediately prior registration statement with respect to which Fletcher was required to provide such agreement;

b. all officers and directors of Newport, all purchasers or subsequent holders of Offered Shares (other than subsequent holders who acquire such securities through bona fide purchases in the public market) and all holders of Newport Series A Cumulative Perpetual Preferred Stock are bound by and have entered into similar agreements; and

c. Newport shall (and shall cause such underwriter to) use best efforts to cause such stand-off period not to exist or, if it does exist, to terminate at the earliest practicable date.

The obligations described in this Section 5 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future.

6. Conversion of Preferred Shares; Exercise of Warrant.

a. Preferred Shares are convertible into Common Shares in accordance with the terms and conditions set forth in Section 6 of the Certificate of Rights and Preferences. The form of the "Preferred Stock Conversion Notice" to be executed and delivered by Fletcher to Newport as specified therein is attached hereto as Annex E and the form of the "Preferred Stock Conversion Delivery Notice" to be executed and delivered by Newport to Fletcher as specified therein is attached hereto as Annex F.

b. The Warrant is exercisable into Common Shares in accordance with the terms and conditions set forth in the Warrant Certificate. The form of the "Warrant Exercise Notice" to be executed and delivered by Fletcher to Newpark as specified therein is attached as Exhibit 1 to the Warrant and the form of the "Warrant Exercise Delivery Notice" to be executed and delivered by Newpark to Fletcher as specified therein is attached as Exhibit 2 to the Warrant.

c. In the event the number of Common Shares issued and/or issuable on any date (a "Trigger Date") together with any Common Shares issuable as dividends within one (1) year following such date, assuming that all such dividends are paid in Common Stock and are paid as they accrue, in each case without regard to any 65 Day Notice requirements, would result in Fletcher receiving more than seventeen and one-half percent (17.5%) of the shares of Common Stock outstanding as of the date of this Agreement (the "Original Number"), Newpark (A) shall not issue Common Shares (the "Issuance Blockage") to the extent that the total number of Common Shares issued hereunder would exceed nineteen and ninety-nine one-hundredths percent (19.99%) of the Original Number and such circumstance would require the approval (the "Required Consent") of the holders of Common Stock pursuant to the listing requirements or rules of the New York Stock Exchange (or such other U.S. national securities exchange on which Common Stock is then listed), (B) shall notify Newpark's stockholders of a stockholder meeting for the purpose of voting on the Required Consent within twenty (20) Trading Days from the Trigger Date, which meeting shall be held on or before the 60th calendar day after the Trigger Date, and (C) shall otherwise use its best efforts to obtain, on or before the 60th day after the Trigger Date, the Required Consent for the issuance of all Common Shares issued or issuable under this Agreement (including, but not limited to, all previously issued Common Shares and all unconverted Preferred Shares and any unexercised rights under the Warrant and all shares that may become issuable as dividends under the Preferred Shares, assuming that all such dividends are paid in Common Stock and are paid as they accrue) including, but not limited to, recommending to Newpark's stockholders that such stockholders give the Required Consent and not withdrawing such recommendation. If the Required Consent has not been obtained within such sixty (60)-day period, or Newpark otherwise does not have sufficient authorized shares to fulfill its obligation, Fletcher shall have the right to:

(x) instruct Newpark to apply to the payment required by Section 1 of the Warrant such number of the shares of Common Stock otherwise issuable to Fletcher upon such exercise as shall be specified by Fletcher, in which case an amount equal to the excess of (i) (A) the daily volume-weighted average price on the NYSE or, if no such sale takes place on such date, the average of the closing bid and asked prices on the NYSE thereof on such date, in each case as reported by Bloomberg, L.P. (or by such other entity as Fletcher and Newpark may agree), or (B) if such Common Stock is not then listed or admitted to trading on the NYSE, the higher of (1) the book value thereof as determined by any firm of

independent public accountants of recognized standing selected by the Board of Directors of the Issuer as of the last day of any month ending within sixty (60) days preceding the date as of which the determination is to be made or (2) the fair value thereof determined in good faith by the Board of Directors of the Issuer as of a date which is within eighteen (18) days of the date as of which the determination is to be made (the "Average Price") over (ii) the portion of the payment required by Section 1 of the Warrant attributable to such shares shall be deemed to have been paid to Newpark and the number of Common Shares issuable upon such exercise shall be reduced by such specified number, provided, however, that such instructions shall not be honored and shall have no effect to the extent that as a result of following such instructions, the total number of Common Shares issued hereunder would cause a Required Consent to be required;

(y) convert up to that amount of the Preferred Shares or exercise any portion of the Warrant, the conversion or exercise of which would result in the total number of shares issued hereunder exceeding nineteen and ninety-nine one-hundredths percent (19.99%) of the Original Number or that number which is unavailable for issuance, as the case may be, into the rights described herein (the "Excess Rights"). Fletcher shall exercise such right to obtain Excess Rights by delivering one or more written notices in the form attached hereto as Annex G (an "Excess Rights Notice") to Newpark from time to time. The date an Excess Rights Notice is delivered shall be an "Excess Notice Date." The stated value of the Excess Rights shall be an amount equal to (1) in the case of the Warrant the product of (A) the positive excess of the Average Price on the Excess Notice Date over the Warrant Price (as defined in the Warrant) per Common Share and (B) the number of Common Shares that would be issuable in respect of such exercise but for the Issuance Blockage (without regard to any requirement to deliver a 65 Day Notice) and (2) in the case of Preferred Shares the product of (A) the Average Price on the Excess Notice Date and by (B) the number of Common Shares that would be issuable in respect of such conversion but for the Issuance Blockage (without regard to any requirement to deliver a 65 Day Notice). From creation until the first anniversary of the date on which the Required Consent is obtained, Excess Rights may, in whole or in part, from time to time, in any combination (i) be applied in lieu of payment, with each dollar of stated value of Excess Rights applied as a dollar of payment, of the Warrant Price under Section 1 of the Warrant or (ii) be converted into additional Preferred Shares (identical in all respects to the Preferred Shares originally issued hereunder, provided that such shares may bear a different name (e.g., "Series B-1 Convertible Preferred Stock")) at the ratio of \$250 of stated value of Excess Rights to one Preferred Share, or

(z) any combination of clauses (x) and (y).

d. The aggregate number of Common Shares issuable upon conversion of the Preferred Shares and exercise of the Warrant shall not exceed the Maximum Number of shares of Common Stock. The "Maximum Number" equals the sum of 6,743,075 plus the Exercisable Number. The "Exercisable Number" is initially zero and thereafter may be increased upon expiration of a sixty-five (65) day period (the "Notice Period") after either (i) Fletcher delivers a notice (a "65 Day Notice") to Newpark designating an aggregate number of Common Shares in excess of the Maximum Number which shall be issuable upon conversion of the Preferred Shares or exercise of the Warrant, or (ii) Newpark delivers a notice (an "Increase Notice") stating the increase, if any (the "Increase"), in the aggregate number of Common Shares outstanding as of the last day of the preceding month over the number outstanding as of the last day of the second preceding month, or in the case of the last day of the month immediately following the Closing Date, the number of shares outstanding specified in Section 3(1), in which event the Exercisable Number shall be automatically increased by the number which is nine and three-quarters percent (9.75%) of the Increase. A 65 Day Notice may be given at any time. Unless expressly waived by Fletcher, Newpark shall deliver an Increase Notice to Fletcher on or before the 10th day of every calendar month from and including the Closing Date. From time to time following the Notice Period, Common Stock may be issued to Fletcher on any Business Day for any quantity of Common Stock, such that the aggregate number of shares of Common Stock issued hereunder is less than or equal to the Maximum Number. Nothing in this Section 6(d) shall limit or apply to the creation or conversion of Excess Rights under Section 6(c)(y).

e. Newpark shall use best efforts to obtain from the Newpark stockholders, if required, the requisite authority to issue Common Shares to Fletcher in accordance with the terms of this Agreement.

7. Representations and Warranties of Fletcher. Fletcher hereby represents and warrants to Newpark on the Closing Date:

a. Fletcher has been duly incorporated and is validly existing in good standing under the laws of the Cayman Islands.

b. The execution, delivery and performance of this Agreement by Fletcher have been duly authorized by all requisite corporate action and no further consent or authorization of Fletcher, its Board of Directors or its shareholders is required. This Agreement has been duly executed and delivered by Fletcher and, when duly authorized, executed and delivered by Newpark, will be a valid and binding agreement enforceable against Fletcher in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity.

c. Fletcher understands that no United States federal or state agency has passed on, reviewed or made any recommendation or endorsement of the Investment Securities.

d. Subject to Section 4 hereof, Fletcher understands that the Investment Securities have not been registered under the Securities Act and may not be re-offered or resold in the United States other than pursuant to registration thereunder or an available exemption therefrom.

e. Fletcher is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act.

f. Fletcher is purchasing the Investment Securities for its own account for investment only and not with a view to, or for resale in connection with, the public sale or distribution thereof in the United States, except pursuant to sales registered under the Securities Act or an exemption therefrom.

g. Fletcher understands that the Investment Securities are being or will be offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal securities laws and that Newport is relying on the truth and accuracy of, and Fletcher's compliance with, the representations, warranties, agreements, acknowledgments and understandings of Fletcher set forth herein in order to determine the availability of such exemptions and the eligibility of Fletcher to acquire the Investment Securities.

h. As of the date of this Agreement, the consideration that Newport is receiving from Fletcher is equivalent in value to the consideration Fletcher is receiving from Newport pursuant to this Agreement. As of the date of this Agreement, under the terms of this Agreement, Newport is receiving fair consideration from Fletcher for the agreements, covenants, representations and warranties made by Newport to Fletcher.

i. Fletcher has had access to documents publicly filed with the SEC by Newport, and has been given a reasonable opportunity to ask questions of Newport's officers regarding publicly available information concerning Newport.

