

NEWPARK RESOURCES INC

Form DEF 14A

April 09, 2015

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

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) of THE SECURITIES EXCHANGE ACT OF 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**NEWPARK RESOURCES, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
  
- (4) Proposed maximum aggregate value of transaction:
  
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
- (4) Date Filed:



April 9, 2015

Dear Fellow Stockholder:

At the request of the Board of Directors, you are cordially invited to attend the 2015 Annual Meeting of Stockholders of Newpark Resources, Inc., which will be held on Friday, May 22, 2015, at 10:00 a.m., Central Daylight Time, at The Marriott Woodlands Waterway Hotel & Convention Center, 1601 Lake Robbins Drive, The Woodlands, Texas 77380. Both your Board of Directors and I hope you will be able to attend.

There are four items on this year's agenda:

- (1) the election of seven directors to the Board of Directors;
- (2) an advisory vote to approve named executive officer compensation;
- (3) to consider and act upon a proposal to adopt the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan;  
and
- (4) the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2015.

These items are described fully in the Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement.

Whether or not you plan to attend the Annual Meeting, it is important that you study carefully the information provided in the Proxy Statement and vote. Please promptly vote your shares by telephone, by the internet or, if the Proxy Statement was mailed to you, by marking, signing, dating and returning the proxy card in the prepaid envelope so that your shares can be voted in accordance with your wishes.

Sincerely,

PAUL L. HOWES  
President and Chief Executive Officer



**NEWPARK RESOURCES, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 22, 2015**

**To the Stockholders of Newpark Resources, Inc.:**

The Annual Meeting of Stockholders of Newpark Resources, Inc., a Delaware corporation (the “Company”), will be held on Friday, May 22, 2015, at 10:00 a.m., Central Daylight Time, at The Marriott Woodlands Waterway Hotel & Convention Center, 1601 Lake Robbins Drive, The Woodlands, Texas 77380, for the following purposes:

- (1) the election of seven directors to the Board of Directors;
- (2) an advisory vote to approve named executive officer compensation;
- (3) to consider and act upon a proposal to adopt the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan;
- (4) the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2015; and
- (5) to consider and act upon such other business that may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on March 27, 2015 will be entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement. A list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting and for 10 days prior to the Annual Meeting at our executive offices, 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381.

All stockholders are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please promptly vote your shares by telephone, by the internet or if this Proxy Statement was mailed to you, by marking, signing, dating and returning the enclosed proxy card as soon as possible in the enclosed postage prepaid envelope in order that your vote be cast at the Annual Meeting. The giving of your proxy will not affect your right to vote in person should you later decide to attend the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record for you to follow in order to vote your shares.

The Woodlands, Texas BY ORDER OF THE BOARD OF DIRECTORS  
Dated: April 9, 2015 NEWPARK RESOURCES, INC.

Mark J. Airola

Senior Vice President, General Counsel,  
Chief Administrative Officer and Secretary

---

**TABLE OF CONTENTS**

|   |          |
|---|----------|
| <b>GENERAL INFORMATION</b>                                | <b>1</b> |
| Record Date and Outstanding Shares                        | 1        |
| Notice Regarding the Availability of Proxy Materials      | 1        |
| Voting Information  | 1        |
| Revocation of Proxies                                     | 2        |
| Quorum  | 2        |
| Beneficial Ownership                                      | 2        |
| Election of Directors                                     | 2        |
| Approval of Other Matters                                 | 3        |
| Solicitation of Proxies                                   | 3        |
| <b>PROPOSAL NO. 1 ELECTION OF DIRECTORS</b>               | <b>4</b> |
| Nominees and Voting                                       | 4        |
| Business Experience of Director Nominees                  | 4        |
| <b>CORPORATE GOVERNANCE</b>                               | <b>6</b> |
| General   | 6        |
| <b>Corporate Governance Guidelines and Code of Ethics</b> | <b>7</b> |
| Corporate Governance Guidelines                           | 7        |
| Majority Vote Policy                                      | 7        |
| Stock Ownership Guidelines                                | 8        |
| Code of Ethics  | 8        |
| Related Person Transactions and Procedure                 | 8        |
| Director Independence                                     | 9        |
| Executive Sessions of Non-Management Directors            | 9        |
| Board Leadership and Risk Management                      | 9        |
| Board Orientation and Education                           | 10       |
| Committees of the Board of Directors                      | 10       |
| Audit Committee   | 10       |
| Compensation Committee                                    | 11       |
| Nominating and Corporate Governance Committee             | 11       |
| Director Nominations                                      | 12       |
| Director Qualifications                                   | 12       |

|  |           |
|--|-----------|
| Stockholder Communication with Board Members     | 14        |
| Director Attendance at Annual Meeting            | 14        |
| <b>EXECUTIVE OFFICERS</b>                        | <b>15</b> |
| <b>OWNERSHIP OF COMMON STOCK</b>                 | <b>16</b> |
| Certain Beneficial Owners                        | 16        |
| Ownership of Directors and Executive Officers    | 17        |
| <b>COMPENSATION DISCUSSION AND ANALYSIS</b>      | <b>18</b> |
| Introduction                                     | 18        |
| <b>Executive Summary</b>                         | <b>18</b> |
| Executive Compensation Philosophy and Objectives | 20        |

---

|   |           |
|---|-----------|
| Alignment of Pay and Performance  | 24        |
| CEO Realizable Pay: Well Aligned with Annual Performance                              | 24        |
| CEO Realizable Pay: Aligned With Realizable Performance Against Peers                 | 25        |
| Consideration of Advisory Say on Pay Voting Results                                   | 27        |
| Direct Compensation   | 31        |
| Non-Equity Incentive Plan Weighting for 2014  | 34        |
| Non-Equity Incentive Plan Weighting for 2015  | 35        |
| Employment Agreements   | 38        |
| Tax and Accounting Implications   | 42        |
| Other Tax Implications  | 43        |
| Compensation Committee Interlocks and Insider Participation                           | 43        |
| <b>COMPENSATION COMMITTEE REPORT</b>  | <b>43</b> |
| <b>EXECUTIVE COMPENSATION</b>   | <b>44</b> |
| Summary Compensation Table  | 44        |
| <b>GRANTS OF PLAN-BASED AWARDS IN 2014</b>  | <b>45</b> |
| <b>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END</b>                                   | <b>46</b> |
| <b>OPTION EXERCISES AND STOCK VESTED</b>  | <b>48</b> |
| Risk Assessment of Compensation Programs  | 48        |
| Employment Agreements and Change in Control Agreements                                | 49        |
| Potential Payments upon Change in Control   | 49        |
| Retirement, Disability and Death  | 53        |
| <b>DIRECTOR COMPENSATION</b>  | <b>54</b> |
| Grants under Non-Employee Directors' Restricted Stock Plan                            | 54        |
| <b>COMPENSATION OF DIRECTORS</b>  | <b>54</b> |
| <b>EQUITY COMPENSATION PLAN INFORMATION</b>   | <b>55</b> |
| <b>PROPOSAL NO. 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</b>                         | <b>55</b> |
| <b>PROPOSAL NO. 3 APPROVAL OF THE ADOPTION OF 2015 EMPLOYEE EQUITY INCENTIVE PLAN</b> | <b>56</b> |

|  |           |
|--|-----------|
| Summary of Sound Governance Features of the 2015 Plan  | 56        |
| Summary of the 2015 Plan   | 57        |
| Types and Maximum Number of Awards   | 59        |
| New Plan Benefits  | 64        |
| Summary of Federal Income Tax Consequences   | 64        |
| <i>Tax Consequences to Participants</i>  | 64        |
| <i>Tax Consequences to the Company</i>   | 66        |
| Interests of Certain Persons in the Proposal   | 67        |
| <b>PROPOSAL NO. 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</b> | <b>67</b> |
| Independent Registered Public Accounting Firm Fees   | 67        |
| Pre-Approval Policies Regarding Audit and Non-Audit Fees   | 68        |
| <b>AUDIT COMMITTEE REPORT</b>  | <b>68</b> |
| <b>STOCKHOLDER PROPOSALS</b>   | <b>70</b> |
| <b>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</b>                                     | <b>70</b> |
| <b>DELIVERY OF DOCUMENTS TO STOCKHOLDERS</b>   | <b>70</b> |
| <b>OTHER MATTERS</b>   | <b>71</b> |

---

**NEWPARK RESOURCES, INC.**  
**9320 Lakeside Boulevard, Suite 100**  
**The Woodlands, Texas 77381**

**PROXY STATEMENT**  
**APRIL 9, 2015**

## **GENERAL INFORMATION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Newpark Resources, Inc. for the Annual Meeting of Stockholders (the “Annual Meeting”) to be held at The Marriott Woodlands Waterway Hotel & Convention Center, 1601 Lake Robbins Drive, The Woodlands, Texas 77380 on Friday, May 22, 2015, at 10:00 a.m., Central Daylight Time, and any postponements or adjournments of the Annual Meeting.

### **Record Date and Outstanding Shares**

Only stockholders of record at the close of business on March 27, 2015 are entitled to receive notice of and to vote at the Annual Meeting. On that date, we had outstanding 84,074,196 shares of common stock, each of which is entitled to one vote upon each proposal presented at the Annual Meeting.

### **Notice Regarding the Availability of Proxy Materials**

In accordance with rules adopted by the Securities and Exchange Commission (the “SEC”), we are making this Proxy Statement and related materials available over the internet under the “notice and access” delivery model. The “notice and access” rule removes the requirement for public companies to automatically send their stockholders a printed set of proxy materials and allows them instead to deliver to their stockholders a “Notice Regarding the Availability of Proxy Materials” and to provide access to the documents over the internet. A Notice Regarding the Availability of Proxy Materials was first mailed to all stockholders of record on or about April 9, 2015. The notice is not a form for voting,

and presents an overview of the more complete proxy materials which contain important information and are available on the internet and by mail. Stockholders are encouraged to access and review the proxy materials before voting.

This Proxy Statement, the form of proxy and voting instructions are being made available on or about April 9, 2015 at [www.proxyvote.com](http://www.proxyvote.com). You may also request a printed copy of this Proxy Statement and the form of proxy by telephone at 1-800-579-1639, via the internet at [www.proxyvote.com](http://www.proxyvote.com) or by email in accordance with the instructions given in the Notice Regarding the Availability of Proxy Materials. Our Annual Report to Stockholders, including financial statements, for the fiscal year ended December 31, 2014, is being made available at the same time and by the same method described above. The Annual Report to Stockholders is not to be considered as part of the proxy solicitation material or as having been incorporated by reference.

Any stockholder may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis by making such request via the internet, email or by telephone. A request to receive proxy materials in printed form or electronically by email will remain in effect until the request is terminated by the stockholder.

### **Voting Information**

Stockholders of record may vote in person at the Annual Meeting or by proxy. If you do not wish to vote in person or if you will not be attending the Annual Meeting, you may vote by proxy. You may vote by internet or by following the instructions in the Notice Regarding the Availability of Proxy Materials or, if you requested printed copies of the proxy materials, you can vote by internet, by telephone or by delivering your proxy through the mail. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record for you to follow in order to vote your shares.

---

## Revocation of Proxies

Any stockholder giving a proxy may revoke the proxy before it is voted by notifying our Secretary in writing before or at the Annual Meeting, by providing a proxy bearing a later date to our Corporate Secretary, by voting again via the internet or telephone, or by attending the Annual Meeting and expressing a desire to vote in person. If you are a beneficial owner and wish to change your vote, you must contact the bank, broker or other holder of record that holds your shares prior to the Annual Meeting to assist you with this process. Subject to this revocation, all proxies will be voted as directed by the stockholder on the proxy card. **If no choice is specified, proxies will be voted:**

“FOR” the election of the directors nominated by the Board of Directors;

“FOR” the approval of the compensation of our named executive officers as disclosed in this proxy statement;

“FOR” the adoption of the Company’s 2015 Employee Equity Incentive Plan; and

“FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2015.

The proxy confers discretionary authority to the persons named in the proxy authorizing those persons to vote, in their discretion, on any other matters properly presented at the Annual Meeting. Management is not currently aware of, nor does it intend to present at the Annual Meeting, any such other matters.

Your cooperation in promptly voting your shares via internet, telephone or, if you received this Proxy Statement by mail, by returning the enclosed proxy, will reduce our expenses and enable our management and employees to continue their normal duties for your benefit with minimum interruption for follow-up proxy solicitation.

## Quorum

The presence at the Annual Meeting, either in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date is necessary to constitute a quorum for the transaction of business. Abstentions and “broker non-votes” are counted for purposes of determining the presence of a quorum.

## Beneficial Ownership

A “broker non-vote” occurs on an item of business at a meeting of stockholders when shares held by a nominee for a beneficial owner are present or represented at the meeting, but the nominee does not have voting power for that particular item of business and has not received instructions from the beneficial owner. Your nominee does not have authority to vote your shares with respect to the following agenda items unless the nominee has received explicit instructions from you:

election of directors;

the advisory vote to approve executive compensation at the Annual Meeting; and

the adoption of the Company’s 2015 Employee Equity Incentive Plan.

Therefore, if the nominee does not receive voting instructions from you with respect to such items, the nominee will not be able to vote your shares on those items, and, consequently, your shares will be considered a “broker non-vote” with respect to those proposals. However, a nominee who holds your shares in its name is permitted to vote your shares on the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm even if the nominee does not receive voting instructions from you.

## Election of Directors

A plurality vote is required for the election of directors. The “plurality” standard means the nominees who receive the largest number of “for” votes cast are elected as directors. Thus, the number of shares not voted for the election of a nominee (and the number of “withheld” votes cast with respect to that nominee) will not affect the determination of whether that nominee has received the necessary votes for election. Brokers who have not received voting instructions from the beneficial owner do not have the discretionary authority to vote on the election of directors. Therefore, broker non-votes will not be considered in the vote totals and will have no effect on the election of the directors. However, as described in greater detail in the “Corporate Governance” section of this proxy under the heading “Corporate Governance Guidelines and Code of Ethics,” our Board of Directors has adopted a majority vote policy which applies to the election of directors. Under this policy, in an uncontested election (*i.e.*, an election where the number of nominees is not greater than the number of directors to be elected), any nominee who receives a greater number of “withheld” votes from his election than votes “for” his election is required to tender his resignation to the Chairman of the Board. Consequently, the number of “withheld” votes with respect to a nominee will affect whether or not our majority vote policy will apply to that individual.



### **Approval of Other Matters**

Each matter submitted to a vote of the stockholders, other than the election of directors, requires the affirmative vote of a majority of the shares having voting power on such matter present or represented at the Annual Meeting. Abstentions will be considered as present at the Annual Meeting and included in the vote totals on these other proposals presented to the stockholders and will have the same legal effect as a vote against a particular proposal. Broker non-votes, if any, will not be considered in the tabulation of votes.

In addition to the vote required by our bylaws described above, under the New York Stock Exchange (“NYSE”) rules, approval of the adoption of the Company’s 2015 Employee Equity Incentive Plan requires approval of a majority of votes cast on the proposal. The NYSE takes the position that a broker non-vote is not a “vote cast.” Accordingly, broker non-votes will have no effect on the outcome of the vote on this matter. However, abstentions will be counted by the NYSE as a vote cast and will be treated as a vote against the adoption of the Company’s 2015 Employee Equity Incentive Plan.

### **Solicitation of Proxies**

The cost of preparing, printing and delivering this Proxy Statement, the Notice of Annual Meeting and the form of proxy, as well as the cost of soliciting proxies relating to the Annual Meeting, will be borne by us. In addition to this distribution, officers and other regular employees of ours may solicit proxies personally, electronically or by telephone, but no additional compensation will be paid to these individuals on account of these activities. We will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy materials to the beneficial owners of the shares held by them of record.

**PROPOSAL NO. 1  
ELECTION OF DIRECTORS**

**Nominees and Voting**

Seven directors are to be elected at the Annual Meeting, each to hold office until the next Annual Meeting and until his successor has been elected. The Board of Directors has nominated for election as directors the seven persons named below based on the recommendation of the Nominating and Corporate Governance Committee. All nominees are incumbent directors.

The Board of Directors recommends that the stockholders vote **“FOR”** the election of these nominees. Unless directed otherwise, the persons named in the enclosed proxy intend to vote the shares of common stock represented by the proxies in favor of the election of these nominees. All of the Board’s nominees have indicated that they are able and willing to serve as directors. If for any reason one or more of these nominees are unable to serve, the persons named in the enclosed proxy will vote instead for another person or persons that the Board of Directors may recommend, or the number of directors may be reduced.

Please note that brokers may not vote your shares on the election of directors in the absence of your specific instructions as to how to vote. We encourage you to provide instructions to your broker regarding the voting of your shares.

The following table sets forth certain information as of March 31, 2015, with respect to the Board’s nominees:

| Name of Nominee           | Age | Director |
|---------------------------|-----|----------|
|                           |     | Since    |
| David C. Anderson         | 73  | 2006     |
| Anthony J. Best           | 65  | 2014     |
| G. Stephen Finley         | 64  | 2007     |
| Paul L. Howes             | 59  | 2006     |
| Roderick A. Larson        | 48  | 2014     |
| James W. McFarland, Ph.D. | 69  | 2006     |
| Gary L. Warren            | 65  | 2005     |

## **Business Experience of Director Nominees**

**David C. Anderson** joined our Board of Directors in September 2006. Mr. Anderson currently serves as our Chairman of the Board. Previously he served as Chairman of our Compensation Committee and had served as a member of the Nominating and Corporate Governance Committee and Audit Committee. Mr. Anderson also currently serves on the Board of Directors of Lucas Group, a privately-held executive search firm. Since 2003, Mr. Anderson has been the Chief Executive Officer of Anderson Partners, a firm he formed which provides senior-level executive search and related management consulting services to corporations and private equity, venture capital and professional services firms. Prior to this, from 1992 to 2003, he served in various management positions for Heidrick & Struggles, Inc., also an executive search firm, including President and Chief Executive Officer of executive search, and President and Chief Operating Officer for the company as a whole. At Heidrick & Struggles, he participated in the development of the strategy to merge the domestic operations with the international business unit leading to a successful initial public offering. Mr. Anderson also served as a member of the Board of Directors of Heidrick & Struggles from 1996 through 1999, continuing as a director after the public offering through 2002.

**Anthony J. Best** joined our Board of Directors in March 2014. Mr. Best currently serves as a member on our Audit, Compensation and Nominating and Corporate Governance Committees. Mr. Best retired as Chief Executive Officer of SM Energy in January 2015 and will not stand for re-election to its Board in May 2015. He originally joined SM Energy Company in Denver in June 2006 as its President and Chief Operating Officer. He was named as Chief Executive Officer in February 2007 and was appointed to the Board of the company at the same time. Between February 2003 and September 2005, Mr. Best served as President and Chief Executive Officer of Pure Resources, Inc., a development and exploration company in Midland, Texas. From April 2000 until February 2003, Mr. Best served as an independent consultant offering leadership and oil and gas consultation to energy companies and volunteer organizations. From October 1979 until April 2000, Mr. Best served in varying roles of increasing responsibility at Atlantic Richfield Company, with his most recent position being President, ARCO Latin America.

**G. Stephen Finley** joined our Board of Directors in June 2007. Mr. Finley currently serves as Chairman of the Audit Committee and as a member of the Compensation Committee and Nominating and Corporate Governance Committee. Mr. Finley served as the Senior Vice President, Finance & Administration and Chief Financial Officer of Baker Hughes Incorporated from April 1999 until his retirement from that company in April 2006. Prior to that, from February 1982 to April 1999, Mr. Finley held various financial and administrative management positions with Baker Hughes. From June 2006 until June 2008, Mr. Finley served as a member of the board of directors of Ocean Rig ASA, which was a Norway-based drilling contractor that was listed on the Oslo, Norway stock exchange. He served on the Nominations and Governance Committee and as Chairman of the Audit Committee of Ocean Rig ASA. Since November 2006, Mr. Finley has served as a member of the board of directors, a member of the Audit Committee and Conflicts Committee and serves as Chairman of the Compensation Committee of Exterran GP, LLC, which is the general partner of Exterran, L.P., a publicly traded limited partnership which provides natural gas compression services and products. From December 2006 until November 2011, Mr. Finley served on the board of directors of a privately held company, Total Safety U.S., Inc., a global provider of integrated safety strategies and solutions for hazardous environments. From April 2012 to December 2014, Mr. Finley served on the board of Microseismic, Inc., a privately held oilfield services company that provides monitoring and mapping of hydraulic fracture operations in unconventional oil and gas plays. As of March 2015, Mr. Finley was appointed to the board of CPP GP LLC, the general partner of Columbia Pipeline Partners LP. At that time, Mr. Finley was also appointed to the Audit Committee of CPP GP LLC.