8. Right of First Refusal. Subject to the terms and conditions specified in this Section 8, Newport hereby grants to (i) Fletcher, (ii) any wholly-owned subsidiary or affiliate of Fletcher, or (iii) any of Fletcher's designees, which designee, along with the entities in clauses (i) and (ii) above, then holds not less than one-half of the number of shares of Series B Preferred Stock originally issued pursuant to this Agreement (the "First Refusal Stockholders"), a right of first offer with respect to future sales by Newport of its Offered Shares (as hereinafter defined). Each time Newport has a bona fide proposal from a third party to acquire any shares of, or securities convertible into or exercisable or exchangeable for any shares of, any class of its capital stock ("Offered Shares") and Newport wishes to sell the Offered Shares to such third party,

Newpark shall first offer such Offered Shares to the First Refusal Stockholders in accordance with the following provisions:

a. Newpark shall deliver a notice in accordance with Section 19 of this Agreement ("Offer Notice") to Fletcher stating (i) its bona fide intention to offer such Offered Shares, (ii) the number of such Offered Shares to be offered, (iii) the price and terms, if any, upon which it proposes to offer such Offered Shares, and (iv) the identity of the proposed purchasers of such shares and, if requested by Fletcher, such purchasers' affiliates and associates.

b. For ten (10) Trading Days after delivery of the Offer Notice, Newpark shall negotiate exclusively and in good faith with the First Refusal Stockholders with respect to the proposed sale of Offered Shares and Newpark shall not enter into or continue negotiations with, respond to, furnish information to, or consummate any transaction with any person or entity concerning any transaction regarding any shares of, or securities convertible into or exercisable or exchangeable for any shares of, any class of its capital stock.

c. Within ten (10) Trading Days after delivery of the Offer Notice, the First Refusal Stockholders may elect by delivering a written notice to Newpark, to purchase or obtain, at the price and on the terms specified in the Offer Notice (or on terms that are substantially similar to, or more favorable to Newpark than, the terms contained in the Offer Notice), all (and not less than all unless a third party agrees to purchase the remainder of such securities on terms that are substantially similar to, or more favorable to Newpark than, the terms contained in the Offer Notice) of the Offered Shares. If the Offer Notice specifies consideration other than cash is to be paid for the Offered Securities, the First Refusal Stockholders may, at their sole option, (if they choose to purchase such Offered Shares) deliver either of (i) such consideration or (ii) cash equal to the fair market value of such consideration on the date and at the time such offer is accepted. The closing of any such transaction shall occur not later than ten (10) Trading Days after Newpark receives written notice of such election. If the First Refusal Stockholders do not so elect within ten (10) days after delivery of the Offer Notice, then Newpark may sell the Offered Shares to any Person at the price and on terms that are no less favorable to Newpark than the terms contained in the Offer Notice within seventy (70) days after the date of the Offer Notice.

d. The right of first offer in this Section 8 shall not be applicable to any issuance or sale of any of the following securities:

(i) Common Stock issued as consideration for the acquisition of at least fifty percent (50%) of the voting capital stock or assets of a bona fide operating company in a similar or complementary line of business to that of Newpark, as determined reasonably and in good faith by Newpark's board of

directors whether through purchase, merger, consolidation, tender offer or otherwise, provided that the purpose of Newport entering into any such transaction shall not be to raise capital, directly or indirectly, or otherwise to avoid the requirements of this Section 8,

(ii) Common Stock issued pursuant to any stock split, dividend or distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock without payment of any consideration by such holder,

(iii) Common Stock issuable or issued to employees, consultants or directors of Newport directly or pursuant to a stock option plan, employee stock purchase plan or restricted stock plan, or other similar arrangements related to compensation for services in effect on the date of this Agreement or approved by Newport's stockholders, in each case in the ordinary course of business consistent with Newport's past practice,

(iv) Common Stock issued in a bona fide firm commitment underwritten offering to the public with net proceeds of at least \$25,000,000 to Newport, after underwriter's discounts or commissions and other fees or expenses.

(v) Common Stock issued as dividends on, or upon conversion of, Newport's Series A Cumulative Perpetual Preferred Stock outstanding as of the date of this Agreement and Series B Preferred Stock,

(vi) Common Stock issuable under the Warrant and the warrant issued to SCF-IV, L.P.; or

(vii) Common Stock issued in connection with a Combination.

(e) The right of first offer hereunder shall be of no further force or effect from and after the first day upon which the Registrable Number shall be less than five percent (5%) of the Original Number, as such numbers may be adjusted for stock splits, stock dividends, reverse stock splits, recapitalizations or other, similar adjustments.

9. Covenants of Newport. Newport covenants and agrees with Fletcher as follows:

a. For so long as Fletcher owns any Investment Securities, and in any case for a period of one (1) year thereafter, Newport will use its best efforts to (i) maintain the eligibility of the Common Stock for listing on the New York Stock Exchange and (ii) regain the eligibility of the Common Stock for listing or quotation on

all markets and exchanges including the New York Stock Exchange in the event that the Common Stock is delisted by the New York Stock Exchange or any other applicable market or exchange; and will use commercially reasonable efforts to (iii) cause the representations and warranties contained in Section 3 to be and remain true and correct.

b. Newpark will provide Fletcher with an opportunity to review and comment on any public disclosure by Newpark of information regarding this Agreement and the transactions contemplated hereby, prior to such public disclosure. Beginning on the date hereof and for so long as Fletcher owns any Investment Securities and for a period of ninety (90) days thereafter, Newpark will (i) promptly notify Fletcher immediately following any public disclosure by Newpark of material information regarding Newpark or its financial condition, prospects or results of operation and (ii) provide Fletcher with copies of all SEC filings.

c. As soon as such information is available (but in no event later than two weeks after the Closing Date), Newpark shall deliver to Fletcher a written notice stating the number of outstanding shares of Common Stock as of the Closing Date.

d. Newpark will make all filings required by law with respect to the transactions contemplated hereby;

e. Newpark will comply with the terms and conditions of the Preferred Shares as set forth in the Certificate of Rights and Preferences, and will not amend the Certificate of Rights and Preferences without Fletcher's express written consent.

f. Prior to the filing of each of its quarterly reports on Form 10-Q with the SEC, Newpark shall cause Arthur Andersen LLP to deliver to Fletcher a review report relating to the final consolidated unaudited financial statements contained therein, prepared in accordance with Statements of Auditing Standard No. 71.

g. If on any date the Registrable Number exceeds eighty percent (80%) of the number of Common Shares then reserved for issuance, then Newpark shall reserve for issuance within three (3) Trading Days of such date a number of Common Shares not less than the Registrable Number.

h. Newpark shall use its best efforts to ensure that all Common Shares issued and issuable under this Agreement (including all shares issued or issuable under the Preferred Shares and the Warrant on an as-converted and as-exercised basis) become listed and/or quoted and admitted for trading as soon as practicable and thereafter remain listed and/or quoted. Moreover, Newpark will immediately notify Fletcher in writing, pursuant to Section 19, once such shares are duly listed or quoted or in the event that any such shares are delisted or removed from quotation. If any such

shares are delisted or removed from quotation, Newport shall use its best efforts to cause such shares to again be listed or quoted at the earliest possible date.

i. Newport shall use commercially reasonable efforts to cause the Common Shares to be eligible for book-entry transfer through The Depository Trust Company (or any successor thereto) as soon as practicable after the date of this Agreement and thereafter to use commercially reasonable efforts to maintain such eligibility.

10. Consolidation, Merger, Etc. In case Newport shall be a party to any transaction with any other entity or entities (the "Acquirer") providing for (i) any acquisition of Newport by means of merger or other form of corporate reorganization in which outstanding shares of Newport are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary or (ii) a sale of all or substantially all of the assets of Newport (on a consolidated basis) in a single transaction or series of related transactions or (iii) any other transaction or series of related transactions by Newport in which the power to cast the majority of the eligible votes at a meeting of Newport's stockholders at which directors are elected is transferred to a single entity or group acting in concert (each of the foregoing being referred to as a "Combination"), Fletcher and its assigns shall have the rights set forth in the Warrant and the Certificate of Rights and Preferences regarding Combinations in addition to the rights contained in this Agreement. Newport agrees that it will not enter into an agreement with an Acquirer for a Combination unless such agreement expressly obligates the Acquirer to assume all of Newport's obligations under this Agreement, the Certificate of Rights and Preferences and the Warrant and to give Fletcher written notice that the Acquirer has assumed such obligations. Newport shall provide Fletcher with written notice of any proposed Combination as soon as the existence of a proposed Combination is made public by any person, and shall notify Fletcher promptly of any material developments with respect to such Combination, including reasonable advance notice of the date the Combination is expected to become effective.

11. Covenants of Fletcher. Fletcher hereby covenants and agrees with Newport that:

a. Neither Fletcher nor any of its affiliates nor any person acting on its or their behalf will at any time offer or sell any Investment Securities other than pursuant to registration under the Securities Act or pursuant to an available exemption therefrom.

b. Fletcher shall not engage an underwriter for an underwritten public offering of Common Shares, unless such underwriter shall be reasonably satisfactory to Newport.

12. Legend. Subject to Section 4, Fletcher understands that the certificates or other instruments representing the Investment Securities shall bear a restrictive legend in the

following form (and a stop transfer order may be placed against transfer of such certificates or other instruments):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED UNLESS (1) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, OR (2) THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR ANOTHER APPLICABLE EXEMPTION UNDER THE SECURITIES ACT AND THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER OR ASSIGNMENT IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

The legend set forth above shall be removed and Newpark shall issue a certificate without such legend to any holder of Investment Securities if, unless otherwise required by state securities laws, (a) such shares are sold pursuant to an effective Registration Statement under the Securities Act, or (b) such holder provides Newpark with an opinion of counsel reasonably satisfactory to Newpark that such shares may be publicly sold pursuant to an exemption from such registration requirements without restriction.

13. Conditions Precedent to Fletcher's Obligations. The obligations of Fletcher hereunder are subject to the performance by Newpark of its obligations hereunder and to the satisfaction of the following additional conditions precedent, unless expressly waived in writing by Fletcher:

a. On the Closing Date, (i) the representations and warranties made by Newpark in this Agreement shall be true and correct; (ii) Newpark shall have complied fully with all of the covenants and agreements in this Agreement; and (iii) Fletcher shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of Newpark dated such date and to such effect.

b. On the Closing Date, Newpark shall have delivered to Fletcher an opinion of Ervin, Cohen & Jessup LLP reasonably satisfactory to Fletcher, dated the date of delivery, confirming in substance the matters covered in paragraphs (a), (b), (c), (d), (e) and (f) of Section 3 hereof and to the effect that the offer and sale of the Investment Securities to Fletcher hereunder do not require registration under the Securities Act.

c. On the Closing Date, Fletcher shall have received a letter from Arthur Andersen LLP to the effect that, as of such date, they consent to the inclusion in this Agreement of their respective portions of the Auditor Report.

d. On the Closing Date, the Registrable Number shall be duly listed and admitted for trading on the New York Stock Exchange.

14. Conditions Precedent to Newpark's Obligations. The obligations of Newpark hereunder are subject to the performance by Fletcher of its obligations hereunder and to the satisfaction (unless expressly waived in writing by Newpark) of the additional conditions precedent that, on the Closing Date: (i) the representations and warranties made by Fletcher in this Agreement shall be true and correct; (ii) Fletcher shall have complied fully with all the covenants and agreements in this Agreement; and (iii) Newpark shall have received on such date a certificate of an appropriate officer of Fletcher dated such date and to such effect.

15. Fees and Expenses. Each of Fletcher and Newpark agrees to pay its own expenses incident to the performance of its obligations hereunder, including, but not limited to the fees, expenses and disbursements of such party's counsel, except as is otherwise expressly provided in this Agreement.

16. Non-Performance. If on the Closing Date Newpark shall fail to deliver the Investment Securities to Fletcher required to be delivered pursuant to this Agreement for any reason other than the failure of any condition precedent to Newpark's obligations hereunder or the failure by Fletcher to comply with its obligations hereunder, then Newpark shall:

a. indemnify and hold Fletcher harmless against any loss, claim or damage (including without limitation, incidental and consequential damages) arising from or as a result of such failure by Newpark; and

b. reimburse Fletcher for all of its reasonable out-of-pocket expenses, including fees and disbursements of its counsel, incurred by Fletcher in connection with this Agreement and the transactions contemplated herein and therein.

17. Indemnification.

a. Indemnification of Fletcher. Newpark hereby agrees to indemnify Fletcher and each of its officers, directors, employees, agents and affiliates and each person that controls (within the meaning of Section 20 of the Exchange Act) any of the foregoing persons (each a "Fletcher Indemnified Party") against any claim, demand, action, liability, damages, loss, cost or expense (including, without limitation, reasonable legal fees and expenses) (a "Proceeding"), that it may incur in connection with any of the transactions contemplated hereby arising out of or based upon:

(1) any untrue or alleged untrue statement of a material fact in any Registration Statement, the Prospectus or any SEC Filing incorporated by reference into a Registration Statement or any SEC Filing made after the date of this Agreement and before any Registration Statement is filed with the SEC or this Agreement by Newpark or any of its affiliates or any person acting on its or their behalf or omission or alleged omission to state therein or herein any material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading by Newpark or any of its affiliates or any person acting on its or their behalf;

(2) any of the representations or warranties made by Newpark herein or under the Warrant or the Certificate of Rights and Preferences being untrue or incorrect at the time such representation or warranty was made; and

(3) any breach or non-performance by Newpark of any of its covenants, agreements or obligations under this Agreement;

and Newpark hereby agrees to reimburse each Fletcher Indemnified Party for any reasonable legal or other expenses incurred by such Fletcher Indemnified Party in investigating or defending any such Proceeding; provided, however, that the foregoing indemnity shall not apply to any Proceeding to the extent that it arises out of or is based upon the gross negligence or wilful misconduct of Fletcher in connection therewith. Furthermore, the foregoing indemnity rights will not take effect unless or until the total amount of the indemnification in the aggregate is \$10,000 or greater.

b. Indemnification of Newpark. Fletcher hereby agrees to indemnify Newpark and each of its officers, directors, employees, agents and affiliates and each person that controls (within the meaning of Section 20 of the Exchange Act) any of the foregoing persons (each a "Newpark Indemnified Party") against any Proceeding, that it may incur in connection with any of the transactions contemplated hereby arising out of or based upon:

(1) any untrue or alleged untrue statement of a material fact by Fletcher or any of its affiliates or any person acting on its or their behalf or omission or alleged omission to state any material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading by Fletcher or any of its affiliates or any person acting on its or their behalf;

(2) any of the representations or warranties made by Fletcher herein being untrue or incorrect at the time such representation or warranty was made; and

(3) any breach or non-performance by Fletcher of any of its covenants, agreements or obligations under this Agreement;

and Fletcher hereby agrees to reimburse each Newpark Indemnified Party for any reason able legal or other expenses incurred by such Newpark Indemnified Party in investigating or defending any such Proceeding; provided, however, that the foregoing indemnity shall not apply to any Proceeding to the extent that it arises out of or is based upon the gross negligence or wilful misconduct of Newpark in connection therewith. Furthermore, the foregoing indemnity rights will not take effect unless or until the total amount of the indemnification in the aggregate is \$10,000 or greater.

c. Conduct of Claims.

(1) Whenever a claim for indemnification shall arise under this Section 17, the party seeking indemnification (the "Indemnified Party"), shall notify the party from whom such indemnification is sought (the "Indemnifying Party") in writing of the Proceeding and the facts constituting the basis for such claim in reasonable detail;

(2) Upon delivery of such notice, such Indemnified Party shall have a duty to take all reasonable steps to mitigate any losses, liabilities, costs, charges and expenses relating to any such Proceeding;

(3) Such Indemnifying Party shall have the right to retain the counsel of its choice in connection with such Proceeding and to participate at its own expense in the defense of any such Proceeding; provided, however, that counsel to the Indemnifying Party shall not (except with the consent of the relevant Indemnified Party) also be counsel to such Indemnified Party. In no event shall the Indemnifying Party be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from its own counsel for all Indemnified Parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances; and

(4) No Indemnifying Party shall, without the prior written consent of the Indemnified Parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification could be sought under this Section unless such settlement, compromise or consent (A) includes an unconditional release of each Indemnified Party from all

liability arising out of such litigation, investigation, proceeding or claim and (B) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

18. Survival of the Representations, Warranties, etc. The respective representations, warranties, and agreements made herein by or on behalf of the parties hereto shall remain in full force and effect, regardless of any investigation made by or on behalf of the other party to this Agreement or any officer, director or employee of, or person controlling or under common control with, such party and will survive delivery of and payment for any Investment Securities issuable hereunder.

19. Notices. All communications hereunder shall be in writing and delivered as set forth below.

a. If sent to Fletcher, all communications shall be delivered by hand, sent by reputable overnight courier or transmitted and confirmed by facsimile to Fletcher, unless otherwise notified in writing of a substitute address, at:

Fletcher International Limited
c/o HSBC Trust Corporation (Cayman) Limited
P.O. Box 1109
Mary Street
Grand Cayman, Cayman Islands, B.W.I.
Attention: Pamela Clements
Telephone: (345) 914-7515
Facsimile: (345) 949-7634

with a copy to:

Fletcher Asset Management
22 East 67th Street
New York, NY 10021
Attention: Peter Zayfert
Telephone: (212) 284-4800
Facsimile: (212) 284-4801

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005
Attention: Stephen W. Hamilton, Esq.
Telephone: (202) 371-7010
Facsimile: (202) 393-5760

To the extent that any funds shall be delivered to Fletcher by wire transfer, unless otherwise instructed by Fletcher, such funds should be delivered in accordance with the following wire instructions:

Fletcher International Limited
Bank: Chase Manhattan Bank
ABA Number: 021-000-021
For the benefit of: Lehman Brothers Inc.
Account Number: 140-094-221
For credit to: Fletcher International Limited
Account Number: 732-00157

b. If sent to Newark, all communications shall be delivered by hand, sent by reputable overnight courier or transmitted and confirmed by facsimile to Newark, unless otherwise notified in writing of a substitute address, at:

Newark Resources, Inc.
3850 North Causeway Boulevard
Suite 1770
Metairie, Louisiana 70002
Attention: Matthew W. Hardey
Telephone: (504) 838-8222
Facsimile: (504) 833-9506

with a copy to:

Ervin, Cohen & Jessup LLP
9401 Wilshire Boulevard
Ninth Floor
Beverly Hills, California 90212
Attention: Bertram K. Massing, Esq.
Telephone: (310) 273-6333
Facsimile: (310) 859-2325

To the extent that any funds shall be delivered to Newpark by wire transfer, unless otherwise instructed by Newpark, such funds should be delivered in accordance with the following wire instructions:

Newpark Resources, Inc.
Account Number: 552-700-16-9870-1
ABA Number: 065400137
Bank: Bank One Louisiana NA
Account Name: Newpark Resources, Inc.

20. Miscellaneous.

a. This Agreement may be executed in one or more counterparts and it is not necessary that signatures of all parties appear on the same counterpart, but such counterparts together shall constitute but one and the same agreement.

b. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns and, with respect to Section 17 hereof, shall inure to the benefit of their respective officers, directors, employees, agents, affiliates and controlling persons, and no other person shall have any right or obligation hereunder. Newpark may not assign this Agreement. Fletcher may assign, pledge, hypothecate or transfer any of the rights and associated obligations contemplated by this Agreement (including, but not limited to, the Warrant, the Preferred Shares and the Common Shares), in whole or in part, at its sole discretion (including, but not limited to, assignments, pledges, hypothecations and transfers in connection with hedging transactions with respect to this Agreement, the Warrant, the Preferred Shares and the Common Shares), provided that (i) any such assignment, pledge, hypothecation or transfer must comply with applicable federal and state securities laws and (ii) Fletcher shall furnish Newpark with an opinion of counsel reasonably satisfactory to Newpark that such assignment, pledge, hypothecation or transfer so complies (except with respect to Common Stock that is registered under the Securities Act). No Person acquiring Common Stock from Fletcher pursuant to a public market purchase shall thereby obtain any of the rights contained in this Agreement.

c. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, and each of the parties hereto hereby submits to the non-exclusive jurisdiction of any State or Federal court in the State of New York and any court hearing any appeal therefrom, over any suit, action or proceeding against it arising out of or based upon this Agreement (a "Related Proceeding"). Each of the parties hereto hereby waives any objection to any Related Proceeding in such courts whether on the grounds of venue, residence or domicile or on the ground that the Related Proceeding has been brought in an inconvenient forum.