**Paul L. Howes** joined our Board of Directors and was appointed as our Chief Executive Officer in March 2006. In June 2006, Mr. Howes was also appointed as our President. Mr. Howes' career has included experience in the defense industry, chemicals and plastics manufacturing, and the packaging industry. Following the sale of his former company in October 2005 until he joined our Board of Directors in March 2006, Mr. Howes was working privately as an inventor and engaging in consulting and private investing activities. From December 2002 until October 2005, he served as President and Chief Executive Officer of Astaris LLC, a primary chemicals company headquartered in St. Louis, Missouri, with operations in North America, Europe and South America. Prior to this, from 1997 until 2002, he served as Vice President and General Manager, Packaging Division, for Flint Ink Corporation, a global ink company headquartered in Ann Arbor, Michigan with operations in North America, Europe, Asia Pacific and Latin America.

**Roderick A. Larson** joined our Board of Directors in March 2014. Mr. Larson currently serves as a member on our Audit, Compensation and Nominating and Corporate Governance Committees. Beginning in May 2012, Mr. Larson served as Chief Operating Officer of Oceaneering International, Inc. and effective February 2015, was also named President of that company. From August 1998 until May 2012, Mr. Larson held varying positions of increasing responsibility at Baker Hughes, Inc., most recently as President, Latin America. While at Baker Hughes, Inc., Mr. Larson served as Vice President, Operations for the Gulf of Mexico and Deepwater Business Development Manager. From 1990 until 1998, he served as operations manager and field engineer for Western Atlas, Inc. (which was acquired by Baker Hughes) in the United States and Venezuela.

**James W. McFarland, Ph.D.** joined our Board of Directors in November 2006. Dr. McFarland currently serves Chairman of the Compensation Committee and as a member of the Nominating and Corporate Governance Committee and Audit Committee. Dr. McFarland is the Rolanette and Berdon Lawrence Distinguished Chair in Finance and the

Freeman School Distinguished Chair in Business in the A. B. Freeman School of Business at Tulane University. Dr. McFarland has continuously served as a member of Tulane's faculty since joining the university in 1988. He also serves as the Executive Director of the Tulane Energy Institute. Previously, Dr. McFarland was the Dean of the Freeman School from July 1, 1988 through June 30, 2005. Prior to joining the faculty at Tulane, he was the Dean of the College of Business Administration at the University of Houston. Dr. McFarland also has served on the faculties of Texas A&M University, the University of Louisiana-Lafayette, the University of Rhode Island, and the University of New Mexico. In addition to his academic appointments, he has worked as a researcher for the University of California Los Alamos National Laboratory and the Presidential Commission on the Nation's Water Resources. From March 1995 until April 2011, Dr. McFarland served on the Board of Directors and the Compensation Committee of Stewart Enterprises, Inc., a publicly-traded company.

**Gary L. Warren** joined our Board of Directors in December 2005. Mr. Warren is currently Chairman of the Nominating and Corporate Governance Committee and is also a member of the Audit Committee and Compensation Committee. From October 1999 until his retirement in September 2005, Mr. Warren served as President of the Drilling and Well Services Division and Senior Vice President of Weatherford International Ltd., a provider of mechanical solutions, technology and services for the drilling and production sectors of the oil and gas industry. From June 2006 until September 2008, Mr. Warren served as a director of Horizon North Logistics Inc., a Canadian-based publicly-traded service company which provides a diverse mix of products and services to the oil and gas, mining, forestry and pipeline industries focused primarily on Canada's northern frontiers and Northwest Territory. Mr. Warren served on Horizon's Compensation, Audit and Nominating and Corporate Governance Committees until September 2008. Mr. Warren also served as a director on the board of ZCL Composites Inc. from December 2007 until May 2008. ZCL is a Canadian-based publicly-traded fiberglass and composite tank manufacturing company serving the oil and gas, petrochemical and water industries in the United States and Canada, as well as several international locations. From May 2009 until June 2011, Mr. Warren served as a director of Trican Well Service Ltd, a Calgary-based, publicly-traded company that provides pressure pumping and related oil field services in Canada, the United States, Russia and many other international locations. Mr. Warren was a member of Trican's Compensation Committee and Nominating and Corporate Governance Committee.

No family relationships exist among any of our directors or executive officers.

Further information regarding the qualifications for each member of the Board of Directors can be found in the **"Director Nominations"** section of this proxy under the heading *Director Qualifications*.

---

## CORPORATE GOVERNANCE

### General

Under Delaware law, our business and affairs are managed under the direction of the Board of Directors. The Board of Directors establishes broad corporate policies, has responsibility for our overall performance and direction and authorizes various types of transactions but is not involved in the details of day-to-day operations. Members of the Board of Directors keep informed of our business by participating in Board and committee meetings, by reviewing reports and other materials provided to them and through discussions with the Chief Executive Officer and other officers. All members of the Board of Directors, other than our President and Chief Executive Officer, Mr. Howes, satisfy the independence requirements of the NYSE.

Each director is elected to a one-year term. Our Board of Directors held nine (9) meetings during 2014 and took action by written consent one (1) time. Each director attended at least 75% of the meetings of the Board of Directors held while serving as a member of the Board of Directors and of each committee of which he was a member that was held during the time he was a member, except for Messrs. Best and Larson, whose respective aggregate committee meeting attendance was less than 75% during the fiscal year due to pre-existing commitments prior to their appointment to the Board in March 2014.

In March 2005, the Board of Directors chose to separate the roles of Chairman of the Board and Chief Executive Officer. In May 2014, the Board of Directors elected Mr. Anderson as non-executive Chairman of the Board of Directors. The principal responsibilities of the non-executive Chairman of the Board are:

To manage the organization, functioning and affairs of the Board of Directors, in order to enable it to meet its obligations and responsibilities;

To facilitate the functioning of the Board of Directors independently of management and maintain and enhance the governance quality of the Company and the Board;

To interact regularly with the Chief Executive Officer and his staff on major strategy issues, handling of major business issues and opportunities, matters of corporate governance and performance issues, including providing feedback from other Board members and acting as a “sounding board” for the Chief Executive Officer;

Together with the Chair of the Compensation Committee, to conduct a formal evaluation of the Chief Executive Officer’s performance at least annually; and

To lead the Board of Directors in the execution of its responsibilities to the stockholders.

Given the substantial overlap of the duties of a non-executive Chairman of the Board and a lead independent director, the Board of Directors determined there is no need at this time to designate a lead independent director. A complete description of the responsibilities of the non-executive Chairman of the Board is set forth in a charter adopted by the Board of Directors, a copy of which is available in the “Governance Documents” section under “Corporate Governance” on our website at [www.newpark.com](http://www.newpark.com). A description of the powers and duties of the Chairman of the Board also is set forth in our Amended and Restated Bylaws.

## **Corporate Governance Guidelines and Code of Ethics**

### **Corporate Governance Guidelines**

We are committed to adhering to sound principles of corporate governance and have adopted Corporate Governance Guidelines that the Board of Directors believes promote the effective functioning of the Board of Directors, its committees and our Company. The Corporate Governance Guidelines conform to the NYSE corporate governance listing standards and SEC rules and address, among other matters, director qualifications, independence and responsibilities, majority vote principles, Board committees, Board access to senior management, the independent accountants and other independent advisors, compensation of directors and assessments of committee performance. The Corporate Governance Guidelines are available in the “Governance Documents” section under “Corporate Governance” on our website at [www.newpark.com](http://www.newpark.com) and are also available, without charge, upon request to our Corporate Secretary at Newpark Resources, Inc., 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381.

### **Majority Vote Policy**

Our Corporate Governance Guidelines provide for a majority vote principle in connection with the election of our directors. Under our Corporate Governance Guidelines, in an uncontested election (*i.e.*, an election where the number of nominees is not greater than the number of directors to be elected), any nominee who receives a greater number of votes “withheld” from his election than votes “for” his election must promptly tender his resignation to the Chairman of the Board unless he has previously submitted an irrevocable resignation in accordance with our Corporate Governance Guidelines. The Corporate Governance Guidelines also provide that the Board of Directors may require, in order for any incumbent director to become a nominee for further service on the Board of Directors, that the incumbent director submit to the Board of Directors an irrevocable resignation. The irrevocable resignation will be conditioned upon, and shall not become effective until there has been (i) a failure by that nominee to receive more votes “for” his election than votes “withheld” from his election in any uncontested election of directors and (ii) acceptance of the resignation by the Board of Directors. In the event a director receives a greater number of votes “withheld” from his election than “for” his election, the Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors regarding the action to be taken with respect to the tendered resignation. A director whose resignation is being considered will not participate in any committee or Board of Directors meetings where the consideration is his resignation. The Board of Directors will act on the Nominating and Corporate Governance Committee’s

recommendation within 90 days following the certification of the stockholder vote, and the Board of Directors will promptly and publicly disclose its decision. Each of the nominees for election to the Board of Directors has submitted an irrevocable resignation in accordance with our Corporate Governance Guidelines.

7

---

## Stock Ownership Guidelines

To encourage our non-employee directors to achieve and maintain an appropriate ownership interest in our Company, the Board of Directors approved stock ownership guidelines. Section 8 of the Corporate Governance Guidelines requires each of our non-employee directors to own shares of our common stock valued at five times his annual cash retainer. Non-employee directors elected to the Board of Directors have five years from the date of election to reach the required level of stock ownership. In the event of an increase in the annual cash retainer or an increase in the ownership guidelines (such as occurred in 2011, increasing the ownership requirement from three times to five times the annual cash retainer), the non-employee directors will have five years from the effective date of the increase to acquire any additional shares needed to meet the stock ownership guidelines. As of December 31, 2014, each of our non-employee directors, (other than Messrs. Best and Larson who were appointed in 2014) satisfied the ownership guidelines, as shown in the table below:

|                                | <b>Stock<br/>Ownership<br/>Value<br/>Required<br/>at 5x<br/>Annual<br/>Cash<br/>Retainer</b> | <b>Stock<br/>Ownership<br/>Value at<br/>December<br/>31, 2014(1)</b> |
|--------------------------------|--|--|
| <b>David C. Anderson</b>       | <b>\$ 650,000</b>  | <b>\$ 1,309,226</b>  |
| <b>Anthony J. Best</b>         | <b>\$ 275,000</b>  | <b>\$ 142,124 (2)</b>  |
| <b>G. Stephen Finley</b>       | <b>\$ 275,000</b>  | <b>\$ 1,374,276</b>  |
| <b>Roderick A. Larson</b>      | <b>\$ 275,000</b>  | <b>\$ 142,124 (2)</b>  |
| <b>James W. McFarland, PhD</b> | <b>\$ 275,000</b>  | <b>\$ 1,880,151</b>  |
| <b>Gary L. Warren</b>          | <b>\$ 275,000</b>  | <b>\$ 1,507,401</b>  |

(1) Stock ownership value is calculated based on the number of shares owned by the director or members of his or her immediate family residing in the same household and time-based restricted stock held by the director, multiplied by the average closing price of a share of our common stock over the three-months prior to December 31, 2014, as reported by the NYSE.

(2) Messrs. Best and Larson have until March 2019 to meet the stock ownership guidelines.

## Code of Ethics

The Board of Directors also has adopted a Code of Ethics for Senior Officers and Directors that applies to all of our directors, our principal executive officer, principal financial officer, principal accounting officer or controller, and other senior officers. The Code of Ethics contains policies and procedures applicable to our directors and supplements our Corporate Compliance and Business Ethics Manual which is applicable to all of our employees including our principal executive officer, principal financial officer, principal accounting officer and other senior officers. The purposes of the Code of Ethics, among other matters, are to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. The Code of Ethics promotes full, fair, accurate, timely and understandable disclosure in reports and other documents that we file with, or submit to, the SEC and in other public communications. The Code of Ethics also requires compliance with applicable governmental laws, rules and regulations including, without limitation, insider trading laws. The Code of Ethics further requires the prompt internal reporting of violations of the Code of Ethics to an appropriate person or persons and accountability for adherence to the Code of Ethics.

Any amendments to, or waivers of, the Code of Ethics with respect to our principal executive officer, principal financial officer or principal accounting officer or controller, or persons performing similar functions, will be disclosed in a Current Report on Form 8-K, which will be available on our website promptly following the date of the amendment or waiver.

Copies of our Code of Ethics for Senior Officers and Directors and our Corporate Compliance and Business Ethics Manual are available in the “Governance Documents” section under “Corporate Governance” on our website at [www.newpark.com](http://www.newpark.com) and are also available in print upon request from our Corporate Secretary.

### **Related Person Transactions and Procedure**

The Board of Directors has adopted a Policy Regarding Covered Transactions with Related Persons which requires the approval or ratification by the Audit Committee of any Covered Transaction (as defined in the Policy Regarding Covered Transactions with Related Persons). A Covered Transaction includes, but is not limited to, any financial transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships, including indebtedness and guarantees of indebtedness, in which (a) the aggregate amount involved will or may be expected to exceed \$100,000 in any calendar year, (b) we are a participant and (c) any related person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). The policy provides that any director, director nominee or executive officer must provide to the Chief Administrative Officer and Chair of the Audit Committee prior notification of all proposed terms of any Covered Transaction (other than related party transactions involving compensation matters and certain ordinary course transactions). The Audit Committee must review the relevant facts and circumstances of the Covered Transaction, including if the terms and conditions of the transaction are generally available to third parties under similar terms or conditions, take into account the level of interest or relationship to the related person and the impact on a director’s independence, and either approve or disapprove the Covered Transaction. If the Audit Committee (or the Chairman of the Audit Committee pursuant to his delegated authority) is unable to provide advance approval of a Covered Transaction, the transaction will be considered at the next regularly scheduled meeting of the Audit Committee. At the next meeting, the Audit Committee will evaluate all options including, but not limited to, ratification, amendment or termination of the Covered Transaction. No director may participate in approval of a Covered Transaction for which he or she is a related party.



## **Director Independence**

The Board of Directors has determined that Messrs. Anderson, Best, Finley, Larson, and Warren and Dr. McFarland are “independent directors” as that term is defined in the listing standards of the NYSE. In making these determinations regarding independence, the Board of Directors evaluated commercial, consulting, charitable, familial, and other relationships with each of its directors and entities of which he is an executive officer, partner, member, and/or significant stockholder. As part of this evaluation, the Board of Directors noted that none of the directors received any consulting, advisory, or other compensatory fees from us (other than for services as a director) or is a partner, member, or principal of an entity that provided accounting, consulting, legal, investment banking, financial, or other advisory services to our Company, and none of the express disqualifications contained in the NYSE rules apply to any of them. Based on this independence review and evaluation, and on other facts and circumstances the Board of Directors deemed relevant, the Board of Directors, in its business judgment, determined that all of our directors and nominees are independent, with the exception of Mr. Howes who is our President and Chief Executive Officer.

As disclosed in the biographical information above, in 2014 Mr. Best served as Chief Executive Officer of SM Energy Company, which is a customer of our drilling fluids business. In 2014, in the ordinary course of our business, we provided products and services valued at approximately \$1.7 million to SM Energy Company. The Board of Directors determined that the relationship between our Company and SM Energy Company did not disqualify Mr. Best from being considered independent.

## **Executive Sessions of Non-Management Directors**

Our Corporate Governance Guidelines require the non-management directors to meet at least twice each year in executive session, without management present. However, management employees may be invited to attend portions of these meetings if deemed appropriate by the non-management directors to provide information necessary for the meetings. Executive sessions were held as part of every regularly scheduled Board meeting in 2014 and were presided over by Mr. Box until his retirement from the Board in May 2014 and thereafter by Mr. Anderson, our non-executive Chairman of the Board.

Interested parties may direct their concerns to the Chairman of the Board or to any other non-management director or directors by following the procedures set forth in the section below entitled “**Stockholder Communication with Board Members.**”

## **Board Leadership and Risk Management**

The Board evaluates its leadership structure and role in risk oversight on an ongoing basis. The decision on whether to combine or separate the Chairman and Chief Executive Officer (“CEO”) role is determined on the basis of what the Board considers to be best for our Company. Our current Board leadership structure separates the role of Chairman and CEO. The Board believes that part of an effective Board leadership structure is to have either an independent director as the Chairman or to designate a Lead Director. The Nominating and Corporate Governance Committee and the Board currently believe that the separation of the role of CEO and Chairman (who is an independent director) is appropriate because it provides, among other things, sufficient independence between the Board and management, Board member leadership by an independent director, and facilitates our Board’s ability to carry out its roles and responsibilities on behalf of our stockholders. The Board has appointed Mr. Anderson, an independent director, as the Chairman and therefore does not believe it is necessary to appoint a Lead Director. The independent directors meet regularly in executive sessions at which time only independent directors are present, and the Chairman of the Board chairs those sessions.

The Board, as a whole and through its committees, retains responsibility for overseeing our Company’s processes for assessing and managing risk, although it is management’s responsibility to manage risk on a day-to-day basis. The Board discharges its responsibility, in part, through regular inquiries from the Chairman of the Board to management, periodic communications from management to the Board of Directors of particular risks and events, and discussions during Board meetings with and without management of general and specific risks to the Company. The Board also participates with senior management in periodically assessing enterprise risks, ranking such risks and considering mitigation plans for such risks. The Board also delegates the oversight of certain specific risks to Committees of the Board. For example, the Board delegates to the Compensation Committee the assessment of our Company’s compensation plans with regard to whether such plans encourage the taking of inappropriate risks and delegates to the Audit Committee oversight of the risk assessment undertaken by management to develop the scope and coverage of reviews conducted by our internal audit function. Further discussion of the risk assessment is contained in the **“Executive Compensation”** section of this proxy under the heading **“Risk Assessment of Compensation Programs.”**

## **Board Orientation and Education**

The Nominating and Corporate Governance Committee is responsible for establishing an orientation plan for new directors, along with the coordination and scheduling of educational opportunities for the Board. The orientation program includes a review of our governance documents and policies, along with meetings with our executive leaders, and tours of key facilities. Messrs. Best and Larson completed the Newpark orientation program in 2014. In addition, over the last several years, the Nominating and Corporate Governance Committee has coordinated training sessions from outside experts related to, among other things: risk assessment and management; director's obligations in the context of mergers and acquisitions; industry-specific education (oil and gas geology related to shale formations; demonstrations of drilling fluids applications; etc.) and macro-economic trends in the U.S. and global economies.

## **Committees of the Board of Directors**

The Board of Directors has established three standing committees. These committees are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. All of these committees operate under written charters approved by the Board of Directors. The Chairman of the Board attends all Committee meetings, but does not cast a vote therein. Copies of these charters, which set forth the specific responsibilities of the committees, as well as copies of our Corporate Governance Guidelines, the Code of Ethics for Senior Officers and Directors and the charter of the Chairman of the Board, are available under the "Corporate Governance" section on our website at [www.newpark.com](http://www.newpark.com). Stockholders also may obtain printed copies of these items, without charge, by contacting us at the following address:

Newpark Resources, Inc.  
9320 Lakeside Boulevard, Suite 100  
The Woodlands, Texas 77381  
Attn: Corporate Secretary

## **Audit Committee**

As of March 31, 2015, the members of the Audit Committee were G. Stephen Finley (Chairman), Anthony J. Best, Roderick A. Larson, James W. McFarland, PhD and Gary L. Warren. The Board of Directors has determined that each of the members of the Audit Committee is independent and "financially literate" under applicable SEC rules and NYSE listing rules and is an "independent director" under applicable NYSE listing rules and a "non-employee director" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Board of Directors also has determined that Mr. Finley and Dr. McFarland are "audit committee financial experts" as defined by applicable SEC rules. The Audit Committee met eight (8) times during 2014 and did not take any action by

unanimous written consent.