d. The parties shall take all actions reasonably necessary to cause the transactions contemplated hereby to be consummated in accordance with the terms hereof.

e. The headings of the sections of this document have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter of this Agreement. Except as provided in Section 20(b), this Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

f. Each party represents and acknowledges that, in the negotiation and drafting of this Agreement and the other instruments and documents required or contemplated hereby, it has been represented by and relied upon the advice of counsel of its choice. Each party hereby affirms that its counsel has had a substantial role in the drafting and negotiation of this Agreement and such other instruments and documents. Therefore, each party agrees that no rule of construction to the effect that any ambiguities are to be resolved against the drafter shall be employed in the interpretation of this Agreement and such other instruments and documents.

g. Without prejudice to other rights or remedies hereunder (including any specified interest rate), and except as otherwise expressly set forth herein, interest shall be due on any amount that is due pursuant to this Agreement and has not been paid when due, calculated for the period from and including the due date to but excluding the date on which such amount is paid at the prime rate of U.S. money center banks as published in The Wall Street Journal (or if The Wall Street Journal does not exist or publish such information, then the average of the prime rates of three U.S. money center banks agreed to by the parties) plus two percent (2%).

h. Fletcher and Newpark stipulate that the remedies at law of the parties hereto in the event of any default or threatened default by the either party in the performance of or compliance with any of the terms of this Agreement, the Certificate of Rights and Preferences and the Warrant are not and will not be adequate and that, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

i. Any and all remedies set forth in this Agreement, the Warrant and the Certificate of Rights and Preferences: (i) shall be in addition to any and all other remedies Fletcher or Newpark may have at law or in equity, (ii) shall be cumulative, and (iii) may be pursued successively or concurrently as each of Fletcher and Newpark may elect. The exercise of any remedy by Fletcher or Newpark shall not be deemed an

election of remedies or preclude Fletcher or Newpark, respectively, from exercising any other remedies in the future.

21. Newpark's Obligations. Newpark agrees that the parties have negotiated in good faith and at arms' length concerning the transactions contemplated herein, and that Fletcher would not have agreed to the terms of this Agreement without each and every of the terms, conditions, protections and remedies provided herein and in the Warrant and the Certificate of Rights and Preferences. Except as specifically provided otherwise in this Agreement or in the Warrant or the Certificate of Rights and Preferences, Newpark's obligations to indemnify and hold Fletcher harmless in accordance with Section 17 of this Agreement are obligations of Newpark that Newpark promises to pay to Fletcher when and if they become due. Newpark shall record any such obligations on its books and records in accordance with Generally Accepted Accounting Principles.

22. Time of Essence. Time shall be of the essence in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement, all as of the day and year first above written.

NEWPARK RESOURCES, INC.

By: /s/ Matthew W. Hardey

Name: Matthew W. Hardey

Title: Vice President of Finance & CEO

FLETCHER INTERNATIONAL LIMITED,
by its duly authorized investment advisor,
FLETCHER ASSET MANAGEMENT, INC.

By: /s/ Kell B. Benson

Name: Kell B. Benson

Title: Vice Chairman

[AGREEMENT SIGNATURE PAGE]

[FORM OF CERTIFICATE OF RIGHTS AND PREFERENCES OF
CLASS B CONVERTIBLE PREFERRED STOCK OF
NEWPARK RESOURCES, INC.]

[SEE TAB 2]

A-1

[FORM OF WARRANT CERTIFICATE]

[SEE TAB 3]

B-1

[FORM OF DELIVERY NOTICE]

[date]

Fletcher International Limited
c/o Fletcher Asset Management
22 East 67th Street
New York, NY 10021
Attn: Peter Zayfert
Telephone: (212) 284-4800
Facsimile: (212) 284-4801

Ladies and Gentlemen:

Reference is made to the Agreement (the "Agreement") dated as of May 30, 2000 by and between Newpark Resources, Inc. ("Newpark") and Fletcher International Limited ("Fletcher"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

Attached are copies of the front and back of (i) the 6 original stock certificates, each representing 20,000 shares of Series B Preferred Stock, purchased by Fletcher on the date hereof and (ii) Warrant No. W-1 issued to Fletcher, together with a copy of the overnight courier air bill which will be used to ship such stock certificates and warrant. We have the executed original stock certificates and the warrant and other documents required to be delivered in connection with the Closing Date. Upon our confirmation of the payment of the \$30,000,000 aggregate purchase price therefor, we will send the original stock certificates and the warrant by overnight courier to the following address:

Ms. Michelle Hogan
c/o Lehman Brothers Inc.
Three World Financial Center
New York, NY 10285

and we will send the other original documents by overnight courier to the following address:

Fletcher International Limited
c/o HSBC Trust Corporation (Cayman) Limited
P.O. Box 1109
Mary Street
Grand Cayman, Cayman Islands, B.W.I.
Attn: Pamela Clements
Telephone: (345) 914-7515
Facsimile: (345) 949-7634

C-1

with a copy to:

Fletcher International Limited
c/o Fletcher Asset Management
22 East 67th Street
New York, NY 10021-5805
Attn: Peter Zayfert

Attached hereto as Exhibit 1 is a true, correct and complete copy of the most recent report of Arthur Andersen LLP to the Board of Directors and Shareholders of Newpark, together with the accompanying consolidated financial statements and schedules of Newpark, as such report appears in the most recent Annual Report on Form 10-K filed by Newpark with the SEC, as well as all Quarterly Reports on Form 10-Q filed by Newpark with the SEC since the date of such Form 10-K, together with all amendments thereto.

NEWPARK RESOURCES, INC.

By: _____
Name:
Title:

AUDITOR REPORT

[see attached]

Auditor Report

[SEE TAB 13]

D-1

[FORM OF PREFERRED STOCK CONVERSION NOTICE]

[date]

Newpark Resources, Inc.
Suite 1770
3850 North Causeway Boulevard
Metairie, Louisiana 70002
Attention: [Chief Financial Officer]
Telephone:
Facsimile:

Ladies and Gentlemen:

Reference is made to the Agreement (the "Agreement") dated as of May 30, 2000 by and between Newpark Resources, Inc. ("Newpark") and Fletcher International Limited ("Fletcher"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

Fletcher hereby elects to convert _____ shares of Series B Preferred Stock into _____ shares of Common Stock at a Conversion Price (as defined in the Certificate of Rights and Preferences) of _____. In accordance with Section 6 of the Certificate of Rights and Preferences, such shares of Common Stock shall be delivered to Fletcher [in uncertificated form by book-entry transfer][in certificated form at the address specified below:]

[delivery address to be added, if applicable:
Lehman Brothers Inc.
Three World Financial Center
New York, NY 10285
Attn: Michelle Hogan]

FLETCHER INTERNATIONAL
LIMITED, by its duly
authorized investment
advisor, FLETCHER ASSET
MANAGEMENT, INC.

By: _____
Name:
Title:

AGREED AND ACKNOWLEDGED:
NEWPARK RESOURCES, INC.

By: -----

Name:

Title:

[FORM OF PREFERRED STOCK CONVERSION DELIVERY NOTICE]

[date]

Fletcher International Limited
c/o Fletcher Asset Management
22 East 67th Street
New York, NY 10021
Attn: Peter Zayfert
Telephone: (212) 284-4800
Facsimile: (212) 284-4801

Ladies and Gentlemen:

Reference is made to the Agreement (the "Agreement") dated as of May 30, 2000 by and between Newpark Resources, Inc. ("Newpark") and Fletcher International Limited ("Fletcher"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

This notice confirms that _____ shares of Series B Preferred Stock have been converted by Fletcher into _____ shares of Common Stock at a Conversion Price (as defined in the Certificate of Rights and Preferences) of _____. [If the shares are being delivered by book entry transfer, insert the following -- Such shares of Common Stock have been delivered to Fletcher in uncertificated form by book-entry transfer.][If the shares are being delivered in physical form to the holder, insert the following -- Attached are copies of the front and back of the ___ original stock certificates, each representing _____ shares of Common Stock, together with a copy of the overnight courier air bill which will be used to ship such stock certificates. We will send the original stock certificates by overnight courier to the following address:

Lehman Brothers Inc.
Three World Financial Center
New York, NY 10285
Attn: Michelle Hogan

with a copy to:

Fletcher International Limited
c/o Fletcher Asset Management
22 East 67th Street
New York, NY 10021-5805
Attn: Peter Zayfert]

[If Preferred Stock certificates tendered by Fletcher are not being fully converted, insert the following-Also attached are copies of the front and back of the original stock certificate representing _____ shares of Series B Preferred Stock, representing the unconverted portion of the tendered Series B Preferred Stock certificates, together with a copy of the overnight courier air bill which will be used to ship such stock certificate. We will send the original stock certificate by overnight courier to Lehman Brothers Inc. at the address set forth in the previous paragraph.]

NEWPARK RESOURCES, INC.

By:

Name:

Title:

F-2

[FORM OF EXCESS RIGHTS NOTICE]

_____ / ____

Newpark Resources, Inc.
Suite 1770
3850 North Causeway Boulevard
Metairie, Louisiana 70002
Attention: [Chief Financial Officer]

Ladies and Gentlemen:

Fletcher International Limited ("Fletcher") hereby elects to exercise its right to convert some or all of its Preferred Shares or Warrant rights (as defined in the Agreement (the "Agreement")) dated as of May 30, 2000 by and between Newpark Resources, Inc. ("Newpark") and Fletcher and, in lieu of receipt of _____ Common Shares upon conversion of _____ Preferred Shares and exercise of _____ Common Shares on the face of the Warrant, hereby requests creation of Excess Rights with a stated value of \$_____ in accordance with the terms of the Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

FLETCHER INTERNATIONAL
LIMITED, by its duly
authorized investment
advisor, FLETCHER ASSET
MANAGEMENT, INC.

By: _____
Name:
Title:

AGREED AND ACKNOWLEDGED:
NEWPARK RESOURCES, INC.

By: _____
Name:
Title:

Neither the Warrant represented by this certificate nor the securities issuable upon exercise hereof have been registered under the Securities Act of 1933, as amended (the "Act") or applicable state securities laws. The securities have been acquired for investment and may not be offered for sale, sold, transferred or assigned in the absence of an effective registration statement for the securities under the Act and applicable state securities laws, or unless an exemption from registration is available and an opinion of counsel, reasonably satisfactory to Newpark Resources, Inc. shall have been furnished to Newpark Resources, Inc.

WARRANT NO. W-1

1,900,000 SHARES OF COMMON STOCK

WARRANT CERTIFICATE

Newpark Resources, Inc.

Newpark Resources, Inc. (the "Issuer"), a Delaware corporation, for value received, hereby certifies that Fletcher International Limited, or registered assigns, is entitled to purchase from the Issuer 1,900,000 duly authorized, validly issued, fully paid and nonassessable shares of common stock, par value \$0.01 per share (the "Common Stock") of the Issuer at the purchase price per share of \$10.075, at any time or from time to time prior to 12:01 A.M., New York City time, on June 1, 2007 (or such later date as may be determined pursuant to the terms hereof) (the "Termination Date"), all subject to the terms, conditions and adjustments set forth below in this Warrant.

1. Exercise of Warrant. The Warrant represented hereby was issued on June 1, 2000 pursuant to the Agreement between Fletcher International Limited and the Issuer dated as of May 30, 2000 (the "Main Agreement"), and is subject to the terms and conditions thereof. Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Main Agreement. A copy of the Main Agreement may be obtained by the registered holder hereof upon written request to the Issuer.

1.1 Manner of Exercise. This Warrant may be exercised by the holder hereof, in whole or in part, from time to time, on any Trading Day, by facsimile,

mail or overnight courier delivery of a notice in substantially the form attached to this Warrant (or a reasonable facsimile thereof) duly executed by such holder (a "Warrant Exercise Notice"). The closing of each exercise shall take place (i) on the third Trading Day following the date the Warrant Exercise Notice is delivered, (ii) such later date as the conditions set forth in Section 1.2 have been waived or satisfied or (iii) any other date upon which the exercising holder and the Issuer mutually agree (the "Warrant Closing Date").

1.2 Conditions to Closing. It shall be a condition of the exercising holder's obligation to close that each of the following are satisfied, unless waived by such holder:

(a) (i) The representations and warranties made by the Issuer in the Main Agreement shall be true and correct as of the Warrant Closing Date, except as otherwise disclosed prior to the date of the Warrant Exercise Notice to the registered holders of the Warrant either in writing directed to them or in a periodic or current report filed with the SEC; (ii) the Issuer shall have complied fully with all of the covenants and agreements in the Main Agreement; (iii) all shares to be issued upon such exercise are duly listed and admitted to trading on each securities exchange, if any, on which the Issuer's Common Stock is listed; and (iv) such holder shall have received a certificate of the Chief Executive Officer or the Chief Financial Officer of the Issuer dated such date and to the effect of clauses (i), (ii) and (iii).

(b) On the Warrant Closing Date, the Issuer shall have delivered to the holder an opinion of Ervin, Cohen & Jessup LLP (or such other counsel reasonably satisfactory to such holder) reasonably satisfactory to such holder, dated the date of delivery, confirming in substance the matters covered in paragraphs (a), (b), (c), (d), (e) and (f) of Section 3 of the Main Agreement, subject to any changes required to reflect exceptions referred to in clause (a)(i) above.

(c) On the Warrant Closing Date, all shares to be issued upon such exercise shall be duly listed and admitted for trading on the New York Stock Exchange, if the Issuer's Common Stock is so listed.

The Issuer shall use commercially reasonable efforts to cause each of the foregoing conditions to be satisfied at the earliest possible date. If such conditions are not satisfied or waived prior to the third Trading Day following the date the Warrant Exercise Notice is delivered, then the holder may, at its sole option, and at any time, withdraw the Warrant Exercise Notice by written notice to the Issuer regardless of

whether such conditions have been satisfied or waived as of the withdrawal date and, after such withdrawal, shall have no further obligations with respect to such Warrant Exercise Notice and may submit a Warrant Exercise Notice on any future date with respect to the shares referenced in the original Warrant Exercise Notice. Withdrawal of such Warrant Exercise Notice shall be the exercising holder's sole remedy for the Issuer's failure to cause such conditions to be satisfied, except to the extent that such failure constitutes a breach of the provisions of the Main Agreement.

1.3 When Exercise Effective. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the Trading Day on which the Warrant Exercise Notice is delivered as provided in Section 1.1, and at such time the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock (or Other Securities) shall be issuable upon such exercise as provided in Section 1.4 shall be deemed to have become the holder or holders of record thereof. Provided that such exercise shall not be deemed effective if and as of the date that the holder delivers written notice of withdrawal to the Issuer as set forth in Section 1.2.

1.4 Delivery of Warrant and Payment. On the Warrant Closing Date, the registered holder shall surrender this Warrant Certificate to the Issuer at the address set forth for notices to the Issuer in Section 19 of the Main Agreement and shall deliver payment in cash, by wire transfer to the Issuer's account designated in Section 19 of the Main Agreement of immediately available funds or by certified or official bank check payable to the order of the Issuer, or in the manner provided in Section 6(c)(x) or Section 6(c)(y) of the Main Agreement in the amount obtained by multiplying (a) the number of shares of Common Stock (without giving effect to any adjustment thereof) designated in such notice by (b) \$10.075, and such holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) determined as provided in Sections 2, 3 and 4.

1.5 Delivery of Stock Certificates, etc. On the Warrant Closing Date, the Issuer at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the holder hereof or as such holder may direct,

(a) at such address specified by the holder via reputable overnight courier, one or more certificates for the number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) to which such holder shall be entitled upon such exercise plus, in

lieu of any fractional share to which such holder would otherwise be entitled, cash in an amount equal to the same fraction of the Market Price per share on the Trading Day next preceding the date of such exercise, and

(b) in case such exercise is in part only, at such address specified by the holder via reputable overnight courier, a new Warrant of like tenor, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock equal (without giving effect to any adjustment thereof) to the number of such shares called for on the face of this Warrant minus the number of such shares designated by the holder upon such exercise as provided in Section 1.1.

2. Adjustment of Common Stock Issuable Upon Exercise.

2.1 General; Warrant Price. The number of shares of Common Stock which the holder of this Warrant shall be entitled to receive upon each exercise hereof shall be determined by multiplying the number of shares of Common Stock which would otherwise (but for the provisions of Section 2, 3 and 4) be issuable upon such exercise, as designated by the holder hereof pursuant to Section 1.1, by the fraction of which (a) the numerator is \$10.075 and (b) the denominator is the Warrant Price in effect on the date of such exercise. The "Warrant Price" shall initially be \$10.075 per share, shall be adjusted and readjusted from time to time as provided in the Main Agreement or in Sections 2, 3 and 4 hereof and, as so adjusted or readjusted, shall remain in effect until a further adjustment or readjustment thereof is required by the Main Agreement or by Sections 2, 3 and 4 hereof.

2.2 Adjustment of Warrant Price.

(a) Issuance of Additional Shares of Common Stock. In case the Issuer at any time or from time to time after the date hereof shall issue or sell Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 2.3 or 2.4) without consideration or for a consideration per share less than the greater of the Market Price and the Warrant Price in effect immediately prior to such issue or sale, then, and in each such case, subject to Section 2.8, such Warrant Price shall be reduced, concurrently with such issue or sale, to a price (calculated to the nearest .001 of a cent) determined by multiplying such Warrant Price by a fraction;

(i) the numerator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale plus (2) the number of shares of Common Stock which the aggregate consideration received by the Issuer for the total number of such Additional Shares of Common Stock so issued or sold would purchase at the greater of such Market Price and such Warrant Price, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such issue or sale,

provided that, for the purposes of this Section 2.2(a) (x) immediately after any Additional Shares of Common Stock are deemed to have been issued pursuant to Section 2.3 or 2.4, such Additional Shares shall be deemed to be outstanding, and (y) treasury shares shall not be deemed to be outstanding.

(b) Dividends and Distributions. In case the Issuer at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of other or additional stock or other securities or property or Options by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Stock, other than a dividend payable in Additional Shares of Common Stock, then, subject to Section 2.8, the Warrant Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price (calculated to the nearest .001 of a cent) determined by multiplying such Warrant Price by a fraction

(i) the numerator of which shall be the Market Price in effect on the Trading Day immediately prior to such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, less the amount of such dividend or distribution (as determined in good faith by the Board of Directors of the Issuer) applicable to one share of Common Stock, and

(ii) the denominator of which shall be such Market Price.

2.3 Treatment of Options and Convertible Securities. In case the Issuer at any time or from time to time after the date hereof shall issue, sell, grant or assume, or shall fix a record date for the determination of holders of any class of securities entitled to receive, any Options or Convertible Securities, then, and in each such case, the maximum number of Additional Shares of Common Stock (as set forth in the instrument relating thereto, without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), provided that such Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 2.5) of such shares would be less than the greater of the Market Price and the Warrant Price in effect on the date of and immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be, and provided, further, that in any such case in which Additional Shares of Common Stock are deemed to be issued

(a) no further adjustment of the Warrant Price shall be made upon the subsequent issue or sale of Convertible Securities or shares of Common Stock upon the exercise of such Options or the conversion or exchange of such Convertible Securities, except in the case of any such Options or Convertible Securities which contain provisions requiring an adjustment, subsequent to the date of the issue or sale thereof, of the number of Additional Shares of Common Stock issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities for any reason, each such case to be deemed hereunder to involve a separate issuance of Additional Shares of Common Stock, Options or Convertible Securities, as the case may be;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Issuer, or decrease in the number of Additional Shares of Common Stock issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Warrant Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the

case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, which are outstanding at such time;

(c) upon the expiration (or purchase by the Issuer and cancellation or retirement) of any such Options which shall not have been exercised or the expiration of any rights of conversion or exchange under any such Convertible Securities which (or purchase by the Issuer and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Warrant Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration (or such cancellation or retirement, as the case may be), be recomputed as if:

(i) in the case of Options for Common Stock or Convertible Securities, the only Additional Shares of Common Stock issued or sold were the Additional Shares of Common Stock, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Issuer for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration actually received by the Issuer upon such exercise, or for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Issuer upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options were issued at the time of the issue, sale, grant or assumption of such Options, and the consideration received by the Issuer for the Additional Shares of Common Stock deemed to have then been issued was the consideration actually received by the Issuer for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Issuer (pursuant to Section 2.5) upon the issue or sale

of such Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to subdivision (b) or (c) above shall have the effect of increasing the Warrant Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(e) in the case of any such Options which expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Warrant Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in subdivision (c) above.