The Audit Committee is responsible for the selection, evaluation, compensation and, when necessary, replacement of the independent registered public accounting firm. The Audit Committee also has responsibility for providing independent review and oversight of the integrity of our financial statements, the financial reporting process, our systems of internal accounting and financial controls, the performance of our internal audit function and the independent auditors, the independent auditors' qualifications and independence, our compliance with ethics policies and legal and regulatory requirements and to prepare the Audit Committee Report and disclosure required by the Audit Committee for inclusion in this proxy statement. The independent auditors report directly to the Audit Committee.

The specific responsibilities of the Audit Committee are set forth in the Committee's charter, a copy of which is available in the "Board Committees & Charters" section under "Corporate Governance" on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary.

### **Compensation Committee**

As of March 31, 2015, the members of the Compensation Committee were James W. McFarland, PhD (Chairman), Anthony J. Best, G. Stephen Finley, Roderick A. Larson and Gary L. Warren. The Board of Directors has determined that each member of the Compensation Committee is an "independent director" under applicable NYSE listing rules, a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act, and an "outside director" as defined under regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The Compensation Committee met six (6) times during 2014 and did not take any action by unanimous written consent.

The Compensation Committee has responsibility for establishing, evaluating and administering our compensation arrangements, plans, policies and programs for our Chief Executive Officer and other executive officers and for administering our equity incentive plans. The Compensation Committee also has responsibility for making recommendations to the Board of Directors with respect to the adoption, approval and amendment of all broadly based, cash-based and equity-based incentive compensation plans.

The Compensation Committee has the authority to retain compensation consultants to assist it in evaluating the compensation paid to our Chief Executive Officer and other executive officers. As noted in the "**Compensation Discussion and Analysis**" section of this proxy, for the 2014 fiscal year, the Compensation Committee retained Pearl Meyer & Partners to provide the Compensation Committee with advice and recommendations on the amount and form of executive and director compensation. Pearl Meyer did not advise management or provide any non-executive consulting services to the Company other than its work on behalf of the Compensation Committee, and it maintained no other economic relationship with the Company.

The specific responsibilities of the Compensation Committee are set forth in the Committee's charter, a copy of which is available in the "Board Committees & Charters" section under "Corporate Governance" on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary.

### **Nominating and Corporate Governance Committee**

As of March 31, 2015, the members of the Nominating and Corporate Governance Committee were Gary L. Warren (Chairman), Anthony J. Best, G. Stephen Finley, Roderick A. Larson and James W. McFarland, PhD. The Board of Directors has determined that each of the members of the Nominating and Corporate Governance Committee is an “independent director” under applicable NYSE listing rules and a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act. The Nominating and Corporate Governance Committee met five (5) times during 2014 and did not take any action by unanimous written consent.

The Nominating and Corporate Governance Committee assists and advises the Board of Directors with respect to the size, composition and functions of the Board of Directors, identifies potential candidates for the Board of Directors and recommends to the Board of Directors a slate of qualified nominees for election as directors at each annual meeting, oversees the annual evaluation of the Board of Directors as a whole and the committees of the Board of Directors, and develops and advises the Board of Directors with respect to corporate governance principles, policies and practices. The Nominating and Corporate Governance Committee also serves as the Qualified Legal Compliance Committee for purposes of Section 307 of the Sarbanes-Oxley Act and ensures compliance with the standards of the SEC for professional conduct for attorneys appearing and practicing before the SEC in the representation of our company.

The specific responsibilities of the Nominating and Corporate Governance Committee are set forth in the Committee’s charter, a copy of which is available in the “Board Committees & Charters” section under “Corporate Governance” on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary.

## **Director Nominations**

The Nominating and Corporate Governance Committee is responsible for periodically evaluating and making recommendations to the Board of Directors with respect to the size and composition of the Board of Directors. Although we have not adopted a formal policy specifically addressing the consideration of diversity when evaluating candidates for election to the board, the charter of our Nominating and Corporate Governance Committee and our Corporate Governance Guidelines provide that diversity shall be one of the criteria considered for candidates. The Committee considers the term “diversity” to include a diversity of viewpoints, expertise and experience as well as gender, ethnicity and background. When analyzing director nominations and director vacancies, the Nominating and Corporate Governance Committee strives to recommend candidates for director positions who will create a Board that reflects diversity, including but not limited to background, experience, gender, ethnicity, and country of citizenship. The Nominating and Corporate Governance Committee seeks to identify prospective directors who will strengthen the Board of Directors and evaluates prospective directors, including incumbent directors, in accordance with the criteria set forth in our Corporate Governance Guidelines and other criteria as may be set by the Board of Directors or the Committee. Some of the principal criteria include whether the candidate (i) is of the highest integrity and character; (ii) has familiarity with our business and industry; (iii) has independence of thought and financial literacy; (iv) is willing and able to devote sufficient time to effectively carry out the duties and responsibilities of a director; and (v) has the objectivity, ability and desire to represent the interests of the stockholders as a whole, free from any conflict of interest. Our Corporate Governance Guidelines include a director retirement age policy. Under that policy, any person who is 75 years of age or more shall not be eligible to be elected as a director, although any director reaching the age of 75 while in office may serve the remainder of his or her term until the next annual stockholders meeting.

## **Director Qualifications**

Our Board members represent a desirable mix of diverse backgrounds, skills and experiences and they all share the personal attributes of effective directors described above. The Board monitors the effectiveness of this approach through the annual self-assessment process. Below are some of the specific experiences and skills of our directors:

### **David C. Anderson**

As the former President and CEO, Executive Search for the international executive search firm Heidrick & Struggles and later as President and COO of the worldwide firm, Mr. Anderson has extensive experience with public company management as well as business strategy. Further, he gained valuable insight into executive compensation, recruitment, development and succession planning. Since joining the Board, Mr. Anderson served as Chairman of a Special Litigation Committee of our Board, providing him with experience in conducting internal investigations and risk assessment.

**Anthony J. Best**

Mr. Best's experience in upstream oil and gas exploration and production, in a variety of basins and geographies will provide our Board with further understanding of the needs of our customers. His senior management and executive level experience, along with his service on the board of SM Energy, brings to the Board experience in finance, executive compensation matters and corporate governance for public companies, as well as perspective on management and operational matters.

**G. Stephen Finley**

Mr. Finley has brought to the Board of Directors a deep understanding of both the oil and gas industry and the energy services business. Through his senior executive positions at Baker Hughes and with a major public accounting firm, Mr. Finley has extensive knowledge in the areas of accounting, auditing, and compliance, both of domestic and international businesses. Moreover, his knowledge of the energy services business provides the Board of Directors with a valuable resource in its assessment of our performance, opportunities, risks and strategy.

**Paul L. Howes**

Mr. Howes' background includes a strong understanding of industrial and chemical manufacturing processes and practices, much of which is directly applicable to our products and services. Based on his experience in both larger and smaller companies, he offers leadership and insight into best management practices, employee development, compensation, marketing and operations. He also has previous experience with leading an executive team, in both domestic and international markets.

**Roderick A. Larson**

Mr. Larson brings to the Board of Directors over 24 years of experience in global oilfield services, which, in the past, included management responsibility for a drilling fluids business. Based upon his more recent experience and in his current position as President and COO for Oceaneering International, we expect him to provide valuable insight into our efforts to further penetrate the deepwater market, which is an important element of our global strategy. In addition, based on his experience at all levels of various organizations, Mr. Larson offers leadership and understanding of the operations and management of a large, global business.



**James W. McFarland, PhD**

Dr. McFarland teaches and undertakes research in the areas of econometrics, energy and resource economics, international finance, statistics and strategy. His extensive work in these areas contributes to the Board of Directors a solid understanding of the energy industry, best practices in business management and expertise in financial analysis. Further, Dr. McFarland served on the Special Litigation Committee of our Board and another board on which he previously served, providing him with substantive experience in conducting internal investigations and internal controls. Dr. McFarland has also previously served on the Audit Committees of three (3) publicly-traded companies providing him with valuable experience in this area as well.

**Gary L. Warren**

Mr. Warren's experience as a senior executive for Weatherford International gave him an extensive background in the oil and gas services business. This experience provides our Board of Directors with insight into our customers, competitors and suppliers. With over 20 years of experience as an executive in the industry in which we compete (and much of it on a global basis), he has the ability to offer guidance and direction regarding our expansion in international markets. Mr. Warren also brings to our Company his knowledge in the areas of business and operations management.

The Nominating and Corporate Governance Committee will consider nominees recommended by stockholders who meet the eligibility requirements for submitting stockholder proposals for inclusion in the next proxy statement, including those eligibility requirements set forth in our Corporate Governance Guidelines. In order to nominate a director at the annual meeting, our bylaws require that a stockholder follow the procedures set forth in the bylaws. (Our bylaws are available under "Governance Documents" in the "Corporate Governance" section of our website at [www.newpark.com](http://www.newpark.com).) In order to recommend a nominee for a director position, a stockholder must be entitled to vote in the election of directors and must provide notice in accordance with our bylaws. Stockholder nominations must be made pursuant to written notice delivered in accordance with the following instructions no later than ninety (90) days prior to the meeting; provided, that if the date of the meeting is not publicly announced more than one hundred (100) days prior to the meeting, such notice will be considered timely if properly delivered no later than the close of business on the tenth (10th) day following the day on which such announcement regarding the date of the meeting was communicated to the stockholders.

The stockholder notice must set forth the following:

name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated;

a representation that the stockholder is a holder of record of common stock entitled to vote at the meeting and intends to appear in person or by proxy to nominate the person or persons specified;

a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons under which the nomination(s) are made by the stockholder;

for each person the stockholder proposes to nominate for election as a director, all information relating to such person that would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Schedule 14A promulgated under the Exchange Act;

for each person nominated, a written consent to serve as a director, if elected; and

a statement whether such nominee, if elected, intends to deliver an irrevocable resignation in accordance with our Corporate Governance Guidelines.

In addition to complying with the foregoing procedures, any stockholder nominating a director must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder.

The stockholder making the recommendation also should submit information demonstrating the number of shares he or she owns. Stockholders may send recommendations for director candidates for the 2016 Annual Meeting to the Nominating and Corporate Governance Committee by U.S. mail or overnight delivery at the following address: Chair, Nominating and Corporate Governance Committee, c/o Corporate Secretary, Newpark Resources, Inc., 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381.

Candidates recommended by the Nominating and Corporate Governance Committee must include a sufficient number of persons who, upon election, would be independent directors having the skills, experience and other characteristics necessary to provide qualified persons to fill all Board committee positions required to be filled by independent directors. In considering any candidates recommended by stockholders, the Nominating and Corporate Governance Committee will take into account the same factors as apply to all other prospective nominees.

#### **Stockholder Communication with Board Members**

The Board of Directors has established a process for stockholders to send communications, other than sales-related communications, to one or more of its members. These communications should be sent by letter addressed to the member or members of the Board of Directors to whom the communication is directed, care of the Corporate Secretary, Newpark Resources, Inc., 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381. These communications, other than sales-related communications, will be forwarded to the Board member or members specified.

#### **Director Attendance at Annual Meeting**

We have a policy encouraging the attendance of all directors at annual meetings of stockholders, and we make all appropriate arrangements for directors that choose to attend. All of our directors attended the 2014 Annual Meeting of Stockholders.

---

**EXECUTIVE OFFICERS**

As of March 31, 2015, our executive officers, their ages and positions with us were as follows:

| <b>Name</b>                | <b>Age</b> | <b>Title</b>  |
|----------------------------|------------|---|
| <b>Paul L. Howes</b>       | <b>59</b>  | <b>President and Chief Executive Officer</b>  |
| <b>Gregg S. Piontek</b>    | <b>44</b>  | <b>Vice President and Chief Financial Officer</b>   |
| <b>Mark J. Airola</b>      | <b>56</b>  | <b>Senior Vice President, General Counsel, Chief Administrative Officer, Chief Compliance Officer and Secretary</b> |
| <b>Bruce C. Smith</b>      | <b>63</b>  | <b>Executive Vice President and President of Fluids Systems</b>   |
| <b>Jeffery L. Juergens</b> | <b>59</b>  | <b>Vice President and President of Mats and Integrated Services</b>   |
| <b>Douglas L. White</b>    | <b>46</b>  | <b>Corporate Controller and Chief Accounting Officer</b>  |

A description of the business experience of Mr. Howes during the past five years can be found in the “Election of Directors” section of this proxy under the heading “Business Experience of Director Nominees.”

**Gregg S. Piontek** joined us in April 2007 as our Vice President, Controller and Chief Accounting Officer. He was appointed as our Chief Financial Officer in October 2011. Before joining us, Mr. Piontek served in various financial roles for Stewart & Stevenson Services, Inc. and Stewart & Stevenson, LLC from June 2001 through March 2007, including Divisional Controller, Assistant Corporate Controller, and as Vice President and Chief Accounting Officer. Prior to that, Mr. Piontek served in various financial roles at General Electric, CNH Global N.V. and Deloitte & Touche LLP.

**Mark J. Airola** joined us in October 2006 as our Vice President, General Counsel and Chief Administrative Officer and was appointed as our Secretary in December 2006 and Chief Compliance Officer in March 2007. He was named Senior Vice President in February 2011. Mr. Airola has practiced law for 30 years, primarily with large, publicly traded companies. Most recently, from September 1995 through September 2006, Mr. Airola was employed by BJ Services Company, a provider of pressure pumping and other oilfield services to the petroleum industry, serving initially as Assistant General Counsel and subsequently, in 2003, also being named as Chief Compliance Officer (and as an executive officer). From February 1988 to September 1995, Mr. Airola held the position of Senior Litigation Counsel at Cooper Industries, Inc., a global manufacturer of electrical products and tools, and had initial responsibility for managing environmental regulatory matters and litigation and subsequently managing the company’s commercial litigation. From 2011 until present, Mr. Airola serves on the Board of Junior Achievement of Southeast Texas.

**Bruce C. Smith** joined us in April 1998 as our Vice President, International. Since October 2000, he has served as President of Fluids Systems. He also held the title of Vice President of our Company beginning in 2006 and he was named as Executive Vice President of our Company in March 2011. Prior to joining us, Mr. Smith was the Managing Director of the U.K. operations of M-I Swaco, a competitor of Newpark Drilling Fluids, where he was responsible for two business units, including their drilling fluids unit.

**Jeffery L. Juergens** joined us in October 2010 as President of Mats and Integrated Services and Environmental Services and he continued to serve as the President of Environmental Services until it was sold in March 2014. From February 2009 to March 2010, Mr. Juergens held the position of Chief Executive Officer of B&B Oilfield Services, an oilfield wellhead equipment supply company. Previously, from August 2007 to February 2009, he was at Omni Energy Services, where he held the position of General Manager for the company's Seismic Drilling Division. From August 1997 to August 2007, Mr. Juergens served as Vice President of International Operations for SPS International, a wellbore cleanup tools and technology company, with responsibility for the development of operations in Canada and Latin America. Prior to that, Mr. Juergens held management positions with both BJ Services and Baker Hughes.

**Douglas L. White** joined us in April 2014 as our Corporate Controller. In May 2014, Mr. White was appointed as our Chief Accounting Officer. From February 2008 until January 2014, Mr. White served as Director of Financial Reporting for Cooper Industries where he was responsible for corporate accounting and external reporting. From July 2004 until February 2008, he served as Vice President and Corporate Controller of MMI Products, Inc. Prior to that, Mr. White held various audit positions with Ernst & Young LLP. Mr. White is a Certified Public Accountant and holds a B.B.A. from Sam Houston State University.

---

**OWNERSHIP OF COMMON STOCK**
**Certain Beneficial Owners**

The following table sets forth information, as of the date indicated in the applicable Schedule 13G with respect to each stockholder identified as beneficially owning greater than 5% of our common stock, the number of outstanding shares of our common stock and the percentage beneficially owned. Except as otherwise indicated below, each person named in the table has sole voting and investment power with respect to all shares of common stock beneficially owned by that person. Percentage ownership is based on 84,114,196 shares of common stock outstanding as of March 31, 2015.

| Name and Address of Beneficial Owner  | Shares of Common Stock    |            |          |
|---|---------------------------|------------|----------|
|   | Beneficially Owned Number | Percent    |          |
| <b>BlackRock, Inc.(1)</b><br><b>55 East 52<sup>nd</sup> Street</b><br><b>New York, New York 10022</b>           | <b>7,786,924</b>          | <b>9.3</b> | <b>%</b> |
| <b>Dimensional Fund Advisors LP(2)</b><br><b>6300 Bee Cave Road, Building One</b><br><b>Austin, Texas 78746</b> | <b>7,009,745</b>          | <b>8.3</b> | <b>%</b> |
| <b>Wells Fargo &amp; Company(3)</b><br><b>420 Montgomery Street</b><br><b>San Francisco, California 94104</b>   | <b>6,843,384</b>          | <b>8.1</b> | <b>%</b> |
| <b>The Vanguard Group(4)</b><br><b>100 Vanguard Boulevard</b><br><b>Malvern, Pennsylvania 19355</b>             | <b>5,333,097</b>          | <b>6.3</b> | <b>%</b> |
| <b>EARNEST Partners, LLC(5)</b><br><b>1180 Peachtree Street NE, Suite 2300</b><br><b>Atlanta, Georgia 30309</b> | <b>5,099,361</b>          | <b>6.1</b> | <b>%</b> |

Based solely on Amendment No. 5 to Schedule 13G filed with the SEC on January 15, 2015 by BlackRock, Inc.

According to the Schedule 13G/A, BlackRock, Inc. has sole voting power with respect to 7,506,263 shares and sole dispositive power with respect to 7,786,924 shares. According to Schedule 13G/A, all shares are beneficially owned by BlackRock, Inc., a parent holding company, and on behalf of its wholly owned subsidiaries:

- (1) (i) BlackRock Advisors (UK) Limited; (ii) BlackRock Advisors, LLC; (iii) BlackRock Asset Management Canada Limited; (iv) BlackRock Asset Management Ireland Limited; (v) BlackRock Fund Advisors; (vi) BlackRock Institutional Trust Company, N.A.; (vii) Blackrock International Limited; (viii) BlackRock Investment Management (Australia) Limited; (ix) BlackRock Investment Management (UK) Ltd; and (x) BlackRock Investment Management, LLC. BlackRock Fund Advisors beneficially owns 5% or greater of the outstanding shares reported on the Schedule 13G/A.

Based solely on Amendment No. 6 to Schedule 13G filed with the SEC on February 5, 2015, by Dimensional Fund Advisors LP. According to Schedule 13G/A, Dimensional Fund Advisors LP has sole voting power over 6,687,458 shares and sole dispositive power over 7,009,745 shares. According to the Schedule 13G/A, Dimensional Fund Advisors LP is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (collectively, the "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over the securities that are owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. However, all securities reported in the Schedule 13G/A are owned by the Funds, therefore, Dimensional disclaims beneficial ownership of the securities.

Based solely on Amendment No. 12 to Schedule 13G filed with the SEC on February 17, 2015 by Wells Fargo & Company on its own behalf and on behalf of the following subsidiaries: (i) Wells Fargo Advisors Financial Network, LLC; (ii) Wells Fargo Advisors, LLC; (iii) Wells Capital Management Incorporated; (iv) Wells Fargo Funds Management, LLC; (v) Wells Fargo Bank, National Association; and (vi) Wells Fargo Securities, LLC. According to the Schedule 13G/A, the aggregate beneficial ownership of 6,843,384 shares is on a consolidated basis and includes any beneficial ownership separately reported as follows: (i) Wells Fargo & Company has sole voting and dispositive power with respect to 83,445 shares, shared voting power with respect to 6,705,150 shares and shared dispositive power with respect to 6,759,939 shares; (ii) Wells Capital Management Incorporated has shared voting power with respect to 1,066,975 shares and shared dispositive power with respect to 6,224,775 shares; and (iii) Wells Fargo Funds Management, LLC has sole voting and dispositive power with respect to 102 shares and dispositive power with respect to 5,157,918 shares. The address for each of Wells Capital Management Incorporated and Wells Fargo Funds Management, LLC is 525 Market Street, San Francisco, California 94105. Certain of the shares reported by Wells Fargo & Company are issuable upon the conversion of a note held by Wells Fargo Bank, National Association.