2.4 Treatment of Stock Dividends, Stock Splits, etc. In case the Issuer at any time or from time to time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then, and in each such case, Additional Shares of Common Stock shall be deemed to have been issued (a) in the case of any such dividend, immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend, or (b) in the case of any such subdivision, at the close of business on the day immediately prior to the day upon which such corporate action becomes effective.

2.5 Computation of Consideration. For the purposes of this Section 2,

(a) the consideration for the issue or sale of any Additional Shares of Common Stock shall, irrespective of the accounting treatment of such consideration,

(i) insofar as it consists of cash, be computed at the net amount of cash received by the Issuer, without deducting any expenses paid or incurred by the Issuer or any commissions or compensations paid or concessions or discounts allowed to underwriters, dealers or others performing similar services in connection with such issue or sale,

(ii) insofar as it consists of property (including securities)

other than cash, be computed at the fair value thereof at the time of such issue or sale, as determined in good faith by the Board of Directors of the Issuer, and

(iii) in case Additional Shares of Common Stock are issued or sold together with other stock or securities or other assets of the Issuer for a consideration which covers both, be the portion of such consideration so received, computed as provided in clauses (i) and (ii) above, allocable to such Additional Shares of Common Stock, all as determined in good faith by the Board of Directors of the Issuer;

(b) Additional Shares of Common Stock deemed to have been issued pursuant to Section 2.3, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing

(i) the total amount, if any, received and receivable by the Issuer as consideration for the issue, sale, grant or assumption of the Options or Convertible Securities in question, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to the Issuer upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as provided in the foregoing subdivision (a),

by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number to protect against dilution) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities (including the full conversion or exchange of all Options and Convertible Securities underlying such Options and Convertible Securities); and

(c) Additional Shares of Common Stock deemed to have been issued pursuant to Section 2.4, relating to stock dividends, stock splits, etc., shall be deemed to have been issued for no consideration.

2.6 Adjustments for Combinations, etc. In case the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Warrant Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

2.7 Dilution in Case of Other Securities. In case any Other Securities shall be issued or sold or shall become subject to issue or sale upon the conversion or exchange of any stock (or Other Securities) of the Issuer (or any issuer of Other Securities or any other Person referred to in Section 3) or to subscription, purchase or other acquisition pursuant to any Options issued or granted by the Issuer (or any such other issuer or Person) for a consideration such as to dilute, on a basis consistent with the standards established in the other provisions of this Section 2, the purchase rights granted by this Warrant, then, and in each such case, the computations, adjustments and readjustments provided for in this Section 2 with respect to the Warrant Price shall be made as nearly as possible in the manner so provided and applied to determine the amount of Other Securities from time to time receivable upon the exercise of the Warrant, so as to protect the holder or holders of the Warrant against the effect of such dilution.

2.8 Minimum Adjustment of Warrant Price. If the amount of any adjustment of the Warrant Price required pursuant to this Section 2 would be less than one tenth (1/10) of one percent (1%) of the Warrant Price in effect at the time such adjustment is otherwise so required to be made, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate at least one tenth (1/10) of one percent (1%) of such Warrant Price.

3. Consolidation, Merger, etc.

3.1 Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. In case the Issuer after the date hereof (a) is party to any acquisition of the Issuer by means of merger or other form of corporate reorganization in which outstanding shares of the Issuer are exchanged for securities or other consideration issued, or caused to be issued, by the Acquiring Person or its subsidiary or affiliate, (b) a sale of all or substantially all of the assets of the Issuer (on a consolidated

basis) (c) any other transaction or series of related transactions in which the power to cast the majority of the eligible votes at a meeting of the Issuer's stockholders at which directors are elected is transferred to a single entity or group acting in concert, or (d) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a capital reorganization or reclassification resulting in the issue of Additional Shares of Common Stock for which adjustment in the Warrant Price is provided in Section 2.2(a) or 2.2(b), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the holder of this Warrant, upon the exercise hereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate price payable by such holder in effect at the time of such consummation for all Common Stock or Other Securities issuable upon such exercise immediately prior to such consummation), in lieu of the Common Stock or Other Securities issuable upon such exercise prior to such consummation, either of the following, as shall be elected, in whole or in part, from time to time, by such holder:

(i) the stock and other securities, cash and property to which such holder would have been entitled upon such consummation if such holder had exercised the rights represented by this Warrant immediately prior thereto, subject to adjustments (subsequent to such corporate action) as nearly equivalent as possible to the adjustments provided for in Section 2 and this Section 3;

(ii) the number of shares of common stock of the Acquiring Person or its Parent, at the election of the holder (subject to adjustments, subsequent to such corporate action, as nearly equivalent as possible to the adjustments provided for in Section 2 and this Section 3), determined by dividing (A) the amount equal to the product obtained by multiplying (1) the number of shares of Common Stock (or Other Securities) to which the holder of this Warrant would have been entitled had such holder exercised this Warrant immediately prior to such consummation, times (2) the greater of the Acquisition Price and the Warrant Price in effect on the Trading Day immediately preceding the date of such consummation, by (B) the Market Price per share of the common stock of the Acquiring Person or its Parent, as the case may be, on the Trading Day immediately preceding the date of such consummation; or

(iii) cash in an amount equal to 33% of the aggregate Warrant Price of the unexercised portion of the Warrant on the Trading

Day immediately preceding the date of such consummation, provided, however, (A) that the Issuer shall not under any circumstances be obligated to pay cash to any holder, the Issuer's obligation being limited to the obligation to require any Acquiring Person and its Parent to agree to pay such cash as a condition to consummating any of the transactions described in clauses (a) through (d) of this Section 3.1 and (B) the holder shall not be obligated to pay any consideration to exercise the Warrant in order to receive the cash payment specified in this clause (iii).

3.2 Assumption of Obligations. Notwithstanding anything contained in the Warrant or in the Main Agreement to the contrary, the Issuer will not effect any of the transactions described in clauses (a) through (d) of Section 3.1 unless, prior to the consummation thereof, each Person (other than the Issuer) which may be required to deliver any stock, securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the holder of this Warrant, (a) the obligations of the Issuer under this Warrant (and if the Issuer shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Issuer from, any continuing obligations of the Issuer under this Warrant), and (b) the obligation to deliver to such holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 3, such holder may be entitled to receive, and such Person shall have similarly delivered to such holder an opinion of counsel for such Person, which counsel shall be reasonably satisfactory to such holder, stating that this Warrant shall thereafter continue in full force and effect and the terms hereof (including, without limitation, all of the provisions of this Section 3) shall be applicable to the stock, securities, cash or property which such Person may be required to deliver upon any exercise of this Warrant or the exercise of any rights pursuant hereto. Nothing in this Section 3 shall be deemed to authorize the Issuer to enter into any transaction not otherwise permitted by Section 10 of the Main Agreement.

4. Other Dilutive Events. In case any event shall occur as to which the provisions of Sections 2 and 3 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles of such Sections, then, in each such case, the Issuer shall appoint a firm of independent certified public accountants of recognized national standing (which shall not be the regular auditors of the Issuer), which shall give their opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in Sections 2 and 3, necessary to preserve, without dilution, the purchase rights represented by this Warrant. Upon

receipt of such opinion, the Issuer will promptly deliver a copy thereof via facsimile and overnight courier to the holder or holders of this Warrant and shall make the adjustments described therein.

5. No Dilution or Impairment. The Issuer will not, by amendment of its certificate of incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against dilution or other impairment. Without limiting the generality of the foregoing, the Issuer (a) will not permit the par value of any shares of stock receivable upon the exercise of this Warrant to exceed the amount payable therefor upon such exercise, (b) will take all such action as may be necessary or appropriate in order that the Issuer may validly and legally issue fully paid and nonassessable shares of stock on the exercise of the Warrants from time to time outstanding, and (c) will not take any action which results in any adjustment of the Warrant Price if the total number of shares of Common Stock (or Other Securities) issuable after the action upon the exercise of all of the Warrants would exceed the total number of shares of Common Stock (or Other Securities) then authorized by the Issuer's certificate of incorporation and available for the purpose of issue upon such exercise.

6. Accountants' Report as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable upon the exercise of this Warrant, the Issuer at its expense will promptly compute such adjustment or readjustment in accordance with the terms of this Warrant and cause independent certified public accountants of recognized national standing (which may be the regular auditors of the Issuer) selected by the Issuer to verify such computation (other than any computation of the fair value of property as determined in good faith by the Board of Directors of the Issuer) and prepare a report setting forth such adjustment or readjustment and showing in reasonable detail the method of calculation thereof and the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or to be received by the Issuer for any Additional Shares of Common Stock issued or sold or deemed to have been issued, (b) the number of shares of Common Stock outstanding or deemed to be outstanding, and (c) the Warrant Price in effect immediately prior to such issue or sale and as adjusted and readjusted (if required by Section 2, 3 or 4) on account thereof. The Issuer will forthwith mail a copy of each such report to each holder of a Warrant and will, upon the written request at any time of any holder of a Warrant, furnish to

such holder a like report setting forth the Warrant Price at the time in effect and showing in reasonable detail how it was calculated. The Issuer will also keep copies of all such reports at its principal office and will cause the same to be available for inspection at such office during normal business hours by any holder of a Warrant or any prospective purchaser of a Warrant designated by the holder thereof.

7. Notices of Corporate Action. In the event of

7.1 any taking by the Issuer of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a regular periodic dividend payable in cash out of earned surplus in an amount not exceeding the amount of the immediately preceding cash dividend for such period) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

7.2 any capital reorganization of the Issuer, any reclassification or recapitalization of the capital stock of the Issuer or any consolidation or merger involving the Issuer and any other Person or any transfer of all or substantially all the assets of the Issuer to any other Person, or

7.3 any voluntary or involuntary dissolution, liquidation or winding-up of the Issuer, the Issuer will mail to each holder of a Warrant a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be mailed at least 45 days prior to the date therein specified.