Based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 10, 2015 by The Vanguard Group. According to the Schedule 13G/A, The Vanguard Group has sole voting power with respect to 114,538 shares, sole dispositive power with respect to 5,225,659 shares and shared dispositive power with respect to 107,438 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc, is the beneficial owner of 107,438 shares or .12% of the common stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 7,100 shares or .00% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

Based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 17, 2015 by EARNEST Partners, LLC. According to the Schedule 13G/A, EARNEST Partners, LLC has sole voting power with respect to 1,825,584 shares, sole dispositive power with respect to 5,099,361 shares and shared voting power with respect to 705,985 shares

### Ownership of Directors and Executive Officers

The following table sets forth information with respect to the beneficial ownership of our outstanding common stock as of March 31, 2015, by (i) each current director and each nominee for director, (ii) each named executive officer identified in the Summary Compensation Table below, and (iii) all current directors and executive officers as a group. Except as otherwise indicated below, each person named in the table has sole voting and investment power with respect to all shares of common stock beneficially owned by that person, except to the extent that authority is shared by spouses under applicable law. None of the shares reported below are pledged as security.

| Name   | Shares Beneficially Owned |            |
|--|---------------------------|------------|
|  | Number                    | Percent(1) |
| Paul L. Howes  | 1,852,742 (2)             | 2.17%      |
| Bruce C. Smith   | 791,563 (3)               | *          |
| Mark J. Airola   | 690,084 (4)               | *          |
| Gregg S. Piontek   | 333,448 (5)               | *          |
| Jeffery L. Juergens  | 320,858 (6)               | *          |
| James W. McFarland, PhD  | 196,540 (7)               | *          |
| Gary L. Warren   | 161,540 (8)               | *          |
| G. Stephen Finley  | 129,040                   | *          |
| David C. Anderson  | 122,932                   | *          |
| Anthony J. Best  | 13,345                    | *          |
| Roderick A. Larson   | 13,345                    | *          |
| All current directors and executive officers as a group (12 persons) | 4,636,218 (9)             | 5.36%      |

\*Indicates ownership of less than 1%.

The percentage ownership is based on 84,114,196 shares of common stock outstanding as of March 31, 2015. For (1) purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares that such person or group of persons has the right to acquire within 60 days of March 31, 2015 (or May 30, 2015).

(2) Includes (i) 1,193,399 shares issuable upon exercise of options and (ii) as of May 30, 2015, 411,858 shares which remain subject to restricted stock awards.

(3) Includes (i) 544,889 shares issuable upon the exercise of options and (ii) as of May 30, 2015, 119,162 shares which remain subject to restricted stock awards.

(4) Includes (i) 381,969 shares issuable upon the exercise of options and (ii) as of May 30, 2015, 104,967 shares which remain subject to restricted stock awards.

(5) Includes (i) 185,630 shares issuable upon the exercise of options and (ii) as of May 30, 2015, 71,903 shares which remain subject to restricted stock awards.

(6) Includes (i) 79,296 shares issuable upon the exercise of options and (ii) as of May 30, 2015, 140,265 shares which remain subject to restricted stock awards.

(7) Includes 20,000 shares issuable upon the exercise of options.

(8) Includes 20,000 shares issuable upon the exercise of options.

(9) Includes (i) 2,425,183 shares issuable upon the exercise of options and (ii) as of May 30, 2015, 858,936 shares which remain subject to restricted stock awards.

---

## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction

This Compensation Discussion and Analysis describes the compensation provided to our named executive officers (“NEOs”) and other members of senior management, including the principles and processes used in determining their compensation.

| <b>Named Executive Officer</b> | <b>Position Title</b>   |
|--------------------------------|---|
| <b>Paul L. Howes</b>           | <b>President and Chief Executive Officer</b>                            |
| <b>Gregg S. Piontek</b>        | <b>VP and Chief Financial Officer</b>                                   |
| <b>Bruce C. Smith</b>          | <b>EVP and President of Fluids Systems</b>                              |
| <b>Mark J. Airola</b>          | <b>SVP, General Counsel, Chief Administrative Officer and Secretary</b> |
| <b>Jeffery L. Juergens</b>     | <b>VP and President of Mats and Integrated Services</b>                 |

We have provided an Executive Summary for 2014 followed by a more detailed analysis and specific information concerning compensation. The detailed discussion of our compensation addresses the following areas:

our executive compensation philosophy and how that philosophy is reflected in the key components of our executive compensation program, including an analysis of “realized pay” compared to the compensation reflected in the Summary Compensation Table;

the results of the “Say on Pay” vote from the 2014 Annual Meeting and how the Compensation Committee responded to the vote of (and other feedback from) our stockholders;

how we implement our executive compensation programs and the roles of our Compensation Committee, members of management, and the Compensation Committee’s independent consultants in establishing executive compensation;

the key elements of our executive compensation program and how our compensation was determined for 2014 for our Chief Executive Officer and our other named executive officers; and

the employment agreements with our NEOs and other significant policies and matters related to executive compensation.

---

## Executive Summary

---

**Our performance.** In 2014 we maintained our positive momentum, reaching a new milestone in revenue as a result of making significant progress implementing our strategic plan. We believe our NEOs were instrumental in helping us achieve those results. Below are key highlights for 2014:

**We continued to grow our Company.** Revenues for 2014 were \$1.118 billion, an increase of 7% over 2013 with record operating income of \$131 million. In 2014, we were also successful in winning new work in our Fluids Systems segment (particularly outside of the U.S.) to provide the foundation for continued growth in the future. We were awarded contracts to provide drilling fluids and related services in India and Kuwait. We were also awarded a contract in Algeria shortly after the end of the year. The impact of the work performed under these contracts is expected to be realized in 2015 and beyond.

**We provided superior returns to our stockholders.** On a three-year (2012-2014) annualized total shareholder return basis, we performed in the 75<sup>th</sup> percentile of our peer group.

**We maintained an excellent safety record.** Our Total Recordable Incident Rate (TRIR) for 2014 was 0.58, a record low for the Company and significantly lower than the industry average.

**We continued to invest in the future of our business.** We substantially completed a \$40 million expansion of our mat manufacturing facility in Louisiana, effectively doubling our capacity to support the growth of this business. We started construction on a new \$20 million chemical blending facility in Texas to further sustain the growth of our high performance water based fluids, such as EVOLUTION®. We also announced a \$30 million capital investment to expand our drilling fluids infrastructure capacity to support penetration of the Gulf of Mexico deepwater market.

**We managed our balance sheet and are prepared for an anticipated reduction in business activities in 2015.** We balanced strong cash flow, with long-term investments, as noted above. We also executed \$51 million of share re-purchases, providing a return to our shareholders. At year-end 2014, we had \$85 million in cash and no funds drawn on our \$125 million credit facility. We are in a position to continue funding the capital commitments we have made, while maintaining our financial flexibility, even as activity levels decline in the important North American market.

---

**Our efforts to improve governance and risk management.** In the last several years we have undertaken a number of changes in an effort to improve compensation governance and help ensure alignment with stockholder interests, including:

**Enhanced stock ownership guidelines** for officers and Directors, including:

For our CEO, five times his base salary

For our Directors, five times their annual cash retainers

**Balanced mix of short-term cash compensation and long-term equity compensation**, with the majority of NEO compensation in the form of long-term equity.

**Mandatory deferral mechanism** for short-term bonuses above certain levels of performance.

**50% of long-term equity value for our executive officers is performance-based** in the form of stock options and performance-based restricted stock units.

**No excise tax gross-ups** in NEO severance agreements.

**No single-trigger severance benefits** for NEOs.

**Prohibition on re-pricing of stock options.**

Our Compensation Committee engages the services of an **independent compensation advisor** (Pearl Meyer & Partners).

**Compensation-related Highlights for 2014.** Following are some of the key compensation-related decisions for 2014, all of which are discussed in greater detail in the remainder of this Compensation Discussion and Analysis:

**We received 99% support from our stockholders in our annual advisory vote on our executive compensation program** (“Say on Pay”). We discuss the responses to results from the stockholder vote in the section below entitled “Consideration of Advisory Say on Pay Voting Results.”

**NEO base salaries were increased by an average of 7.1%** during 2014, keeping their compensation at or near the market medians (*i.e.*, within the market 50th percentile range) for their positions.

**The Compensation Committee approved bonuses for our NEOs under our annual incentive plan that varied from 130% to 193% of target** in recognition of 2014 performance. These bonus levels reflect that in our corporate and Fluids Systems segment, achievement was above the targeted level, while the performance for the Mats & Integrated Services segment substantially exceeded the target. The bonuses earned by our NEOs for 2014 are consistent with our pay for performance philosophy.

**We maintained our mix of equity compensation to include performance-based restricted stock units.** In May 2014, our Compensation Committee approved equity awards at each NEO’s target award level, with 50% of the total value provided in the form of time-based restricted stock, 25% in the form of time-based stock options and 25% in the form of performance-based restricted stock units based on total shareholder return (“TSR”) relative to a specified peer group over a three-year performance period. The Compensation Committee concluded that this mix provides an appropriate balance of market competitiveness, long-term performance incentive, and alignment of long-term compensation for the NEOs with the interests of our stockholders.

**Our NEOs achieved total direct compensation at 106% of target opportunity.** Total direct compensation is defined as the sum of base salary, annual incentive, and grant date value of equity incentive compensation.

---

## Executive Compensation Philosophy and Objectives

---

We design the executive compensation program to attract, motivate and retain the executive talent that we need in order to implement our business strategy and to improve our long-term profitability and stockholder value. To this end, our executive compensation program is characterized by the following principal objectives:

**Competitiveness:** providing compensation programs and pay opportunities that are competitive with market practice;

**Pay-for-performance:** tying a majority of pay opportunities to achievement of short-term and long-term performance criteria;

**Stockholder alignment:** structuring pay programs to closely align executive rewards with stockholder interests; and

**Compensation governance and risk assessment:** consistently review (and address, as appropriate) potential areas for compensation-related risk and provide for appropriate governance mechanisms and controls.

**Competitiveness.** The Compensation Committee believes that the total compensation of our NEOs should be competitive with the market in which we compete for talent in order to enhance our ability to attract and retain the right caliber of executives. The Compensation Committee considers the oilfield services industry to be the market in which we compete for executive talent and we use a combination of peer group and broader industry data in order to assess the competitiveness of our compensation programs. The Compensation Committee generally targets NEO compensation at the market median, with opportunities to earn above or below the market median in return for performance. However, target levels of individual pay are not based on a strict adherence to the market median but may vary from median levels based on a variety of considerations, including internal equity, individual performance, time in position and availability of comparable market data.

Some of the challenges that we face in recruiting and retaining talented executive and senior managers, when compared with other companies in the oilfield services industry (including our peers and competitors), include:

**The increase in recent years in activity levels in the oil and gas industry, and particularly in the United States**

**shale areas, has significantly increased competition for talented and experienced executives in this industry.**

The competition for talent is not limited to our direct peers or competitors, but spans the entire upstream and midstream oil and gas marketplace and includes companies both smaller and significantly larger than us.

**Our success has made our executives targets for energy-related companies (oilfield services and otherwise)**

**looking to fill open positions.** Our executives regularly receive inquiries regarding their interest in jobs at other firms (in oilfield services and adjacent business). Attracting and then retaining high performing individuals is critical to our success, and under the ongoing market conditions, we need to be creative in our approach to salaries, incentive targets and retention tools, which sometimes means compensating our executives at a level in excess of the market median.

Total direct compensation for our NEOs in 2014 fell just below the market median, or at roughly the 47<sup>th</sup> percentile. The Compensation Committee continues to monitor the competitiveness of our programs and to make adjustments to individual pay levels as appropriate in order to provide total direct compensation opportunities at our targeted level of the market (*i.e.*, market median).

**Pay-for-Performance.** In establishing targeted compensation levels, the Compensation Committee places a significant portion of each NEOs compensation at risk through the use of variable compensation, the majority of which is performance-based. Variable pay includes performance-based non-equity (cash) incentives for achievement of specified performance objectives on an annual basis, and equity incentive compensation whose long-term value depends upon our stock price (stock options and performance-based restricted stock units, in particular).

The table below summarizes the principal components of our pay-for-performance approach to our executive officer compensation. A more detailed description of each component of our NEOs’ pay can be found in the “**Direct Compensation**” section of this proxy under the heading “**Elements of Executive Compensation.**”

**Components of NEO Total Direct Compensation**

| <b>Component</b>             | <b>Category</b>                     | <b>Pay-for-Performance</b>   |
|------------------------------|-------------------------------------|--|
|                              |                                     | <b>Component</b>   |
|                              |                                     | <b>Annual Merit Adjustment</b>   |
| <b>Base Salary</b>           | <b>Fixed Pay</b>                    | <b>Adjustments consider each individual’s experience, performance and contributions over time. Provides a competitive salary relative to our peer groups.</b>      |
|                              |                                     | <b>Annual Performance</b>  |
| <b>Annual Cash Incentive</b> | <b>Performance-Based (Variable)</b> | <b>Awards are based on achieving corporate and business unit financial goals on an annual basis, and can include individual objectives or discretionary items.</b> |
| <b>Equity Incentive</b>      | <b>Performance-Based (Variable)</b> | <b>Multi-Year Stock Price Performance</b>  |
|                              |                                     | <b>Long-term incentive awards with multi-year vesting periods.</b>   |
|                              |                                     | <b>Realized value contingent upon long-term growth in stockholder value – particularly in the case of stock option awards.</b>                                     |
|                              |                                     | <b>Performance-based restricted stock units provide the opportunity to earn from zero to 150% of target at the end of the three-year performance period.</b>       |

The Compensation Committee typically sets 60% to 90% of the NEO's target compensation as contingent, performance-based pay (both short-term and long-term performance). By placing particular emphasis on performance-based variable pay, we require that outstanding individual and corporate performance is achieved for an executive's compensation to significantly exceed the median compensation levels (based on benchmarks discussed in greater detail below). During 2014, approximately 77% of actual compensation for our NEOs was delivered in the form of variable pay.

**NEO Target Total Direct Compensation - 2014**

CEO

Other NEOs

**NEO Actual Total Direct Compensation - 2014**

CEO

Other NEOs

**Summary of Realized Pay for 2014.** We believe it is important to keep in mind that, unlike short-term cash incentive compensation (which rewards executives for performance relative to pre-determined goals in the previous year), we view equity incentive compensation as a forward-looking incentive. We grant these awards not to recognize past performance, but to align the long-term interests of our executives with those of our stockholders and to provide an incentive which rewards executives over time for helping to drive future growth in stockholder value. In particular, we view stock option grants as performance-based compensation because they only have value to the extent that our stock price appreciates after the date of grant.

Further to this view of equity incentive compensation, we have summarized below the realized compensation for our NEOs during 2014 in contrast to the compensation numbers presented in the Summary Compensation Table. The following table represents supplemental information and is not intended to be a substitute for the information provided in the Summary Compensation Table on page 44, which has been prepared in accordance with the SEC's disclosure rules. In the table below we have included two alternate definitions of NEO total direct compensation for 2014. Each measure includes 2014 actual cash compensation (2014 salary plus annual incentive earned for 2014 performance),

but differs in how we include the equity component:

22

---

## Components Included

| Measure of Total Base Direct Compensation            | Annual             | Stock Options                            | Restricted Stock                                 | Performance Units                             |   |
|--|--------------------|--|--|---|---|
|  | Salary Incentive   |  |  |   |   |
| Summary Compensation Table total direct compensation | Actual 2014 Salary | Actual Bonus Earned for 2014 Performance | Grant date value of awards made during 2014      | Grant date value of awards made during 2014   | Grant date value of awards made during 2014   |
| Realized total direct compensation                   | Same               | Same                                     | Value realized from option exercises during 2014 | Value realized from stock vesting during 2014 | Value realized from units vesting during 2014 |

## Measures of 2014 Total Compensation

| NEOs at the End of 2014  | Summary Compensation Table | Realized Total Direct Compensation | Realized Total Direct as a Percent of Summary Compensation Table Total |          |
|--------------------------|----------------------------|------------------------------------|--|----------|
|                          | Total Direct Compensation  |                                    | Direct   | %        |
| Paul L. Howes            | \$ 4,176,986               | \$ 2,814,305                       | 67   | %        |
| Gregg S. Piontek         | \$ 1,326,801               | \$ 1,056,222                       | 80   | %        |
| Bruce C. Smith           | \$ 1,569,659               | \$ 1,273,400                       | 81   | %        |
| Mark J. Airola           | \$ 1,424,709               | \$ 1,850,492                       | 130  | %(1)     |
| Jeffery L. Juergens      | \$ 1,349,971               | \$ 1,672,463                       | 124  | %(1)     |
| <b>CUMULATIVE TOTALS</b> | <b>\$ 9,848,126</b>        | <b>\$ 8,666,882</b>                | <b>88</b>  | <b>%</b> |

(1)

Percentage reflects realized compensation (i) by Mr. Airola from the exercise of certain stock options and (ii) by Mr. Juergens as a result of the vesting of an inducement award and a supplemental incentive award.

As shown in the table above, despite meaningful grants of equity incentives during 2014, the actual aggregate compensation realized by our NEOs during 2014 was 88% of their total compensation as reflected in the Summary Compensation Table for 2014.

## Alignment of Pay and Performance

*Absolute Alignment: Net Realizable Pay by Year vs. TSR.* The chart and accompanying table below demonstrate the alignment of CEO "net realizable pay" with the Company's TSR performance by year. While similar, "net realizable pay" is calculated differently than "net realized pay," which is described in the preceding section titled "**Summary of Realized Pay for 2014.**" Net realizable pay is the sum of:

**Annual Cash Compensation:** salary and annual cash incentive earned for each fiscal year

**Net Realizable Equity Value, which is** the sum of:

Realized equity value (Value realized upon exercise of options + Value realized upon vesting of restricted stock);

Change in Value of Unrealized Equity (Change in year-end "in the money" value of exercisable options + Change in year-end value of unvested restricted shares); and

Long-term Performance Unit Plan Payout for the performance period ending in the most recent fiscal year.

## CEO Realizable Pay: Well Aligned with Annual Performance

As shown, CEO realizable pay opportunities by year have been well aligned with the returns experienced by our stockholders, in large part because of the significant portion of CEO pay that is variable.

*Relative Alignment: Realizable Pay as a Percent of Target vs. Performance against Peers.* In order to demonstrate the alignment of CEO pay relative to peers, we compared (i) CEO realizable pay as a percent of target total direct compensation for the three-year period from 2012 to 2014 to (ii) our performance relative to our peer group over the same period.



**Components of Relative Alignment Review**

**Target Total Direct Compensation**

**Realizable Total Direct Compensation**

|                          |  |   |
|--------------------------|--|---|
|                          | (3 year cumulative)                            |   |
| <b>Base salary</b>       | <b>Actual salary paid in each year</b>         | <b>Actual salary paid in each year</b>  |
| <b>Annual Incentive</b>  | <b>Target annual incentive opportunity</b>     | <b>Actual cash incentive earned for each year</b>                                       |
| <b>Stock Options</b>     | <b>Grant date value of target annual award</b> | <b>In-the-money value of options granted during period - valued at 12/31/2014</b>       |
| <b>Restricted Stock</b>  | <b>Grant date value of target annual award</b> | <b>Value of all shares granted during period – at 12/31/2014</b>                        |
| <b>Performance Units</b> | <b>Grant date value of target award</b>        | <b>Value of shares granted during period based on a probable payout – at 12/31/2014</b> |

The results of this review for pay opportunities granted to our CEO for the fiscal years 2012-2014 are presented in the chart below.

**CEO Realizable Pay: Aligned With Realizable Performance Against Peers**

As shown, CEO realizable pay for the period 2012 – 2014 was well-aligned with TSR performance relative to our peers. Mr. Howes’ realizable pay as a percentage of target over this time period fell very close to the center of the alignment fairway.

**Stockholder Alignment.** We believe that the interests of our stockholders and executives should be aligned by ensuring that a portion of our executives’ compensation is directly determined by:

Earnings per share growth – through annual incentive opportunities; and

Appreciation in our stock price – through long-term (equity) incentive awards.

With realizable value tied to increased stockholder value, long-term (equity) incentives provide our executives with an opportunity to share in the value they create, which is consistent with our pay-for-performance philosophy. As noted in the table above, for 2014 (as in 2013) a very strong degree of alignment exists between realizable pay for our NEOs and the stockholder value represented by our performance versus the peer group. During 2014, the Compensation Committee awarded equity incentives in the form of time-based restricted stock, time-based stock options and performance-based restricted stock units. The grant date value of equity incentive awards can vary from year to year based upon considerations such as competitive market data, prior grants made to individuals, share availability and stockholder dilution. Time-based awards typically vest over a three-year period. As noted below in the section “Consideration of Advisory Say on Pay Voting Results” for 2014 (as in 2013), the Compensation Committee allocated 25% of the long-term incentive valuation for the NEOs to performance-based restricted stock units, with the achievement criteria based on the Company’s TSR over a three-year performance period compared to the results of a specified peer group.

In support of our goal of stockholder alignment, the executive compensation program also includes stock ownership guidelines for executives and Directors. The current guideline levels of ownership are shown below:

**Executive & Director Stock Ownership Guidelines**

| <b>Title</b>   | <b>Ownership Target</b> |
|--|-------------------------|
| <b>Chief Executive Officer</b>                         | <b>5x salary</b>        |
| <b>Chief Legal Officer and Chief Financial Officer</b> | <b>3x salary</b>        |
| <b>President of Fluids Systems</b>                     | <b>3x salary</b>        |
| <b>Other Division Presidents</b>                       | <b>2x salary</b>        |
| <b>Other Designated Officers/Executives</b>            | <b>1x salary</b>        |
| <b>Nonemployee Directors</b>                           | <b>5x retainer</b>      |

Unvested time-based restricted shares or units are counted toward the satisfaction of these guidelines. However, unexercised stock options and unearned performance-based restricted stock units do not count toward satisfaction of these guidelines. In the event of an increase in the annual cash retainer or an increase in the ownership requirement, the executives and non-employee directors have five years from the effective date of the increase to acquire any additional shares needed to meet the stock ownership guidelines.

**Compensation governance and risk assessment.** A risk assessment of the executive compensation program is undertaken as part of the annual procedures for the Compensation Committee. That process includes assessing:

Each aspect of the various components of direct compensation (salary, annual cash incentives, and equity plans); and

Metrics used for any performance-based plans.

The risks are assessed for each component and metric, along with consideration being given to alternative compensation approaches. To the extent that risks are identified, the Compensation Committee also considers whether the risks have or can be mitigated through various features of the compensation plans. Further discussion of the risk assessment is contained in the “Executive Compensation” section in this proxy under the heading “Risk Assessment of Compensation Programs.”

---

## Consideration of Advisory Say on Pay Voting Results

---

The Company asks the stockholders to approve, on an advisory basis, the compensation of our NEOs as disclosed in the Company's proxy statement (commonly known as the "Say on Pay" advisory votes). While the Say on Pay votes are advisory votes and are not binding on the Company, the Compensation Committee strongly values the opinions of the stockholders as expressed in the Say on Pay votes. On an ongoing basis, the Compensation Committee:

Monitors the performance of the Company and its senior executives;

Makes business determinations concerning what performance goals the Compensation Committee believes are appropriate;

Determines what financial incentives are appropriate to incentivize the achievement of these goals; and

Designs and modifies the Company's executive compensation programs as it deems appropriate and consistent with these determinations.

In making its determinations, the Compensation Committee is guided by its obligations to the Company's stockholders and its business judgment concerning what is in the best interest of the stockholders.

**In 2014, the Company's stockholders voted 99.40% (excluding broker non-votes) in favor of our executive compensation practices** as disclosed in the Company's proxy statement. In advance of the vote at the annual meeting, and otherwise throughout 2014, we have engaged in discussions with and received input from our stockholders regarding executive compensation. Taking into consideration all of the input that we received, and the results of voting on our executive compensation practices, the Compensation Committee did not make any changes to executive compensation for 2014.

---

## The Process of Managing our Executive Compensation Programs

---

**Role of Compensation Committee.** The Compensation Committee of the Board of Directors currently consists of five independent non-employee directors, James W. McFarland, PhD (Chairman), Anthony J. Best, G. Stephen Finley, Roderick A. Larson and Gary L. Warren. The non-executive Chairman of the Board, David C. Anderson, attends the meetings of this Committee, but does not vote (except in connection with compensation decisions related to our CEO).

The Compensation Committee operates under a written charter adopted by the Board of Directors on June 11, 2003, and last revised on November 6, 2013. The Compensation Committee charter is available in the “Board Committees & Charters” section under “Corporate Governance” on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary. In addition to the more specific responsibilities set forth in its charter, the Compensation Committee:

Discharges the Board of Directors’ responsibilities with respect to all forms of compensation of our executive officers (although decisions regarding the compensation of the Chief Executive Officer require the participation of all of the independent directors of the Board);

Administers our equity incentive plans; and

Produces an annual compensation committee report for our proxy statement.

As part of its authority and responsibilities, our Compensation Committee establishes our overall compensation philosophy and reviews and approves compensation for our NEOs. As further explained below, our Compensation Committee approves the specific compensation of our CEO (with the participation of all independent directors of the Board of Directors) and each of our other NEOs. The Compensation Committee reviews the Compensation Committee charter annually to determine if there are any additional compensation or benefits issues it may need to address and to verify that the Compensation Committee has met all its assigned responsibilities for the year. The Compensation Committee also undertakes a “self-evaluation” of its performance on an annual basis. This self-evaluation allows the committee members to assess areas for improvement in the compensation program and processes. The Compensation Committee establishes a calendar annually for specific compensation actions to address throughout the year.

**Engagement of an Independent Advisor.** The Compensation Committee has the authority to retain special counsel and other experts, including compensation consultants. Since 2012, the Compensation Committee has retained the services of Pearl Meyer and Partners (“PM&P”) to act solely as the consultant for the Compensation Committee. The Compensation Committee regularly reviews the services provided by its outside consultants and believes that PM&P is independent and has no conflict of interest in providing executive compensation consulting services. In making this determination, the Compensation Committee noted that during fiscal 2014:

PM&P did not provide any services to the Company or management other than services requested by or with the approval of the Compensation Committee, and its services were limited to executive compensation consulting. Specifically, PM&P does not provide, directly or indirectly through affiliates, any non-executive compensation services, including pension consulting or human resource outsourcing;

Fees we paid to PM&P for 2014 were less than 1% of PM&P’s total revenue for the year;

PM&P maintains a conflicts policy, which was provided to the Compensation Committee with specific policies and procedures designed to ensure independence;

None of the PM&P consultants working on Company matters had any business or personal relationship with Committee members;

None of the PM&P consultants (or any consultants at PM&P) working on Company matters had any business or personal relationship with any executive officer of the Company; and

None of the PM&P consultants working on Company matters directly owned Company stock.

The Compensation Committee continues to monitor the independence of its compensation consultant on a periodic basis.

---

**Role of executive officers and consultants.** While the Compensation Committee determines our overall compensation philosophy and sets the compensation of our CEO and other executive officers, it looks to its compensation consultants, our CEO, CFO, Chief Administrative Officer and Vice President, Human Resources to make recommendations with respect to specific compensation decisions. Our Compensation Committee, without management present, regularly meets in executive session and with its compensation consultants to review executive compensation matters, including market and survey data as well as peer group information.

The CEO's role in establishing compensation includes making recommendations to the Compensation Committee on performance evaluation, base salary, and both equity and non-equity incentive compensation for executive officers and senior management (other than the CEO). The CEO, CFO, Chief Administrative Officer, and Vice President, Human Resources, as invited guests, also participate in Compensation Committee meetings, from time to time, to provide information regarding our strategic objectives, financial performance, and recommendations regarding compensation plans. Management or the compensation consultants may be asked to prepare information for any Compensation Committee meeting. Depending on the agenda for a particular meeting, these materials may include:

Reports on our strategic objectives;

Financial reports;

Reports on achievement of individual and corporate performance objectives;

Information regarding compensation programs and compensation levels for executive officers, directors and other employees at peer companies;

Information on the total compensation of the NEOs, including base salary, cash incentives, equity awards, perquisites and other compensation, and any amounts payable upon voluntary or involuntary termination, early or normal retirement, or following a severance with or without a change in control; and

Information regarding all non-equity and equity incentive, health, welfare and retirement plans.

**Compensation benchmarking relative to market.** The Compensation Committee believes that pay practices at other companies provide useful information in establishing compensation levels and recognizes that our compensation practices must be competitive in the marketplace in order to attract, retain and motivate key executive personnel. Benchmarking and aligning base salaries become critical to a competitive compensation scheme because other elements of compensation are affected by changes in base salary.

Accordingly, the Compensation Committee compares compensation levels for the NEOs with compensation levels at companies in an industry peer group. For 2014, the compensation consultants analyzed the executive compensation data in proxy statements of a peer group consisting of publicly traded oilfield services and equipment companies comparable in size to us in annual revenues, market capitalization, enterprise value, and corporate assets. We review the peer group periodically, typically at the end of each calendar year, so that the composition of the peer group continues to include companies whose size and business models are comparable to ours and who are more likely to compete with us for executive talent. We have also taken into account the peer groups utilized by third party proxy advisory services such as ISS and Glass-Lewis.

The following companies were included in the peer group:

The compensation consultant assisted the Compensation Committee in reviewing the compensation paid to executive officers of the peer group of companies. The compensation consultant also provided the Compensation Committee with information regarding compensation programs and compensation levels for companies in the 25th, 50th and 75th percentiles of the compensation for positions similar to those of our executives as reflected in the proxy filings of the companies in our peer group and compensation survey data from general industry and the oilfield services industry.

Where possible, survey results are adjusted to reflect our size, based on annual revenue, and industry. The data is then blended on a weighted basis, which for 2014 was 70% weighted toward the peer group and 30% weighted toward the survey data. The peer group and survey data collectively will be referred to as market data throughout this proxy statement. The compensation consultant also provides advice on compensation trends and types of awards being used for equity incentive compensation.

**Targeting market median.** The Compensation Committee generally targets the market median for NEO target total direct compensation (*i.e.*, compensation achievable upon attainment of target objectives). However, when determining individual pay levels, the Compensation Committee also considers individual factors, including historical compensation levels, results achieved, experience, potential future contribution, roles and responsibilities. In addition, the Compensation Committee reviews other factors, including competitive pay practices, the relative compensation levels among our executive officers, industry conditions, corporate performance, stockholder input, and the overall effectiveness of the compensation program in achieving desired performance levels. Consequently, individual pay opportunities may vary from the targeted (*i.e.*, market median) level.

**Timing and process of compensation decisions.** During the first quarter of each year, many compensation decisions are made, but the process of establishing compensation continues throughout the year. After considering the recommendations of our CEO and other members of management, the market data, surveys and analysis provided by its compensation consultants and external market conditions in the first quarter of each year, the Compensation Committee generally adheres to the schedule below:

**Consider changes to the executive base compensation for the current year.**

**Review actual performance compared to goals established for cash incentive compensation in the previous year and approve any payments thereunder.**

**Review performance relative to the targets for our equity incentive awards, if any, and approve any awards that may be issued.**

**First  
Quarter**

**Set individual and company performance goals for cash incentive compensation for the current year.**

**Consider preliminary plans for equity incentive grants for the current year.**

**Evaluate the performance of NEOs and begin preparation of this analysis for the stockholders (i.e., for the Compensation Discussion and Analysis).**

**Consider and approve equity grants of options and restricted stock (performance-based or otherwise).**

**Second  
Quarter**

**Establish corporate performance objectives, if any, for NEOs under our equity incentive plans (may also be established in the first quarter).**

**Report its decisions and recommendations to the Board.**

**Third  
Quarter**

**Consider and address any compensation related issues that may arise.**

**Review and approve the total compensation strategy to assure alignment with business strategy.**

**Review the next year's salary merit increase budget for all employees (final approval occurs as part of the Board's budget approval process in the first quarter of the next year).**

**Fourth  
Quarter**

**Review the Compensation Committee's performance and charter.**

**Review the compensation totals for each executive as part of the process for assessing executive compensation for compensation decisions.**

**Review the composition of the peer group.**

**Engage in a risk assessment of our compensation plans, a process which is led by the compensation consultant.**

On an as-needed basis, the Compensation Committee reviews and revises the compensation plans, including cash incentive, equity incentive, special benefit and incentive plans, and provisions of employment and change in control agreements for executives. The Compensation Committee proposes any revisions of the plans to the Board of Directors, which then considers the changes and approves them before the revisions take place (subject to stockholder approval, as applicable). In addition, the Compensation Committee reviews employee health, welfare and retirement plans for design, funding and fiduciary responsibilities on a periodic basis.

---

## Elements of Executive Compensation

---

### Direct Compensation

**Base Salary.** We provide NEOs with a base salary to compensate them fairly for the services they render throughout the year. As with total compensation, base salaries are designed to be generally competitive with executive salary levels at our peer group companies. The Compensation Committee considers comparable salary information from the market data that is provided by the compensation consultants as well as recommendations made by our CEO for our other executive officers. In addition, the Compensation Committee, in determining the base pay, considers each individual's performance over time, experience, potential future contribution, role and responsibilities. Consequently, executive officers with higher levels of sustained performance over time and/or executive officers assuming greater responsibilities are paid correspondingly higher salaries.

We generally establish base salary compensation for our NEOs near the median of the compensation reflected in the market data. The actual percentiles of individual base salaries for the NEOs for 2014 were between 92% and 107% of the market median.

Base salaries for 2014 and 2015 were reviewed in February 2014 and 2015, respectively, by the Compensation Committee with approved increases (if any) typically effective April 1 of each year. The Compensation Committee evaluated the performance of our Company, the CEO (this evaluation was performed jointly with the independent directors) and the recommendations of the CEO regarding the other executive officers in addition to considering the individual factors listed above. The Compensation Committee also considered the conditions of the general economy and the energy services markets in particular. On the basis of its review in February 2015, and particularly in view of the declining activity levels in the oil and gas industry, the Compensation Committee (along with the independent directors in the case of the CEO) approved no changes in the base salaries for the NEO's for 2015. The following table sets forth the base salaries of our NEOs for 2014 and 2015:

| Executive | 2014 | 2015 | Percent |
|-----------|------|------|---------|
|-----------|------|------|---------|

|                            | <b>Annualized</b> | <b>Annualized</b> | <b>Increase</b> |          |
|----------------------------|-------------------|-------------------|-----------------|----------|
|                            | <b>Salary</b>     | <b>Salary</b>     |                 |          |
| <b>Paul L. Howes</b>       | <b>\$ 750,000</b> | <b>\$ 750,000</b> | <b>0</b>        | <b>%</b> |
| <b>Gregg S. Piontek</b>    | <b>\$ 368,500</b> | <b>\$ 368,500</b> | <b>0</b>        | <b>%</b> |
| <b>Bruce C. Smith</b>      | <b>\$ 416,000</b> | <b>\$ 416,000</b> | <b>0</b>        | <b>%</b> |
| <b>Mark J. Airola</b>      | <b>\$ 385,000</b> | <b>\$ 385,000</b> | <b>0</b>        | <b>%</b> |
| <b>Jeffery L. Juergens</b> | <b>\$ 360,000</b> | <b>\$ 360,000</b> | <b>0</b>        | <b>%</b> |

**Annual Non-Equity (Cash) Incentive Compensation.** Under our Annual Cash Incentive Plan, NEOs are eligible to receive annual cash bonuses based on achieving corporate and business unit financial goals and individual objectives, consistent with our pay for performance philosophy. The specific performance measures are determined annually by the Compensation Committee. We intend for the plan to:

Hold executives responsible for delivering results that contribute to growth in stockholder value;

Provide a financial incentive to focus on specific performance targets;

Reward NEOs based on individual and company/business unit performance; and

Encourage NEOs to continually improve our performance.

Annual incentives are designed to be earned in the range of the market median when individual and corporate objectives are achieved at target and between the market median (*i.e.*, within the market 50th percentile range) and the 75th percentiles when individual and corporate objectives are exceeded. Similarly, the annual incentives are designed to earn below the market median (or even \$0) when individual and corporate objectives are not achieved.

**Target total cash** opportunities (base salaries plus target annual incentive opportunities) for the NEOs at the beginning of 2014 were approximately 95% of the market median.

**Actual total cash** (salary plus actual annual incentive earned) for the NEOs was approximately 119% of the market median when taking into account awards earned for performance during 2014 at above target for each of our NEOs.

Note that when comparing the annual incentives for 2014, the market data available assumes performance at the target level and does not include estimates of what was actually paid for 2014 performance among the peer group. Annual cash incentive awards are linked to the achievement of company-wide and business unit quantitative performance goals and can include individual objectives and are designed to place a significant portion (50% - 80%) of total compensation at risk.

The annual cash incentive opportunity (expressed as a percentage of base salary) for each participant is based on his potential to affect operations and/or profitability. In 2014, the threshold, target and over-achievement cash incentive opportunities for the NEOs, expressed as a percentage of base salary are summarized in the table below (along with target award opportunities as approved by the Compensation Committee):

**Incentive Opportunity as a  
Percent of Salary**

| Name/Title          | Threshold |       | Target |       | Over-Achievement |  |
|---------------------|-----------|-------|--------|-------|------------------|--|
|                     |           |       |        |       |                  |  |
| Paul L. Howes       | 30 %      | 100 % | 65 %   | 130 % | 200 %            |  |
| Gregg S. Piontek    | 19.5 %    | 65 %  | 65 %   | 130 % | 130 %            |  |
| Bruce C. Smith      | 19.5 %    | 65 %  | 65 %   | 130 % | 130 %            |  |
| Mark J. Airola      | 19.5 %    | 65 %  | 65 %   | 130 % | 130 %            |  |
| Jeffery L. Juergens | 19.5 %    | 65 %  | 65 %   | 130 % | 130 %            |  |

Target performance for 2014 was set based on budgeted financial objectives approved by the Board of Directors for the year. The Compensation Committee then established several benchmark levels of performance in the plan to help guide determination of actual awards:

|   | Below<br>Threshold        | Threshold               | Target                   | Over-Achievement         | Super<br>Over-Achievement  |
|---|---------------------------|-------------------------|--------------------------|--------------------------|----------------------------|
| Percent of Goal<br>Achieved                   | < 60% of goal<br>achieved | 60% of goal<br>achieved | 100% of goal<br>achieved | 130% of goal<br>achieved | >130% of goal<br>achieved  |
| Percent of Target Bonus<br>Opportunity Earned | 0% of target<br>earned    | 30% of target<br>earned | 100% of<br>target earned | 200% of target<br>earned | > 200% of target<br>earned |

We included a “Super Over-Achievement” opportunity in our cash incentive plan for 2014 in order to provide continued incentives for performance beyond the “Over-Achievement.” However, **any bonus attributable to performance at the super over-achievement level (to the extent it exceeds \$20,000 for an individual) is subject to deferral over the following two years.** Super over-achievement awards were calculated by extrapolating the incentive calculation using the slope of the curve between the target level and the over-achievement level.

Total bonuses under this plan are also capped at \$3 million per participant per year.

As part of the process of establishing the slope between target and over-achievement (equally applicable to the super over-achievement level), a sensitivity analyses was utilized by the Compensation Committee to confirm that an appropriate percentage of the total and incremental earnings (EBITDA) generated from performance above the target level and into the super over-achievement level were allocated to the stockholders (approximately 90%, when taking into account all participants in the Annual Cash Incentive Plan, which includes the NEOs and approximately 60 other executives).

The diagram below presents this concept graphically.

*2014 Annual Incentive Performance Payout Range.* The Compensation Committee looks at the current and prior year's achievements before setting new performance targets each year. The Compensation Committee intends to set financial performance targets at levels which will challenge the NEOs to achieve. Performance measures and weights applicable to our NEOs in 2014 are presented in the table below:

#### Non-Equity Incentive Plan Weighting for 2014

| Metric   | Performance Measure Weighting – Percent of Target Opportunity |          |                     |          |                   |          |                   |          |                        |          |
|--|---|----------|---------------------|----------|-------------------|----------|-------------------|----------|------------------------|----------|
|  | Contingent Upon Each Performance Measure                      |          |                     |          |                   |          |                   |          |                        |          |
|  | Paul L. Howes(1)  |          | Gregg S. Piontek(1) |          | Bruce C. Smith(2) |          | Mark J. Airola(1) |          | Jeffery L. Juergens(3) |          |
| Company Financial Performance Objective — Earnings per share               | 65  | %        | 65                  | %        | 20                | %        | 65                | %        | 20                     | %        |
| Division Financial Performance Objective — EBIT, Net of Capital Charge (4) |   |          |                     |          | 50                | %        |                   |          | 70                     | %        |
| EVOLUTION Financial Performance Objective — Revenue                        |   |          |                     |          | 20                | %        |                   |          |                        |          |
| Return on Net Capital Employed (RONCE)                                     | 25  | %        | 25                  | %        |                   |          | 25                | %        |                        |          |
| Discretionary  | 10  | %        | 10                  | %        | 10                | %        | 10                | %        | 10                     | %        |
| <b>Total</b>   | <b>100</b>  | <b>%</b> | <b>100</b>          | <b>%</b> | <b>100</b>        | <b>%</b> | <b>100</b>        | <b>%</b> | <b>100</b>             | <b>%</b> |

(1) Discretionary factors for Messrs. Howes, Piontek and Airola were (i) safety, (ii) strategic plan implementation, (iii) corporate legal entity project, (iv) learning and development training, and (v) Oracle implementation.