8. Reservation of Shares. For so long as the Warrant represented hereby has not been exercised in full, the Issuer shall at all times prior to the Termination Date reserve and keep available, free from pre-emptive rights, out of its authorized but unissued capital stock, the number of shares set forth in the Main Agreement. In the event the number of Common Shares issuable exceeds the authorized number of

shares of Common Stock or other securities, the Issuer shall promptly take all actions necessary to increase the authorized number, including causing its Board of Directors to call a special meeting of shareholders and recommend such increase.

9. Transfer and Assignment.

9.1 By accepting delivery of this Warrant Certificate, the registered holder hereof covenants and agrees with the Issuer not to exercise the Warrant or transfer the Warrant or the Common Shares represented hereby except in compliance with the terms of the Main Agreement and this Warrant Certificate.

9.2 By accepting delivery of this Warrant Certificate, the registered holder hereof covenants and agrees with the Issuer that no Warrant may be sold or assigned, in whole or in part, unless such sale or assignment complies with applicable federal and state securities laws and until such holder shall deliver to the Issuer (i) written notice of such transfer and of the name and address of the transferee and such notice has been received by the Issuer; (ii) a written agreement of the transferee to comply with the terms of the Main Agreement and this Warrant Certificate; and (iii) a certificate of the transferee and an opinion of counsel reasonably satisfactory to the Issuer that such transfer complies with applicable federal and state securities laws; provided, however that nothing in this Warrant Certificate shall limit the right or ability of the holder to engage in hedging transactions with respect to the Warrant or the underlying Common Shares. If a portion of the Warrant is transferred, all rights of the registered holder hereunder may be exercised by the transferee provided that any registered holder of the Warrant may deliver a Warrant Exercise Notice only with respect to the Common Shares subject to such holder's portion of the Warrant.

9.3 The Issuer will pay all documentary stamp taxes (if any) attributable to the issuance of Common Shares upon the exercise of the Warrant by the registered holder hereof; provided, however, that the Issuer shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the registration of the Warrant Certificate or any certificates for Common Shares in a name other than that of the registered holder of the Warrant Certificate surrendered upon the exercise of a Warrant, and the Issuer shall not be required to issue or deliver the Warrant Certificate or certificates for Common Shares unless or until the person or persons requesting the issuance thereof shall have paid to the Issuer the amount of such tax or shall have established to the reasonable satisfaction of the Issuer that such tax has been paid.

10. Lost or Stolen Warrant. In case this Warrant Certificate shall be mutilated, lost, stolen or destroyed, the Issuer may in its discretion issue in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor, but only upon receipt of evidence reasonably satisfactory to the Issuer of such loss, theft or destruction of such Warrant Certificate and indemnity, if requested, reasonably satisfactory to the Issuer. Applicants for a substitute Warrant Certificate shall also comply with such other reasonable regulations and pay such other reasonable charges as the Issuer may prescribe.

11. Warrant Agent. The Issuer (and any corporation into which the Issuer is merged or any corporation resulting from any consolidation to which the Issuer is a party) shall serve as warrant agent (the "Warrant Agent") under this Warrant. The Warrant Agent hereunder shall at all times maintain a register (the "Warrant Register") of the holders of Warrant. Upon 30 days' notice to the registered holder hereof, the Issuer may appoint a new Warrant Agent. Such new Warrant Agent shall be a corporation doing business and in good standing under the laws of the United States or any state thereof, and having a combined capital and surplus of not less than \$100,000,000. The combined capital and surplus of any such new Warrant Agent shall be deemed to be the combined capital and surplus as set forth in the most recent report of its condition published by such Warrant Agent prior to its appointment; provided that such reports are published at least annually pursuant to law or to the requirements of a federal or state supervising or examining authority. After acceptance in writing of such appointment by the new Warrant Agent, it shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the Warrant Agent, without any further assurance, conveyance, act or deed; but if for any reason it shall be reasonably necessary or expedient to execute and deliver any further assurance, conveyance, act or deed, the same shall be done at the expense of the Issuer and shall be legally and validly executed and delivered by the Issuer. Any corporation into which any new Warrant Agent may be merged or any corporation resulting from any consolidation to which any new Warrant Agent shall be a party or any corporation to which any new Warrant Agent transfers substantially all of its corporate trust or shareholders services business shall be a successor Warrant Agent under this Warrant without any further act; provided that such corporation (i) would be eligible for appointment as successor to the Warrant Agent under the provisions of this Section 11 or (ii) is a wholly owned subsidiary of the Warrant Agent. Any such successor Warrant Agent shall promptly cause notice of its succession as Warrant Agent to be delivered via reputable overnight courier to the registered holder hereof at such holder's last address as shown on the Warrant Register.

12. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

12.1 Acquiring Person: With reference to the transactions referred to in clauses (a) through (d) of section 3.1, the continuing or surviving corporation of a consolidation or merger with the Issuer (if other than the Issuer), the transferee of substantially all of the properties or assets of the Issuer, the corporation consolidating with or merging into the Issuer in a consolidation or merger in connection with which the Common Stock is changed into or exchanged for stock or other securities of any other Person or cash or any other property, or, in the case of a capital reorganization or reclassification, the Issuer.

12.2 Acquisition Price: As applied to the Common Stock, (a) the Market Price on the date immediately preceding the date on which any transaction to which Section 3 applies is consummated, or (b) if a purchase, tender or exchange offer is made by the Acquiring Person (or by any of its affiliates) to the holders of the Common Stock and such offer is accepted by the holders of more than 50% of the outstanding shares of Common Stock, the greater of (i) the price determined in accordance with the provisions of the foregoing clause (a) of this sentence and (ii) the Market Price on the date immediately preceding the acceptance of such offer by the holders of more than 50% of the outstanding shares of Common Stock.

12.3 Additional Shares of Common Stock: All shares (including treasury shares) of Common Stock issued or sold (or, pursuant to section 2.3 or 2.4, deemed to be issued) by the Issuer after the date hereof, whether or not subsequently reacquired or retired by the Issuer, other than shares issued upon the exercise of the Warrants; provided, however, that this term shall not include Excluded Stock.

12.4 Common Stock: As defined in the introduction to this Warrant, such term to include any stock into which such Common Stock shall have been changed or any stock resulting from any reclassification of such Common Stock, and all other stock of any class or classes (however designated) of the Issuer the holders of which have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference to Common Stock shares.

12.5 Convertible Securities: Any evidences of indebtedness, shares of stock (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Additional Shares of Common Stock.

12.6 Excluded Stock: (A) Options and rights to purchase up to 9,949,008 shares of Common Stock, which options and rights are issued (i) pursuant to the terms of the Benefit Plans; (ii) in the ordinary course of business, consistent with past practice of the Company (in the case of the Benefit Plans other than the 1999 Employee Stock Purchase Plan); and (iii) with an exercise price not less than the Market Price on the date of grant or, in the case of shares purchased under the 1999 Employee Stock Purchase Plan), at a purchase price not less than 85% of the Market Price on the first or last day of the applicable offering period, whichever is lower; (B) Dividends on, or conversion of, the Issuer's Series A Cumulative Perpetual Preferred Stock and Series B Preferred Stock paid in Common Stock in accordance with the Certificate of Designation of the Series A Cumulative Perpetual Preferred Stock and the Certificate of Rights and Preferences of the Series B Preferred Stock; (C) Common Stock issued upon exercise of the warrant issued to SCF-IV, L.P. or this Warrant; or (D) Common Stock issued in connection with a Combination.

12.7 Issuer: As defined in the introduction to this Warrant, such term to include any corporation which shall succeed to or assume the obligations of the Issuer.

12.8 Market Price: On any date specified herein, the amount per share of the Common Stock (or, for purposes of determining the Market Price of the common stock of an Acquiring Person or its Parent under Section 3, the common stock of such Acquiring Person or such Parent), equal to (a) the daily volume-weighted average price on the NYSE (as defined in the Main Agreement) or, if no such sale takes place on such date, the average of the closing bid and asked prices on the NYSE thereof on such date, in each case as reported by Bloomberg, L.P. (or by such other Person as the holder and the Issuer may agree), or (b) if such Common Stock is not then listed or admitted to trading on the NYSE, the higher of (x) the book value thereof as determined by any firm of independent public accountants of recognized standing selected by the Board of Directors of the Issuer as of the last day of any month ending within 60 days preceding the date as of which the determination is to be made or (y) the fair value thereof determined in good faith by the Board of Directors of the Issuer as of a date which is within 18 days of the date as of which the determination is to be made.

12.9 Options: Rights, options or warrants to subscribe for, purchase or otherwise acquire either Additional Shares of Common Stock or Convertible Securities.

12.10 Other Securities: Any stock (other than Common Stock) and other securities of the Issuer or any other Person (corporate or otherwise) which the holders of the Warrants at any time shall be entitled to receive, or shall have received, upon the exercise of the Warrants, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities.

12.11 Parent: As to any Acquiring Person any corporation which (a) controls the Acquiring Person directly or indirectly through one or more intermediaries, (b) is required to include the Acquiring Person in the consolidated financial statements contained in such Parent's Annual Report on Form 10-K and (c) is not itself included in the consolidated financial statements of any other Person (other than its consolidated subsidiaries).

12.12 Person: A corporation, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

12.13 Termination Date: The date set forth in the first paragraph hereof, provided that the Termination Date shall be extended by one day for each day that the Registration Requirement (as defined in the Main Agreement) is not satisfied.

12.14 Voting Securities: Stock of any class or classes (or equivalent interests), if the holders of the stock of such class or classes (or equivalent interests) are ordinarily, in the absence of contingencies, entitled to vote for the election of the directors (or persons performing similar functions) of such business entity, even though the right so to vote has been suspended by the happening of such a contingency.

13. Remedies. The Issuer stipulates that the remedies at law of the holder of this Warrant in the event of any default or threatened default by the Issuer in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and that, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

14. No Rights or Liabilities as Stockholder. Nothing contained in this Warrant shall be construed as conferring upon the holder hereof any rights as a stockholder of the Issuer or as imposing any obligation on such holder to purchase any securities or

as imposing any liabilities on such holder as a stockholder of the Issuer, whether such obligation or liabilities are asserted by the Issuer or by creditors of the Issuer.