(2) Discretionary factors for Mr. Smith were (i) safety, (ii) learning and development training, (iii) design/approval for new blend plant, (iv) roll-out of the fluid management system and (v) development/approval of deepwater strategy.

(3) Discretionary factors for Mr. Juergens were (i) safety, (ii) spill containment product launch, (iii) on time and budget construction of the mat plant addition, (iv) successful implementation of Oracle and (v) complete key personnel hiring.

(4) The capital charge is calculated by multiplying the net capital employed at the business unit by the estimated cost of capital for the Company, established at 12% at the inception of 2014.

**2014 Results.** The earnings per diluted share achieved for 2014 were \$0.85 as compared to the target of \$0.78. This level of performance was between the target and over-achievement levels, resulting in a payout at 130% of the target amount for this element of the annual cash incentive. Earnings for purposes of this incentive item were adjusted to remove the gain associated with the sale of the Environmental Services business (\$0.23 per fully diluted share) and to

add back operating earnings (\$0.01 per fully diluted share) from the Environmental Services business before the closing of the sale in March 2014. For purposes of calculating the achievement levels, the full cost of the 2014 cash incentives were included. RONCE for the Company as a whole was 11.0% for 2014 as compared to a target of 10.2%. This level of performance was between the target and over-achievement levels, resulting in a payout at 126% of the target amount for this element of the annual cash incentive.

EBIT, net of the capital charge for the Fluids Systems segment were \$24.0 million versus a target of \$33.2 million. This represented performance between the threshold and target levels, resulting in a payout at 84% of the target amount for this element of the annual cash incentive plan for Mr. Smith. Revenue on the EVOLUTION high performance water-based fluid system was \$251 million for 2014, compared to the target of \$179 million, producing a performance level above the over-achievement, and a payout at 234% of the target for this element of the annual cash incentive.

EBIT, net of the capital charge for the Mats and Integrated Services segment was \$53.8 million versus a target of \$35.4 million. This level of performance was above the over-achievement level, resulting in a payout at 219% of the target amount for this element of the annual cash incentive for Mr. Juergens.

In addition, for 2014, 10% of the bonus opportunity was allocated to discretionary factors, and the Compensation Committee assessed the executives' performance, on a cumulative basis, between the target and over-achievement levels for the metrics described in the table above.

For 2015, the following incentive plan targets and metrics apply:

### Non-Equity Incentive Plan Weighting for 2015

| Metric   | Performance Measure Weighting – Percent of Target Opportunity<br>Contingent Upon Each Performance Measure |                  |                |                |                     |  |  |  |  |  |
|--|---|------------------|----------------|----------------|---------------------|--|--|--|--|--|
|  | Paul L. Howes   | Gregg S. Piontek | Bruce C. Smith | Mark J. Airola | Jeffery L. Juergens |  |  |  |  |  |
| Company Financial Performance Objective — Earnings per share           | 65 %  | 65 %             | 20 %           | 65 %           | 20 %                |  |  |  |  |  |
| Division Financial Performance Objective — EBIT, Net of Capital Charge |   |                  | 50 %           |                | 70 %                |  |  |  |  |  |
| EVOLUTION Financial Performance Objective — Revenue                    |   |                  | 20 %           |                |                     |  |  |  |  |  |
| Return on Net Capital Employed   | 25 %  | 25 %             |                | 25 %           |                     |  |  |  |  |  |
| Discretionary  | 10 %  | 10 %             | 10 %           | 10 %           | 10 %                |  |  |  |  |  |
| Total  | 100 %   | 100 %            | 100 %          | 100 %          | 100 %               |  |  |  |  |  |
| Target Bonus Opportunity As a percentage of base salary                | 100 %   | 65 %             | 65 %           | 65 %           | 65 %                |  |  |  |  |  |

In recognition of the difficulty establishing target performance levels for 2015 in the current economic environment for oilfield services (sharp drops in capital spending plans by our customers and a rapid reduction in drilling activities) the Compensation Committee also established the following benchmark levels for determining the actual awards:

|  | Below Threshold        | Threshold            | Target                | Over-Achievement      |
|--|------------------------|----------------------|-----------------------|-----------------------|
| Percent of Goal Achieved                   | < 50% of goal achieved | 50% of goal achieved | 100% of goal achieved | 200% of goal achieved |
| Percent of Target Bonus Opportunity Earned | 0% of target earned    | 25% of target earned | 100% of target earned | 200% of target earned |

The effect of the changes for 2015 is to provide a lower performance level to achieve entry level incentives, but also reduces the percentage of target incentive compensation paid at the entry level. The changes also significantly increase the level of performance required (200% of the target performance level) for earning an incentive payment at the

over-achievement level. The Compensation Committee elected to eliminate the super-overachievement level of performance for 2015, and therefore no incentives will be paid for performance above the over-achievement level.

***Equity Incentive Compensation.*** We provide long-term incentive awards through regular grants of stock options, restricted stock and performance-based restricted stock units to NEOs. Consistent with our compensation philosophy, stock option, restricted stock and performance-based restricted stock units provide NEOs with additional incentives to maximize stockholder value and provide a link between their interests and the interests of our stockholders.

**Stock options** have historically been granted each year as a component of long-term compensation with the size of the grants based on the NEOs responsibility level, base salary and performance. Our Amended and Restated 2006 Equity Incentive Plan (the “2006 Plan”), and the proposed 2015 Employee Equity Incentive Plan, each provide for stock options to be issued with an exercise price equal to the market value of our common stock on the date of grant, **so that optionees will benefit only if the price of our stock appreciates.** These awards have been structured to be earned, or vest, over a three-year period.

**Restricted stock awards** have been granted to NEOs since 2003 to further align the interests of executive officers and stockholders. The Compensation Committee decides each year whether to include performance objectives in the awards and, if so, the appropriate targets. The Compensation Committee believes restricted stock grants, including awards without performance criteria, provide value to NEOs during periods of stock market volatility (encouraging executive retention) and facilitate the most direct long-term share ownership by our NEOs. These awards have been structured to be earned, or vest, over a three-year period.

**Performance-Based Restricted Stock Units** were granted to NEOs in 2014 in the form of a relative TSR restricted stock unit. Taking into consideration input from our stockholders, along with the compensation practices of our peer group, the Compensation Committee elected to include these performance-based restricted stock units to further enhance linkage between the performance of our Company and the compensation of NEOs. The TSR awards measure our Company's share performance relative to a peer group of companies over a three-year period. These awards have been structured to be earned at the completion of a three-year period.

Our practice of regular annual grants provides for multi-year, overlapping grant periods, enhancing alignment with stockholders and encouraging stability and retention of our core leadership team.

In determining appropriate awards, the Compensation Committee periodically reviews competitive market data, each NEOs past performance, ability to contribute to our future success and growth and time in the current job. The Compensation Committee also considers recommendations of the compensation consultants and CEO. The Compensation Committee also takes into account the risk of losing the NEO to other employment opportunities. The Compensation Committee considers the foregoing factors together and makes a subjective determination with respect to awarding equity compensation. The Compensation Committee believes that market competitive grants, along with three-year vesting requirements, are the most effective method of reinforcing the long-term nature of the incentive. The Compensation Committee considers the value of previous awards and grants (whether vested or not) as well as the likelihood of achieving performance goals in previous awards and grants in determining the current year's awards and grants.

For 2014, the Compensation Committee chose to allocate 50% of the target long-term incentive to time-based restricted stock, 25% allocated to time-based stock options and the remaining 25% to performance-based restricted stock units. The Compensation Committee considered the following in reaching this conclusion:

While we maintain that stock options, by their nature, are "performance-based" and aligned with our stockholders' interests by requiring an increase in the stock price from the date of grant before any value is received by the NEO, for 2014, the Compensation Committee felt that a performance-based long-term incentive would further enhance the link between executive pay and stockholder interests.

A review of our compensation structure showed that our program for 2014 was closely aligned with the compensation programs of the companies in our peer group.

Providing a program with a balanced mix of performance incentive, retention and stockholder alignment will achieve the desired results of continued success.

Individual equity incentives (as a multiple of base salary) are generally based on a range around the median of the equity incentives reflected in the market data. The individual total direct compensation (target total cash, plus all long-term incentive awards) for the current NEOs for 2014 were between 85% and 107% of the median for the compensation reflected in the combined market data for all named executives and the peer group.

**Equity Incentive Compensation Decisions.** The following grants were made on May 21, 2014:

| Executive           | May 2014                                       | May 2014                                    | May 2014                                     |
|---------------------|--|---|--|
|                     | Annual Restricted Stock Grant<br>(# of shares) | Annual Stock Option Grant<br>(# of options) | TSR Grant<br>(# of shares at maximum payout) |
| Paul L. Howes       | 110,491  | 124,496                                     | 73,953                                       |
| Gregg S. Piontek    | 29,611   | 33,365                                      | 19,819                                       |
| Bruce C. Smith      | 36,214   | 40,804                                      | 24,238                                       |
| Mark J. Airola      | 32,656   | 36,795                                      | 21,856                                       |
| Jeffery L. Juergens | 24,910   | 28,068                                      | 16,672                                       |

In administering the long-term incentive plan, the Compensation Committee is sensitive to the potential for dilution of future earnings per share. In 2014, 554,641 stock options and 1,009,959 restricted stock awards, restricted stock units, and performance-based restricted stock units were granted to 191 executive officers and employees, or about 7.5% of total employees. The awards were approximately 1.8% of our outstanding shares at the time of grant. For further information regarding the awards to the named executive officers, see the 2014 Grants of Plan-Based Awards Table.

As a general proposition, the higher-level positions have greater emphasis on longer-term incentives. The size of long-term incentive awards will vary from year to year to reflect current year performance of our Company and/or the individual and current market trends. The Compensation Committee determines the award level for executive officers, if any, on an annual basis usually in the first or second quarter each year.

All equity awards to our employees, including executive officers, that have been granted, are reflected in our consolidated financial statements at fair value on the grant date in compliance with Accounting Standards Codification (ASC) Topic 718, "Stock Compensation," which we refer to as ASC Topic 718.

---

## Indirect Compensation

Employee benefits are designed to be competitive and to attract and retain employees. From time to time, the Compensation Committee reviews our benefit plans and recommends that the Board implement certain changes to existing plans or adopt new benefit plans.

**Health and Welfare Benefits.** We offer a standard range of health and welfare benefits to all employees, including executive officers. These benefit plans provide the same terms to all similarly situated employees. These benefits include: medical, prescription drug, vision and dental coverage, life, accidental death and dismemberment and travel accident insurance, short and long-term disability insurance, an employee assistance plan, health savings accounts and flexible spending accounts. In addition, we pay the cost of an annual physical for each executive officer and executive officers have excess life insurance for which we pay the premiums. These costs are disclosed in the Summary Compensation Table.

**Employee Stock Purchase Plan.** We offer an employee stock purchase plan allowing employees to purchase our common stock through payroll deductions under the 2008 Employee Stock Purchase Plan. Employees, including executive officers, can set aside up to 10% of their annual salary to purchase stock at 85% of the fair market value of the stock on the first or last day of each six month offering period, whichever is lower. In 2013 our stockholders approved an amendment to the 2008 Employee Stock Purchase Plan which increased the percentage discount of which an employee could purchase under this plan from 5% to 15%. Executive officers may not set aside more than \$25,000 of their salary to purchase shares under this plan in any year. None of our NEO's participated in this plan in 2014.

**401(k) Plan.** We offer a defined contribution 401(k) plan to our employees, including executive officers. The plan helps employees save for retirement, reduce current income taxes and defer income taxes on savings and investment income until retirement. The participants may contribute from 1% up to 50% of their base and cash incentive compensation. Our 401(k) plan allows us to make matching contributions and we made matching contributions under this plan of 100% on the first 3% of the employee's compensation and 50% of the next 3% of the participant's compensation. Employees are fully vested in employer contributions immediately. During 2014, an employee could contribute up to \$17,500, and employees age 50 or older were allowed to make additional catch-up contributions to the plan up to \$5,500.

***Other Perquisites and Personal Benefits.*** We do not offer any perquisites or other personal benefits with a value over \$10,000 beyond those outlined below to any NEO. Paul L. Howes receives an annual stipend of \$20,000 for car allowance and memberships. Mark J. Airola is eligible for reimbursement of 50% of the initiation fee for a personal country club membership up to a maximum of \$30,000, but has not accessed that benefit to date. Mr. Airola, Jeffery L. Juergens, and Gregg S. Piontek each receive a car allowance of \$1,300 per month. Mr. Smith is provided a company vehicle, the personal use portion of which is included the Summary Compensation Table.

---

## **Employment Agreements**

***Employment Agreement with Paul L. Howes.*** On March 22, 2006, Mr. Howes entered into an employment agreement with us under which he serves as CEO. This agreement was amended on June 7, 2006 to add a definition for Change in Control. The agreement was amended again on December 31, 2008 to extend the term until March 31, 2011 and make certain changes to the Change in Control provisions to comply with Section 409A of the Internal Revenue Code. As amended, the term of the employment agreement was through March 31, 2011, with automatic renewal thereafter for successive one-year periods ending on each March 31, unless Mr. Howes' employment is terminated by either party giving 60 days written notice. Under this employment agreement, Mr. Howes is entitled to receive the following compensation and benefits:

Annual base salary of \$750,000 (as adjusted effective April 1, 2014);

An opportunity (as adjusted for 2014) under our executive incentive compensation plan to earn a cash bonus of between 30% and 200% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

Eligibility to receive annual stock options and performance-based awards under our long-term incentive plans as determined in the discretion of the Compensation Committee;

Payment of one-half the initiation fee for membership in the country club of Mr. Howes' choice and an annual stipend of \$20,000 to be used by Mr. Howes in his discretion for monthly club dues, automobile costs, and similar expenses;

Reimbursement for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Mr. Howes in the performance of his duties;

Four weeks of paid vacation;

Participation in the life and health insurance plans, 401(k) plan and other employee benefit plans and programs generally made available to executive personnel; and

An annual medical examination.

Mr. Howes' employment with us will terminate (a) automatically upon his death or disability, (b) at Mr. Howes' election upon 30 days' notice to us for "Good Reason" (as defined below) or Mr. Howes' voluntary resignation at his election and without Good Reason, (c) by us for "Cause" (as defined below), (d) by us without Cause or (e) with 60 days' notice given by us or Mr. Howes in advance of the expiration of the initial or any successive employment terms under Mr. Howes' employment agreement.

As used in this agreement, "Good Reason" means (i) our unreasonable interference with Mr. Howes' performance of his duties, (ii) a detrimental change in Mr. Howes' duties, responsibilities or status, (iii) our failure to comply with our obligations under our agreements with Mr. Howes, (iv) diminution of Mr. Howes' salary or benefits, (v) our failure to obtain the assumption of Mr. Howes' employment agreement by any successor or assignee of ours or (vi) the relocation of Mr. Howes' principal place of employment by more than 50 miles (other than to Houston, Texas).

As used in this agreement, "Cause" means (i) conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for an act constituting a felony; (ii) dishonesty, willful misconduct or gross neglect by Mr. Howes of his obligations under his employment agreement that results in material injury to us; (iii) appropriation (or an overt act attempting appropriation) of a material business opportunity of ours; (iv) theft, embezzlement or other similar misappropriation of our funds or property; or (v) failure to follow our reasonable and lawful written instructions or policy with respect to the services to be rendered and the manner of rendering services by Mr. Howes.

In the event Mr. Howes terminates his employment with us for Good Reason or is terminated by us without Cause, Mr. Howes will be entitled to (i) an amount equal to two times the amount of his then current base salary; (ii) an amount equal to two times the target bonus under the 2010 Annual Cash Incentive Plan; (iii) full vesting of all time-based restricted stock and options granted as an inducement to employment; (iv) continuation of medical and dental health benefits for him and any eligible dependents until the earlier of (A) eligibility under another group health insurance plan or (B) 18 months following the date of termination; and (v) payment of outplacement services within the two-year period after termination not to exceed \$20,000.

Mr. Howes' Employment Agreement includes a change in control provision which is discussed in the **"Executive Compensation"** section of this proxy under the heading **"Employment Agreements and Change in Control Agreements."**

*Employment Agreement with Gregg S. Piontek.* On October 18, 2011, Mr. Piontek entered into an employment agreement with us under which he serves as Vice President and Chief Financial Officer. The term of the employment agreement is from November 1, 2011 through October 31, 2014, with automatic renewal thereafter for successive one-year periods, unless Mr. Piontek's employment is terminated by either party giving 60 days written notice. Under this employment agreement, Mr. Piontek is entitled to receive the following compensation and benefits:

Annual base salary of \$368,500 (as adjusted effective April 1, 2014);

An opportunity (as adjusted for 2014) under our executive incentive compensation plan to earn a cash bonus of between 19.5% and 130% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

Eligibility to receive annual stock options and performance-based awards under our long-term incentive plans as determined in the discretion of the Compensation Committee;

Reimbursement for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Mr. Piontek;

Car allowance;

Four weeks of paid vacation;

Life insurance equal to three times the executive's base salary; and

Participation in the health insurance plans, 401(k) plan and other employee benefit plans and programs generally made available to executive personnel.

Mr. Piontek's employment with us will terminate (a) automatically upon his death or disability, (b) at Mr. Piontek's election upon 30 days' notice to us for "Good Reason" (as defined below) or Mr. Piontek's voluntary resignation at his election and without Good Reason, (c) by us for "Cause" (as defined below), (d) by us without Cause or (e) with 60 days' notice given by us or Mr. Piontek in advance of the expiration of the initial or any successive employment terms under Mr. Piontek's employment agreement. As used in this agreement, "Good Reason" means (i) a detrimental change in Mr. Piontek's duties, responsibilities or status, (ii) our failure to comply with our obligations under our agreements with Mr. Piontek, (iii) diminution of Mr. Piontek's salary or benefits, (iv) our failure to obtain the assumption of Mr. Piontek's employment agreement by any successor or assignee of ours or (vi) the relocation of Mr. Piontek's principal place of employment by more than 50 miles from The Woodlands, Texas. As used in this agreement, "Cause" has the same meaning as in Mr. Howes' agreement.

In the event Mr. Piontek terminates his employment with us for Good Reason or is terminated by us without Cause, Mr. Piontek will be entitled to a lump sum payment equal to his then current base salary plus target level annual bonus for the greater of the remaining initial term of the agreement or one year. In addition, Mr. Piontek would receive (i) full vesting of all options and restricted stock granted as an inducement to employment, (ii) continuation of medical and dental health benefits, and disability benefits for the greater of the initial term of the employment agreement or 12 months (with a maximum benefit of 18 months) and (iii) payment of outplacement fees, within one year after termination, of up to \$20,000.

*Employment Agreement with Bruce C. Smith.* On April 20, 2007, Mr. Smith entered into an employment agreement with us under which he serves as our Executive Vice President and President of Fluids Systems. The original term of the employment agreement was from April 20, 2007 through April 20, 2010, with automatic renewal thereafter for successive one-year periods, unless Mr. Smith's employment is terminated by either party giving 60 days written notice. This agreement was amended on December 31, 2012 to address compliance with IRC Section 409A. Under this employment agreement, Mr. Smith is entitled to receive the following compensation and benefits:

Annual base salary of \$416,000 (as adjusted effective April 1, 2014);

An opportunity (as adjusted in 2014) under our executive incentive compensation plan to earn a cash bonus of between 19.5% and 130% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

Eligibility to receive annual stock options and performance-based awards under our long-term incentive plans as determined in the discretion of the Compensation Committee;

Reimbursement for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Mr. Smith in the performance of his duties;

Car allowance;

Four weeks of paid vacation; and

Participation in the life and health insurance plans, 401(k) plan and other employee benefit plans and programs generally made available to executive personnel.

Mr. Smith's employment with us will terminate (a) automatically upon his death or disability, (b) at Mr. Smith's election upon 30 days' notice to us for "Good Reason" (as defined below) or Mr. Smith's voluntary resignation at his election and without Good Reason, (c) by us for "Cause" (as defined below), (d) by us without Cause or (e) with 60 days' notice given by us or Mr. Smith in advance of the expiration of the initial or any successive employment terms under Mr. Smith's employment agreement. As used in this agreement, "Good Reason" means (i) a detrimental change in Mr. Smith's duties, responsibilities or status, (ii) our failure to comply with our obligations under our agreements with Mr. Smith, (iii) diminution of Mr. Smith's salary or benefits, or (iv) requiring Mr. Smith to relocate more than 50 miles from Houston, Texas. As used in this agreement, "Cause" has the same meaning as in Mr. Howes' agreement.

In the event Mr. Smith terminates his employment with us for Good Reason or is terminated by us without Cause, Mr. Smith will be entitled to a lump sum payment equal to his then current base salary plus target level annual bonus

for the greater of the remaining initial term of the agreement or one year. In addition, Mr. Smith will receive (i) full vesting of all options and restricted stock granted as an inducement to employment, (ii) continuation of medical and dental health benefits, and disability benefits for the greater of the initial term of the employment agreement or 12 months (with a maximum benefit of 18 months) and (iii) payment of outplacement fees, within one year after termination, of up to \$20,000.

*Employment Agreement with Mark J. Airola.* On September 18, 2006, Mr. Airola entered into an employment agreement with us under which he serves as Senior Vice President, General Counsel and Chief Administrative Officer. The original term of the employment agreement was from October 2, 2006 through October 2, 2009, with automatic renewal thereafter for successive one-year periods, unless Mr. Airola's employment is terminated by either party giving 60 days' written notice. This agreement was amended on December 31, 2012 to address compliance with IRC Section 409A. Under this employment agreement, Mr. Airola is entitled to receive the following compensation and benefits:

Annual base salary of \$385,000 (as adjusted effective April 1, 2014);

An opportunity (as adjusted in 2014) under our executive incentive compensation plan to earn a cash bonus of between 19.5% and 130% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

Eligibility to receive annual stock options and performance-based awards under our long-term incentive plans as determined in the discretion of the Compensation Committee;

Reimbursement for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Mr. Airola in the performance of his duties;

Eligibility for reimbursement of country club membership initiation fee of 50% up to \$30,000;

Relocation expenses up to \$50,000;

Car allowance;

Four weeks of paid vacation; and

Participation in the life and health insurance plans, 401(k) plan and other employee benefit plans and programs generally made available to executive personnel.

Mr. Airola's employment with us will terminate (a) automatically upon his death or disability, (b) at Mr. Airola's election upon 30 days' notice to us for "Good Reason" (as defined below) or Mr. Airola's voluntary resignation at his election and without Good Reason, (c) by us for "Cause" (as defined below), (d) by us without Cause or (e) with 60 days' notice given by us or Mr. Airola in advance of the expiration of the initial or any successive employment terms under Mr. Airola's employment agreement. As used in this agreement, "Good Reason" means (i) our unreasonable interference with Mr. Airola's performance of his duties, (ii) a detrimental change in Mr. Airola's duties, responsibilities or status, (iii) our failure to comply with our obligations under our agreements with Mr. Airola, (iv) diminution of Mr. Airola's salary or benefits, (v) our failure to obtain the assumption of Mr. Airola's employment agreement by any successor or assignee of ours or (vi) the relocation of Mr. Airola's principal place of employment by more than 50 miles (other than to Houston, Texas). As used in this agreement, "Cause" has the same meaning as in Mr. Howes' agreement.

In the event Mr. Airola terminates his employment with us for Good Reason or is terminated by us without Cause, Mr. Airola will be entitled to a lump sum payment equal to his then current base salary plus target level annual bonus for the greater of the remaining initial term of the agreement or one year. In addition, Mr. Airola will receive (i) full vesting of all options and restricted stock granted as an inducement to employment, (ii) continuation of medical and dental health benefits, and disability benefits for the greater of the initial term of the employment agreement or

12 months (with a maximum benefit of 18 months) and (iii) payment of outplacement fees, within one year after termination, of up to \$20,000.

*Employment Agreement with Jeffery L. Juergens.* On October 15, 2010, Mr. Juergens entered into an employment agreement with us under which he serves as Vice President and President of Mats and Integrated Services. The initial term of the employment agreement is from October 18, 2010 through October 17, 2013, with automatic renewal thereafter for successive one-year periods, unless Mr. Juergens' employment is terminated by either party giving 60 days written notice. Under this employment agreement, Mr. Juergens is entitled to receive the following compensation and benefits:

Annual base salary of \$360,000 (as adjusted effective April 1, 2014);

An opportunity (as adjusted in 2014) under our executive incentive compensation plan to earn a cash bonus of between 19.5% and 130% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

As an inducement to accept employment with us, an award of 50,000 shares of time-based restricted stock, which vest over a four year period, 50% on the second anniversary of the Employment Agreement and the remaining 50% on the fourth anniversary of the Employment Agreement;

Eligibility to receive annual stock options and performance-based awards under our long-term incentive plans as determined in the discretion of the Compensation Committee;

Reimbursement for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Mr. Juergens;

Car allowance;

Four weeks of paid vacation;

Life insurance equal to three times the executive's base salary; and

Participation in the health insurance plans, 401(k) plan and other employee benefit plans and programs generally made available to executive personnel.

Mr. Juergens' employment with us will terminate (a) automatically upon his death or disability, (b) at Mr. Juergens' election upon 30 days' notice to us for "Good Reason" (as defined below) or Mr. Juergens' voluntary resignation at his election and without Good Reason, (c) by us for "Cause" (as defined below), (d) by us without Cause or (e) with 60 days' notice given by us or Mr. Juergens in advance of the expiration of the initial or any successive employment terms under Mr. Juergens' employment agreement. As used in this agreement, "Good Reason" means (i) a detrimental change in Mr. Juergens' duties, responsibilities or status, (ii) our failure to comply with our obligations under our agreements with Mr. Juergens, (iii) diminution of Mr. Juergens' salary or benefits, (iv) our failure to obtain the assumption of Mr. Juergens' employment agreement by any successor or assignee of us or (v) requiring Mr. Juergens to relocate more than 50 miles from Lafayette, Louisiana. As used in this agreement, "Cause" has the same meaning as in Mr. Howes' agreement.

In the event Mr. Juergens terminates his employment with us for Good Reason or is terminated by us without Cause, Mr. Juergens will be entitled to a lump sum payment equal to his then current base salary plus target level annual bonus for the greater of the remaining initial term of the agreement or one year. In addition, Mr. Juergens will receive (i) full vesting of all options and restricted stock granted as an inducement to employment, (ii) continuation of medical and dental health benefits, and disability benefits for the greater of the initial term of the employment agreement or 12 months (with a maximum benefit of 18 months) and (iii) payment of outplacement fees, within one year after termination, of up to \$20,000.

---

## **Tax and Accounting Implications**

**Accounting.** We account for equity compensation expenses for our employees under the rules of ASC Topic 718 which requires us to estimate and record an expense for each award of long-term incentive compensation over the life of its vesting period.

**Tax Deductibility of Pay.** In conducting the compensation programs applicable to our executive officers, the Compensation Committee considers the effects of Section 162(m) of the Internal Revenue Code, which denies publicly held companies a tax deduction for annual compensation in excess of \$1 million paid to their chief executive officer or generally their three other most highly compensated corporate officers who are employed on the last day of a given year, unless that compensation is based on performance criteria that are established by a committee of outside directors and approved, as to their material terms, by that company's stockholders.

Based on current interpretive authority, our ability to deduct compensation expense generated in connection with the exercise of options and performance-based restricted stock units granted under our stock incentive plan should qualify as performance-based compensation and should not be limited by Section 162(m). Our time-based restricted stock awards would not qualify as performance-based compensation under Section 162(m) and, therefore, will be subject to the deduction limit. To the extent the total of salary and other compensation for any of our applicable executive officers exceeds one million dollars in any year and does not qualify as performance-based compensation, the limitation on deductibility under Section 162(m) will apply. As a result, we have in the past and may from time to time in the future, pay compensation amounts to our executive officers that are not deductible.

## **Other Tax Implications**

Section 409A of the Internal Revenue Code governs the taxation of certain types of “nonqualified deferred compensation.” Failure to comply with the requirements of Section 409A can result in adverse income tax consequences to our executives, including the accelerated income taxation of noncompliant compensation, the imposition of an additional 20% tax on such noncompliant compensation, and the imposition of interest on those taxes. We have taken precautions in the design of our employment agreements (including the severance and change in control provisions), as well as our 2006 Plan and 2010 Annual Cash Incentive Plan and all equity and incentive award agreements, to help ensure compliance with Section 409A and the regulations promulgated thereunder.

---

## **Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee in 2014 were Dr. McFarland (Chairman), Mr. Best, Mr. Finley, Mr. Larson and Mr. Warren. No member of the Compensation Committee is a current or former officer or employee of ours or any of our subsidiaries or had any relationship requiring disclosure under applicable SEC rules. Additionally, none of our executive officers served as a director or member of the compensation committee of another entity, one of whose executive officers served as a director or member of our Compensation Committee.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with our management the Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2014.

Compensation Committee of the Board of Directors

James W. McFarland, PhD (Chairman)

Anthony J. Best

G. Stephen Finley

Roderick A. Larson

Gary L. Warren

43

---

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table shows the compensation for our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers for the fiscal years ended December 31, 2012, 2013 and 2014.

| Name and<br>Principal Position   | Year | Salary    | Stock<br>Awards<br>(1) | Option<br>Awards<br>(1) | Non-Equity<br>Incentive<br>Plan<br>Compensation<br>(2) | All Other<br>Compensation<br>(3) | Total       |
|--|------|-----------|------------------------|-------------------------|--|----------------------------------|-------------|
| Paul L. Howes<br>President and Chief<br>Executive Officer  | 2014 | \$741,250 | \$1,856,239            | \$618,982               | \$960,515  | \$34,022                         | \$4,211,008 |
|  | 2013 | \$698,750 | \$4,293,602            | \$583,124               | \$684,038  | \$33,797                         | \$6,293,311 |
| Gregg S. Piontek<br>Vice President,<br>Chief Financial Officer   | 2012 | \$638,750 | \$557,000              | \$577,100               | \$307,516  | \$33,572                         | \$2,113,938 |
|  | 2014 | \$360,125 | \$497,466              | \$165,887               | \$303,323  | \$29,070                         | \$1,355,871 |
| Bruce C. Smith<br>Executive Vice President<br>and<br>President of Fluids Systems                               | 2013 | \$326,250 | \$461,099              | \$153,680               | \$207,598  | \$30,145                         | \$1,178,772 |
|  | 2012 | \$300,000 | \$239,995              | \$239,990               | \$88,263   | \$30,000                         | \$898,248   |
| Mark J. Airola<br>Senior Vice President,<br>General<br>Counsel, Chief<br>Administrative Officer &<br>Secretary | 2014 | \$412,000 | \$608,392              | \$202,873               | \$346,394  | \$33,917                         | \$1,603,576 |
|  | 2013 | \$397,500 | \$596,450              | \$198,793               | \$233,597  | \$32,740                         | \$1,459,080 |
| Jeffery L. Juergens<br>Vice President and<br>President of Mats and<br>Integrated Services                      | 2012 | \$386,250 | \$380,247              | \$380,234               | \$119,591  | \$32,883                         | \$1,299,205 |
|  | 2014 | \$376,250 | \$548,613              | \$182,941               | \$316,905  | \$30,372                         | \$1,455,081 |
|  | 2013 | \$346,250 | \$508,511              | \$169,484               | \$203,376  | \$31,447                         | \$1,259,068 |
|  | 2012 | \$331,250 | \$259,623              | \$259,614               | \$106,317  | \$28,842                         | \$985,646   |
|  | 2014 | \$351,250 | \$418,485              | \$139,551               | \$440,685  | (4) \$32,126                     | \$1,382,097 |
|  | 2013 | \$317,500 | \$733,273              | \$128,385               | \$211,514  | \$31,901                         | \$1,422,573 |
|  | 2012 | \$291,250 | \$705,135              | \$169,615               | \$194,373  | \$33,268                         | \$1,393,641 |

(1) Dollar amount reported reflects the aggregate fair value determined as of the date of award or grant, in each case calculated in accordance with ASC Topic 718. See Note 12, "Stock Based Compensation and Other Benefit Plans," in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended 2014, for the relevant assumptions used in the calculation of these amounts. The amount listed includes grant date fair value for the performance-based restricted stock units based on probable outcome of the underlying performance conditions. The maximum fair values of such awards at the grant date, assuming achievement of the

Edgar Filing: NEWPARK RESOURCES INC - Form DEF 14A

highest level of performance are as follows: Mr. Howes - \$928,110; Mr. Piontek - \$248,728; Mr. Smith - \$304,187; Mr. Airola - \$274,293 and Mr. Juergens - \$209,234.

(2) Reflects amounts earned under our 2010 Annual Cash Incentive Plan which were awarded in 2012, 2013 and 2014.

(3) The amount for “All Other Compensation” includes the following for 2014:

|   | <b>Paul L.</b> | <b>Gregg S.</b> | <b>Bruce C.</b> | <b>Mark J.</b> | <b>Jeffery L.</b> |
|---|----------------|-----------------|-----------------|----------------|-------------------|
|   | <b>Howes</b>   | <b>Piontek</b>  | <b>Smith</b>    | <b>Airola</b>  | <b>Juergens</b>   |
| <b>Physical</b>   | \$             | \$              | \$              | \$             | \$                |
| <b>Life Insurance</b>   | \$2,322        | \$1,020         | \$3,564         | \$2,322        | \$4,076           |
| <b>Car Allowance/Personal Use of Company Car</b>              | \$             | \$15,600        | \$18,153        | \$15,600       | \$15,600          |
| <b>Annual Stipend in accordance with Employment Agreement</b> | \$20,000       | \$              | \$              | \$             | \$                |
| <b>Matching Contributions under 401(k)</b>                    | \$11,700       | \$11,700        | \$11,700        | \$11,700       | \$11,700          |
| <b>Matching Contribution for Health Savings Account</b>       | \$             | \$750           | \$500           | \$750          | \$750             |

Includes \$30,675 in incentive attributable to performance in 2014 at the super –overachievement level under the (4) Annual Cash Incentive Plan, which is deferred for two years, half of which will be paid in March 2016 and the remainder to be paid in March 2017.

## GRANTS OF PLAN-BASED AWARDS IN 2014

The following table sets forth certain information with respect to plan-based awards granted to the named executive officers identified in the Summary Compensation Table during 2014.

| Name                | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) |           |             | Estimated Future Payouts Under Equity Incentive Plan Awards(2) |        |         | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Option Awards | Exercise or Base Price of Stock | Grant Date of Stock | Option Value of Stock |
|---------------------|------------|--|-----------|-------------|--|--------|---------|--|--|---------------------------------|---------------------|-----------------------|
|                     |            | Threshold  | Target    | Maximum     | Threshold  | Target | Maximum |  |  |                                 |                     |                       |
| Paul L. Howes       | 2/20/2014  | \$225,000  | \$750,000 | \$1,500,000 | —  | —      | —       | —  | —  | —                               | —                   | —                     |
|                     | 5/22/2014  | —  | —         | —           | 14,791   | 49,302 | 73,953  | —  | —  | —                               | —                   | \$618,7               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | 110,491 (4)  | —  | —                               | —                   | \$1,237               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | —  | 124,496  | \$11.20                         | —                   | \$618,9               |
| Gregg S. Piontek    | 2/20/2014  | \$71,858   | \$239,525 | \$479,050   | —  | —      | —       | —  | —  | —                               | —                   | —                     |
|                     | 5/22/2014  | —  | —         | —           | 3,964  | 13,213 | 19,819  | —  | —  | —                               | —                   | \$165,8               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | 29,611 (4)   | —  | —                               | —                   | \$331,6               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | —  | 33,365   | \$11.20                         | —                   | \$165,8               |
| Bruce C. Smith      | 2/20/2014  | \$81,120   | \$270,400 | \$540,800   | —  | —      | —       | —  | —  | —                               | —                   | —                     |
|                     | 5/22/2014  | —  | —         | —           | 4,848  | 16,159 | 24,238  | —  | —  | —                               | —                   | \$202,7               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | 36,214 (4)   | —  | —                               | —                   | \$405,5               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | —  | 40,804   | \$11.20                         | —                   | \$202,8               |
| Mark J. Airola      | 2/20/2014  | \$75,075   | \$250,250 | \$500,500   | —  | —      | —       | —  | —  | —                               | —                   | —                     |
|                     | 5/22/2014  | —  | —         | —           | 4,371  | 14,571 | 21,856  | —  | —  | —                               | —                   | \$182,8               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | 32,656 (4)   | —  | —                               | —                   | \$365,7               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | —  | 36,795   | \$11.20                         | —                   | \$182,9               |
| Jeffery L. Juergens | 2/20/2014  | \$70,200   | \$234,000 | \$468,000   | —  | —      | —       | —  | —  | —                               | —                   | —                     |
|                     | 5/22/2014  | —  | —         | —           | 3,334  | 11,115 | 16,672  | —  | —  | —                               | —                   | \$139,4               |
|                     | 5/22/2014  | —  | —         | —           | —  | —      | —       | 24,910 (4)   | —  | —                               | —                   | \$278,9               |

5/22/2014

— — — — — — —

28,068 \$11.20 \$139,5

(1) Represents threshold, target and over-achievement payout levels under our 2010 Annual Cash Incentive Plan for 2014 performance-based on annualized salary as of April 1, 2014. Bonuses may be earned beyond the “Maximum” pursuant to the terms of the 2010 Plan referenced above; however any awards in excess of the “Maximum” (to the extent it exceeds \$20,000 for an individual) are deferred and paid over the following two years. See “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table for the amount actually earned by each named executive officer for 2014 performance.

(2) The awards reflected in this column represent our relative performance-based restricted stock units which may be earned in an amount equal to 0% to 150% of target based on our relative TSR performance against a specified peer group over the three-year performance period of 2014, 2015 and 2016.

(3) Dollar amount reported reflects the fair value as of the date of award or grant, in each case calculated in accordance with FASB ASC Topic 718. The amount listed includes grant date fair value of the performance-based restricted stock units based on probable outcome of the underlying performance conditions. See Note 12, “Stock Based Compensation and Other Benefit Plans,” in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended 2014 for the relevant assumptions used to determine the valuation of our stock awards.