15. Notices. All notices and other communications under this Warrant shall be in writing and shall be delivered by a nationally recognized overnight courier, postage prepaid, addressed (a) if to Fletcher or the Issuer, in the manner provided in the Main Agreement, or (b) if to any other holder of any Warrant, at the registered address of such holder as set forth in the register kept at the principal office of the Issuer, provided that the exercise of any Warrant shall be effective in the manner provided in Section 1.

16. Amendments. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

17. Descriptive Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

18. GOVERNING LAW. THIS WARRANT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF DELAWARE, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

19. Judicial Proceedings; Waiver of Jury. Any judicial proceeding brought against the Issuer with respect to this Warrant may be brought in any court of competent jurisdiction in the State of New York or of the United States of America for the Southern District of New York and, by execution and delivery of this War rant, the Issuer (a) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Warrant, subject to any rights of appeal, and (b) irrevocably waives any objection the Issuer may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. The Issuer hereby waives personal service of process and consents, that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions of Section 15, and service so made shall be deemed completed on the third Business Day after such service is deposited in the mail or, if earlier, when delivered. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of any holder of any Warrant to bring proceedings against the Issuer in the courts of any other jurisdiction. THE ISSUER HEREBY WAIVES TRIAL BY JURY IN ANY

JUDICIAL PROCEEDING INVOLVING, DIRECTLY, OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS WARRANT OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

This Warrant Certificate shall not be valid unless signed by the Issuer.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, Newpark Resources, Inc. has caused this Warrant Certificate to be signed by its duly authorized officer.

Dated: June 1, 2000

NEWPARK RESOURCES, INC.

By: /s/ Matthew W. Hardey

Name: Matthew W. Hardey
Title: V.P. of Finance & CFO

[FORM OF WARRANT EXERCISE NOTICE]

(To Be Executed Upon Exercise Of the Warrant)

[DATE]

Newpark Resources, Inc.
3850 North Causeway Boulevard
Suite 1770
Metairie, Louisiana 70002
Attention: [Chief Financial Officer]

Re: Warrant No. W-1

Ladies and Gentlemen:

The undersigned is the registered holder of the above-referenced warrant (the "Warrant") issued by Newpark Resources, Inc. (the "Issuer"), evidenced by copy of the Warrant Certificate attached hereto, and hereby elects to exercise the Warrant to purchase _____ (1) Common Shares (as defined in such Warrant Certificate) [cash exercise: and shall deliver on the Warrant Closing Date via wire transfer of immediately available funds or by certified or official bank check] [cashless exercise: and, pursuant to Section 6(c)(x) of the Main Agreement (as defined in the Warrant Certificate) shall be deemed to have tendered] \$ _____ by wire transfer or by certified or official bank check to the order of Newpark Resources, Inc. as

- - - - -
(1) Insert here the number of shares called for on the face of this Warrant (or, in the case of a partial exercise, the portion thereof as to which this Warrant is being exercised), in either case without making any adjustment for Additional Shares of Common Stock or any other stock or other securities or property or cash which, pursuant to the adjustment provisions of this Warrant, may be delivered upon exercise. In the case of partial exercise, a new Warrant or Warrants will be issued and delivered, representing the unexercised portion of the Warrant, to the holder surrendering the Warrant.

payment for such Common Shares in accordance with the terms of such Warrant Certificate and the Main Agreement (as defined in the Warrant Certificate).

In accordance with the terms of the attached Warrant Certificate, the undersigned requests that certificates for such shares be registered in the name of and delivered to the undersigned at the following address:

[TO BE ADDED]

The undersigned will deliver the original of the Warrant Certificate no later than the second Trading Day after and excluding the date of this notice.

[If the number of Common Shares to be delivered is less than the total number of Common Shares deliverable under the Warrant, insert the following -- The undersigned requests that a new warrant certificate substantially identical to the attached Warrant Certificate be issued to the undersigned evidencing the right to purchase the number of Common Shares equal to (x) the total number of Common Shares deliverable under the Warrant less (y) the number of Common Shares to be delivered in connection with this exercise.]

FLETCHER INTERNATIONAL LIMITED, by
its duly authorized investment
advisor, FLETCHER ASSET MANAGEMENT,
INC.

By:

Name:
Title:

[FORM OF WARRANT EXERCISE DELIVERY NOTICE]

[date]

Fletcher International Limited
c/o Fletcher Asset Management
22 East 67th Street
New York, NY 10021
Attn: Peter Zayfert
Telephone: (212) 284-4800
Facsimile: (212) 284-4801

Ladies and Gentlemen:

Reference is made to the Agreement (the "Main Agreement") dated as of May 30, 2000 by and between Newpark Resources, Inc. ("Newpark") and Fletcher International Limited ("Fletcher"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Main Agreement.

This notice confirms that the Warrant has been exercised by Fletcher with respect to _____ shares of Common Stock at a Warrant Price (as defined in the Warrant Certificate) of \$_____. Attached are copies of the front and back of the ___ original stock certificates, each representing ___ shares of Common Stock, together with a copy of the overnight courier air bill which will be used to ship such stock certificates. Also attached is a reissued warrant certificate, as provided in Section 1.5 of the Warrant Certificate. We will send the original stock certificates by overnight courier to the following address:

[TO COME]

with a copy to:

Fletcher International Limited
c/o Fletcher Asset Management
22 East 67th Street
New York, NY 10021-5805
Attn: Peter Zayfert

2-1

NEWPARK RESOURCES, INC.

By:

Name:

Title:

2-2

TABLE OF CONTENTS

1.	Exercise of Warrant.....	1
	1.1 Manner of Exercise.....	2
	1.3 When Exercise Effective.....	3
	1.5 Delivery of Stock Certificates, etc.....	3
	2.2 Adjustment of Warrant Price.....	4
	2.4 Treatment of Stock Dividends, Stock Splits, etc.....	8
	2.5 Computation of Consideration.....	9
	2.6 Adjustments for Combinations, etc.....	10
	2.7 Dilution in Case of Other Securities.....	10
	2.8 Minimum Adjustment of Warrant Price.....	11
3.	Consolidation, Merger, etc.....	11
	3.1 Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc.....	11
	3.2 Assumption of Obligations.....	12
4.	Other Dilutive Events.....	13
5.	No Dilution or Impairment.....	13
6.	Accountants' Report as to Adjustments.....	14
7.	Notices of Corporate Action.....	14
8.	Reservation of Shares.....	15
9.	Transfer and Assignment.....	15
10.	Lost or Stolen Warrant.....	16
11.	Warrant Agent.....	16
12.	Definitions.....	17
16.	Amendments.....	21

17. Descriptive Headings.....21

18. GOVERNING LAW.....21

19. Judicial Proceedings; Waiver of Jury.....21

Exhibit 1: Form of Warrant Exercise Notice.....23

Exhibit 2: Form of Warrant Exercise Delivery Notice.....25

NEWPARK RESOURCES COMPLETES \$30 MILLION PRIVATE PLACEMENT

Metairie, LA, June 1, 2000...Newpark Resources, Inc. (NYSE: NR) today announced that it has completed the private placement of \$30 million of a newly designated class of Preferred Stock and warrants for 1.9 million shares of Common Stock. The securities were issued to Fletcher International Limited, an affiliate of Fletcher Asset Management, Inc., an investment firm headquartered in New York City with over \$600 million under management.

The preferred shares carry a 4.5% dividend payable at the Company's option in cash or common stock and are convertible into common stock at market prices at any time, subject to certain restrictions. The warrants are exercisable at any time during a seven-year term at \$10.08, a 30% premium to the market price of the stock on May 26, 2000.

James D. Cole, Newpark's President and CEO stated: "Current natural gas prices, the trend in rig activity, and possible changes in environmental regulations suggest that the coming market opportunity may be considerably stronger than we had anticipated. We believe that the immediate improvement in balance sheet liquidity and the added working capital provided by this financing will help position us to take full advantage of the market opportunity."

He continued, "Over the past year, we've witnessed a near-doubling in the price of natural gas. This puts billions of dollars of additional cash flow into the industry, which can reasonably be expected to dedicate a portion of that increment to increased exploration activity. We have also become aware that there is likely to be a significant tightening of discharge regulations in the Gulf of Mexico later this year. While we cannot be certain of the impact of the revised regulations, the changes could benefit either or both of the Company's oilfield waste disposal business and its drilling fluids business. Newpark has developed and maintained the disposal capacity necessary to handle the increased waste volumes expected to result from the progression of tighter discharge regulations. The Company has also positioned itself as a supplier of high-performance, environmentally friendly drilling fluids, demand for which could increase if the higher compliance standards become effective.

"This transaction is also a prudent step financially, reducing our debt-to-capital ratio to 46% from 53% at the end of the first quarter," Cole said, adding, "We anticipate a further improvement in our debt ratio by year-end from operating earnings. Because the proceeds of the transaction will initially be used to pay down bank borrowings, the transaction is not anticipated to be dilutive to earnings."

Newpark Resources, Inc. provides integrated fluids management, environmental and oilfield services to the exploration and production industry. Fletcher International Limited is a private fund affiliated with Fletcher Asset Management, Inc. Fletcher makes direct investments in a wide range of established and growing public companies in a variety of industries.

For further information about the Company, contact:

Company

New York

Matthew W. Hardey
Vice President of Finance
Newpark Resources, Inc.
3850 N. Causeway, Suite 1770
Metairie, Louisiana 70002
(504) 838-8222

Ron Hengen
R. F. Hengen, Inc.
253 Southgate Road
Murray Hill, New Jersey 07974
(908) 508-9000

For further information about Fletcher Asset Management, contact:

Fletcher Asset Management

Jonathan B. Schindel
Executive Vice President
22 East 67th Street
New York, NY 10021
(212) 284-4800
email: info@fletcher.com

The foregoing discussion contains 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. There are risks and uncertainties that could cause future events and results to differ materially from those anticipated by management in the forward-looking statements included in this press release. For further information regarding these and other factors, risks and uncertainties affecting the Company, reference is made to the section entitled "Forward-Looking Statements," on page 45 of the Annual Report on Form 10-K dated March 27, 2000, (SEC File No. 1-2960). You are strongly urged to review these filings for a more detailed discussion of these risks and uncertainties. Newpark's SEC filings can be obtained at no charge at www.sec.gov and at www.freeEDGAR.com, as well as through our Website, www.newpark.com.