(4) Represents shares of time-based restricted stock granted under the 2006 Plan. These awards vest one-third annually over three years.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

| Name             | Option Awards   |   |                               |                        | Stock Awards  |  | Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights That Have Not Vested (\$) |
|------------------|---|---|-------------------------------|------------------------|---|--|--|---|
|                  | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$/Sh) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) |  |   |
| Paul L. Howes    | 80,000  | —   | \$ 7.82                       | 6/11/2017              |   |  |  |   |
|                  | 150,000   | —   | \$ 7.89                       | 6/9/2018               |   |  |  |   |
|                  | 200,000   | —   | \$ 3.31                       | 6/10/2019              |   |  |  |   |
|                  | 139,225   | —   | \$ 9.13                       | 6/8/2021               |   |  |  |   |
|                  | 133,334   | 66,666  | (2) \$ 5.57                   | 6/5/2022               |   |  |  |   |
|                  | 35,840  | 71,678  | (3) \$ 11.43                  | 6/5/2023               |   |  |  |   |
|                  |   | 124,496   | (4) \$ 11.20                  | 5/21/2024              |   |  |  |   |
|                  |   |   |                               | 33,333 (5)             | \$ 317,997  |  |  |   |
|                  |   |   |                               | 68,034 (6)             | \$ 649,044  |  |  |   |
|                  |   |   |                               | 200,000 (7)            | \$ 1,908,000  |  |  |   |
|                  |   |   |                               | 110,491 (8)            | \$ 1,054,084  |  |  |   |
|                  |   |   |                               |                        |   | 44,482 (9)   | \$ 424,358   |   |
|                  |   |   |                               |                        |   | 49,302 (9)   | \$ 470,341   |   |
| Gregg S. Piontek | 20,000  |   | \$ 7.82                       | 6/11/2017              |   |  |  |   |
|                  | 28,100  |   | \$ 7.89                       | 6/9/2018               |   |  |  |   |
|                  | 23,390  |   | \$ 3.31                       | 6/10/2019              |   |  |  |   |
|                  | 19,246  |   | \$ 9.13                       | 6/8/2021               |   |  |  |   |
|                  | 55,448  | 27,723  | (10) \$ 5.57                  | 6/5/2022               |   |  |  |   |
|                  | 9,446   | 18,890  | (11) \$ 11.43                 | 6/5/2023               |   |  |  |   |
|                  |   | 33,365  | (12) \$ 11.20                 | 5/21/2024              |   |  |  |   |
|                  |   |   |                               | 10,000 (13)            | \$ 95,400   |  |  |   |
|                  |   |   |                               | 14,362 (14)            | \$ 137,013  |  |  |   |
|                  |   |   |                               | 17,930 (15)            | \$ 171,052  |  |  |   |
|                  |   |   |                               | 29,611 (16)            | \$ 282,489  |  |  |   |



| Name                | Option Awards   |   |                               |                        | Stock Awards  |  |  |   |
|---------------------|---|---|-------------------------------|------------------------|---|--|--|---|
|                     | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$/Sh) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights That Have Not Vested (\$) |
| Jeffery L. Juergens | 32,217  |   | \$ 9.13                       | 6/8/2021               |   |  |  |   |
|                     | 39,188  | 19,594  | (31) \$ 5.57                  | 6/5/2022               |   |  |  |   |
|                     | 7,891   | 15,781  | (32) \$ 11.43                 | 6/5/2023               |   |  |  |   |
|                     |   | 28,068  | (33) \$ 11.20                 | 5/21/2024              |   |  |  |   |
|                     |   |   |                               |                        | 25,000 (34)   | \$ 238,500   |  |   |
|                     |   |   |                               |                        | 10,151 (35)   | \$ 96,841  |  |   |
|                     |   |   |                               | 34,773 (36)            | \$ 331,734  |  |  |   |
|                     |   |   |                               | 30,453 (37)            | \$ 290,522  |  |  |   |
|                     |   |   |                               | 14,978 (38)            | \$ 142,890  |  |  |   |
|                     |   |   |                               | 24,910 (39)            | \$ 237,641  |  |  |   |
|                     |   |   |                               |                        |   | 9,793 (9)  | \$ 93,425  |   |
|                     |   |   |                               |                        |   | 11,115 (9)   | \$ 106,037   |   |

(1) The market value is based upon the closing stock price of \$9.54 as reported on December 31, 2014.

(2) The 66,666 options vest on June 9, 2015.

(3) The 71,678 options vest as follows: 35,839 on June 9, 2015 and 35,839 on June 9, 2016.

(4) The 124,496 options vest as follows: 41,499 on June 1, 2015, 41,499 on June 1, 2016 and 41,498 on June 1, 2017.

(5) The 33,333 shares of restricted stock will vest on June 9, 2015.

(6) The 68,034 shares of restricted stock will vest as follows: 34,017 on June 9, 2015 and 34,017 on June 9, 2016.

(7) The 200,000 shares of restricted stock will vest as follows: 100,000 on November 6, 2015 and 100,000 on November 6, 2017.

(8)

Edgar Filing: NEWPARK RESOURCES INC - Form DEF 14A

The 110,491 shares of restricted stock will vest as follows: 36,831 shares on June 1, 2015, 36,830 shares on June 1, 2016 and 36,830 on June 1, 2017.

The amount shown represents the number of shares achievable at target for our relative TSR performance units (9) which may be earned in an amount equal to 0% to 150% of target based on our relative TSR performance against a specified peer group over the designated three-year performance period.

(10) The 27,723 options will vest on June 9, 2015.

(11) The 18,890 options will vest as follows: 9,445 on June 9, 2015 and 9,445 on June 9, 2016.

(12) The 33,365 options will vest as follows: 11,122 on June 1, 2015, 11,122 on June 1, 2016 and 11,121 on June 1, 2017.

(13) The 10,000 shares of restricted stock will vest on December 21, 2015.

(14) The 14,362 shares of restricted stock will vest on June 9, 2015.

(15) The 17,930 shares of restricted stock will vest as follows: 8,965 on June 9, 2015 and 8,965 on June 9, 2016.

(16) The 29,611 shares of restricted stock will vest as follows: 9,871 on June 1, 2015, 9,870 on June 1, 2016 and 9,870 on June 1, 2017.

(17) The 43,924 options will vest on June 9, 2015.

(18) The 24,436 options vest as follows: 12,218 on June 9, 2015 and 12,218 on June 9, 2016.

(19) The 40,804 options will vest as follows: 13,602 on June 1, 2015, 13,601 on June 1, 2016 and 13,601 on June 1, 2017.

(20) The 37,000 shares of restricted stock will vest on December 21, 2015.

(21) The 22,755 shares of restricted stock will vest on June 9, 2015.

(22) The 23,193 shares of restricted stock will vest as follows: 11,597 on June 9, 2015 and 11,596 on June 9, 2016.

(23) The 36,214 shares of restricted stock will vest as follows: 12,072 on June 1, 2015, 12,071 on June 1, 2016 and 12,071 on June 1, 2017.

(24) The 29,990 options will vest on June 9, 2015.

(25) The 20,833 options will vest as follows: 10,417 on June 9, 2015 and 10,416 on June 9, 2016.

(26) The 36,795 options will vest as follows: 12,265 on June 1, 2015, 12,265 on June 1, 2016 and 12,265 on June 1, 2017.

(27) The 37,000 shares of restricted stock will vest on December 21, 2015.

(28) The 15,537 shares of restricted stock will vest on June 9, 2015.



- (29) The 19,774 shares of restricted stock will vest as follows: 9,887 on June 9, 2015 and 9,887 on June 9, 2016.
- (30) The 32,656 shares of restricted stock will vest as follows: 10,886 on June 1, 2015, 10,885 on June 1, 2016 and 10,885 on June 1, 2017.
- (31) The 19,594 options will vest on June 9, 2015.
- (32) The 15,781 options will vest as follows: 7,891 on June 9, 2015 and 7,890 on June 9, 2016.
- (33) The 28,068 options will vest as follows: 9,356 on June 1, 2015, 9,356 on June 1, 2016 and 9,356 on June 1, 2017.
- (34) The 25,000 shares of restricted stock will vest on December 21, 2015.
- (35) The 10,151 shares of restricted stock will vest on June 9, 2015.
- (36) The 34,773 shares of restricted stock will vest on December 5, 2016.
- (37) The 30,453 shares of restricted stock will vest as follows: 15,227 on June 6, 2015 and 15,226 on June 6, 2017.
- (38) The 14,978 shares of restricted stock will vest as follows: 7,489 on June 9, 2015 and 7,489 on June 9, 2016.
- (39) The 24,910 shares of restricted stock will vest as follows: 8,304 on June 1, 2015, 8,303 on June 1, 2016 and 8,303 on June 1, 2017.

---

**OPTION EXERCISES AND STOCK VESTED**

The following table sets forth information for the NEOs identified in the Summary Compensation Table with respect to stock options exercised and vesting on time-based restricted shares for the fiscal year ended December 31, 2014.

| Name             | Option Awards                             |                                 | Stock Awards                         |                                |
|------------------|---|---------------------------------|--------------------------------------|--------------------------------|
|                  | Number of Shares Acquired on Exercise (#) | Value Realized upon Exercise(1) | Number of Shares Acquired on Vesting | Value Realized upon Vesting(2) |
| Paul L. Howes    | —   | —                               | 92,789                               | \$1,112,540                    |
| Gregg S. Piontek | —   | —                               | 33,509                               | \$392,774                      |

|                            |                |                   |               |                  |
|----------------------------|----------------|-------------------|---------------|------------------|
| <b>Bruce C. Smith</b>      | —              | —                 | <b>42,953</b> | <b>\$515,006</b> |
| <b>Mark J. Airola</b>      | <b>147,500</b> | <b>\$ 771,847</b> | <b>32,151</b> | <b>\$385,490</b> |
| <b>Jeffery L. Juergens</b> | —              | —                 | <b>83,301</b> | <b>\$880,528</b> |

(1) The value realized on the exercise of stock options is the difference between the market price of our common stock at the time of exercise and the exercise price of the option.

Dollar values are calculated by multiplying the market price of our common stock on the vesting date by the (2) number of shares vested and does not necessarily reflect the proceeds actually received by the named executive officer.

---

### **Risk Assessment of Compensation Programs**

The Compensation Committee considers, in establishing and reviewing the employee compensation programs, whether the programs encourage unnecessary or excessive risk taking. As discussed in the Compensation Discussion and Analysis of this proxy statement, the Compensation Committee, with the assistance of management and its consultant, undertook a risk assessment of our compensation programs in 2014. After reviewing and discussing the compensation programs with the Compensation Committee and reviewing the results of those discussions with the Audit Committee of the Board, we believe that the programs are balanced and do not motivate or encourage unnecessary or excessive risk taking. While some performance-based awards focus on achievement of short-term or annual goals, and short-term goals may encourage the taking of short-term risks at the expense of long-term results, these award programs represent a modest percentage of the executive employees' total compensation opportunities and are balanced by other long-term incentives. We believe that these programs appropriately balance risk and the desire to focus employees on specific short-term goals important to our success, and that it does not encourage unnecessary or excessive risk taking.

A significant part of the compensation provided to employees is in the form of long-term equity awards that are important to help further align employees' interests with those of our stockholders. We do not believe that these awards encourage unnecessary or excessive risk taking since the ultimate value of the awards is tied to our stock price, and since awards are staggered and subject to long-term vesting schedules to help ensure that executives have significant value tied to long-term stock price performance.

---

## Employment Agreements and Change in Control Agreements

We have entered into employment agreements with each of our NEOs. See **“Employment Agreements”** within the Compensation Discussion and Analysis for a summary of these employment agreements and descriptions of compensation elements pursuant to which the amounts listed under the Summary Compensation Table and Grants of Plan-Based Awards in 2014 Table were paid or awarded and the criteria for such payment, including targets for payments of annual incentives, as well as performance criteria on which such payments were based. We have also adopted a change in control benefits policy applicable to our NEOs and have entered into change in control agreements with our NEOs other than Mr. Howes, who receives his benefits under his employment agreement. See **“Potential Payments upon Change in Control”** below for a summary of these benefits and agreements.

---

## Potential Payments upon Change in Control

On March 7, 2007, the Board, upon recommendation of the Compensation Committee, approved a change in control benefits policy applicable to all of our NEOs and other key executives and employees not to exceed a total of 30. Each of our NEOs are entitled to receive change in control benefits. Receipt of the benefits by the executives and employees is conditioned on a change in control of our Company and the termination of employment under certain circumstances described below (often referred to as a “double-trigger”). Benefits to the executives and other employees under the policy are described below:

Payment of accrued but unpaid salary and a prorated annual bonus (at the target level) through the date of termination.

A lump sum payment in an amount equal to a multiple of that executive’s (i) base salary, plus (ii) in the case of Mr. Howes, a bonus equal to the highest bonus he received under the Annual Cash Incentive Plan, and in the case of the other executives, a target bonus which will equal the higher of the bonus to which the executive would be entitled under the Annual Cash Incentive Plan for the fiscal year preceding the termination or the highest bonus received by the executive under the incentive plan in the two fiscal years immediately preceding the change of control event. The multiples established under the policy are: three times for the CEO (which has subsequently been modified to 2.99 times in the Amended and Restated Employment Agreement of Mr. Howes), two times for the other executive officers and divisional presidents, and one time for the remaining designated key executives and employees.

Full vesting of all options, restricted stock (whether time or performance-based), and deferred compensation.

Payment of outplacement fees up to \$20,000 for the CEO and from \$5,000 to \$10,000 for other executive officers, divisional presidents and remaining employees.

Continuation of life insurance, medical and dental health benefits, and disability benefits for a period ranging from one year to three years.

A change in control will be deemed to occur if:

there is a merger or consolidation of our Company with, or an acquisition by us of the equity interests or all or substantially all of our assets of, any other corporation or entity other than any transaction in which members of our Board immediately prior to the transaction constitute a majority of the board of the resulting entity for a period of twelve months following the transaction;

any person or group becomes the direct or indirect beneficial owner of 30% or more of our outstanding voting securities;

any election of directors occurs and a majority of the directors elected are individuals who were not nominated by a vote of two-thirds of the members of the Board or the Nominating and Corporate Governance Committee; or

we effect a complete liquidation of our Company or a sale of all or substantially all of our assets unless immediately following any such sale or disposition members of our Board immediately prior to the transaction constitute a majority of the resulting entity for a period of twelve months following the transaction.

Under the policy, an executive or employee shall not be entitled to those benefits unless his employment is terminated, during the period commencing upon the date when we first have knowledge that any person or group has become a beneficial owner of 30% or more of our voting securities or the date we execute an agreement contemplating a change in control and ending two years after the change in control, for any reason other than:

death;

disability;

cause; or

resignation without good reason.

We have entered into change in control agreements with the designated executive officers and employees other than Paul L. Howes (whose change in control benefits are included in his employment agreement). The tables below also reflect potential payments to the NEOs upon the termination of their employment under their respective employment agreements.

The tables below reflect the amount of compensation to each of the NEOs as a result of a change in control and termination of that executive's employment under the terms of the above-described policy or, with respect to Mr. Howes, under his employment agreement. The amount of compensation payable to each NEO upon voluntary termination, voluntary termination for good reason or involuntary not-for-cause termination, termination following a change in control, for cause termination, and termination in the event of death or disability of the executive is shown below. The amounts shown assume that the termination was effective on December 31, 2014 and thus includes amounts earned through that time and are estimates of the amounts which would have been paid to the executives upon their termination on such date. The amounts do not include compensation to which the NEO was otherwise entitled such as previously vested equity awards. The value of the equity compensation awards was based on the closing price of our common stock of \$9.54 on December 31, 2014. The actual amounts to be paid out can only be determined at the time of the executive's separation from us. In the event of death or disability before the annual cash (short-term incentive) is paid, the Compensation Committee has the authority to pay (in full or on a prorated basis) the amount the employee would have received. We have assumed that the Compensation Committee would have authorized the payment of the full award for purposes of the tables below. As of December 31, 2014, none of the executives were eligible for retirement.

**Paul L. Howes**

| Executive Compensation and Benefits        | Voluntary Termination             |  |  |                                   |   |                                      |
|--|-----------------------------------|--|--|-----------------------------------|---|--------------------------------------|
|  | Voluntary Termination on 12/31/14 | for Good Reason or Termination without Cause on 12/31/14 | Termination due to Change in Control on 12/31/14 | Termination for Cause on 12/31/14 | Termination due to Disability on 12/31/14 | Termination due to Death on 12/31/14 |
| <b>Compensation:</b>                       |                                   |  |  |                                   |   |                                      |
| Base Salary                                | –                                 | \$ 1,500,000   | \$ 2,242,500                                     | –                                 | \$ 375,000                                | –                                    |
| Short-term Incentive (100% of Base Salary) | –                                 | \$ 1,500,000   | \$ 4,190,802                                     | –                                 | \$ 750,000                                | \$ 750,000                           |
| <b>Long-term Incentives:</b>               |                                   |  |  |                                   |   |                                      |
| Annual Stock Options                       | –                                 | –  | \$ 264,664                                       | –                                 | –   | –                                    |
| Performance-based Restricted Shares        | –                                 | –  | \$ 894,699                                       | –                                 | –   | –                                    |
| Time Based Restricted Shares               | –                                 | –  | \$ 3,929,125                                     | –                                 | –   | –                                    |
| <b>Benefits and Perquisites:</b>           |                                   |  |  |                                   |   |                                      |
| Outplacement                               | –                                 | \$ 20,000  | \$ 20,000  | –                                 | –   | –                                    |
| Health & Welfare Benefits                  | –                                 | \$ 21,722  | \$ 43,443  | –                                 | –   | –                                    |
| Life Insurance                             | –                                 | –  | \$ 6,699   | –                                 | –   | –                                    |
| Life Insurance Proceeds                    | –                                 | –  | –  | –                                 | –   | \$ 500,000                           |
| Disability Benefits per year (1)           | –                                 | –  | –  | –                                 | \$ 120,000                                | –                                    |
| 401(k) Employer Contribution               | –                                 | –  | \$ 35,100  | –                                 | –   | –                                    |
| <b>Total</b>                               | <b>\$ –</b>                       | <b>\$ 3,041,722</b>                                      | <b>\$ 11,627,032</b>                             | <b>\$ –</b>                       | <b>\$ 1,245,000</b>                       | <b>\$ 1,250,000</b>                  |

(1) Until no longer disabled or Social Security Retirement age.

**Gregg S. Piontek**

| Executive Compensation and Benefits       | Voluntary Termination             |  | Termination                          | Termination           |                               | Termination              |
|---|-----------------------------------|--|--------------------------------------|-----------------------|-------------------------------|--------------------------|
|   | Voluntary Termination on 12/31/14 | for Good Reason or Termination without Cause on 12/31/14 | due to Change in Control on 12/31/14 | for Cause on 12/31/14 | due to Disability on 12/31/14 | due to Death on 12/31/14 |
| <b>Compensation:</b>                      |                                   |  |                                      |                       |                               |                          |
| Base Salary                               | –                                 | \$ 368,500   | \$ 737,000                           | –                     | \$ 184,250                    | –                        |
| Short-term Incentive (65% of Base Salary) | –                                 | \$ 239,525   | \$ 479,050                           | –                     | \$ 239,525                    | \$ 239,525               |
| <b>Long-term Incentives:</b>              |                                   |  |                                      |                       |                               |                          |
| Annual Stock Options                      | –                                 | –  | \$ 110,060                           | –                     | –                             | –                        |
| Performance-based Restricted Shares       | –                                 | –  | \$ 237,889                           | –                     | –                             | –                        |
| Time Based Restricted Shares              | –                                 | –  | \$ 685,955                           | –                     | –                             | –                        |
| <b>Benefits and Perquisites:</b>          |                                   |  |                                      |                       |                               |                          |
| Outplacement                              | –                                 | \$ 20,000  | \$ 10,000                            | –                     | –                             | –                        |
| Health & Welfare Benefits                 | –                                 | \$ 20,071  | \$ 26,762                            | –                     | –                             | –                        |
| Life Insurance                            | –                                 | –  | \$ 6,509                             | –                     | –                             | –                        |
| Life Insurance Proceeds                   | –                                 | –  | –                                    | –                     | –                             | \$ 900,000               |
| Disability Benefits per year(1)           | –                                 | –  | –                                    | –                     | \$ 120,000                    | –                        |
| <b>Total</b>                              | <b>\$ –</b>                       | <b>\$ 648,096</b>  | <b>\$ 2,293,225</b>                  | <b>\$ –</b>           | <b>\$ 543,775</b>             | <b>\$ 1,139,525</b>      |

(1)Until no longer disabled or Social Security Retirement age.

**Bruce C. Smith**

| Executive Compensation and Benefits | Voluntary Termination | Voluntary Termination | Termination   | Termination           | Termination  |
|-------------------------------------|-----------------------|-----------------------|---------------|-----------------------|--------------|
|                                     | on 12/31/14           | for Good Reason       | due to Change | for Cause on 12/31/14 | due to Death |

|   |   | <b>Reason or<br/>Termination<br/>without<br/>Cause<br/>on 12/31/14</b> | <b>in Control<br/>on<br/>12/31/14</b> |   | <b>Disability<br/>on<br/>12/31/14</b> | <b>on 12/31/14</b> |
|---|---|--|---------------------------------------|---|---------------------------------------|--------------------|
| <b>Compensation:</b>                      |   |  |                                       |   |                                       |                    |
| Base Salary                               | – | \$ 416,000   | \$ 832,000                            | – | \$ 208,000                            | –                  |
| Short-term Incentive (65% of Base Salary) | – | \$ 270,400   | \$ 540,800                            | – | \$ 270,400                            | \$ 270,400         |
| <b>Long-term Incentives:</b>              |   |  |                                       |   |                                       |                    |
| Annual Stock Options                      | – |  |                                       |   |                                       |                    |