

NEWPARK RESOURCES INC

Form DEF 14A

April 28, 2009

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**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:

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.

- o 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:

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April 29, 2009

Dear Fellow Stockholder:

At the request of the Board of Directors, you are cordially invited to attend the 2009 Annual Meeting of Stockholders of Newpark Resources, Inc., which will be held on Wednesday, June 10, 2009, 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 three items on this year's agenda:

- (1) the election of six directors to the Board of Directors;
- (2) to consider and act upon a proposal to amend the 2006 Equity Incentive Plan to increase the number of shares authorized for issuance thereunder from 2,000,000 to 5,000,000 shares of common stock; and
- (3) the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year 2009.

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**

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**NEWPARK RESOURCES, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 10, 2009**

To the Stockholders of Newpark Resources, Inc.

The Annual Meeting of Stockholders of Newpark Resources, Inc., a Delaware corporation, will be held on Wednesday, June 10, 2009, 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) To elect six directors;
- (2) To consider and act upon a proposal to amend the 2006 Equity Incentive Plan to increase the number of shares authorized for issuance thereunder from 2,000,000 to 5,000,000 shares of common stock;
- (3) To consider and act upon a proposal to ratify the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year 2009; and
- (4) To consider and act upon other business that may properly come before the Annual Meeting or any adjournment or postponement.

Only stockholders of record at the close of business on April 13, 2009, 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, 2700 Research Forest Drive, 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 it 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.

BY ORDER OF THE BOARD OF DIRECTORS NEWPARK RESOURCES, INC.

Mark J. Airola  
*Vice President, General Counsel, Chief  
Administrative Officer and Secretary*

The Woodlands, Texas  
Dated: April 29, 2009

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**NEWPARK RESOURCES, INC.  
2700 Research Forest Drive, Suite 100  
The Woodlands, Texas 77381**

**PROXY STATEMENT  
APRIL 29, 2009**

**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 to be held at The Marriott Woodlands Waterway Hotel & Convention Center, 1601 Lake Robbins Drive, The Woodlands, Texas 77380 on Wednesday, June 10, 2009, 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 April 13, 2009 are entitled to receive notice of and to vote at the Annual Meeting. On that date, we had outstanding 88,658,728 shares of common stock, each of which is entitled to one vote upon each proposal presented at the Annual Meeting.

**Notice of Internet 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 its stockholders a printed set of proxy materials and allows them instead to deliver to their stockholders a "Notice of Internet Availability of Proxy Materials" and to provide access to the documents over the internet. A Notice of Internet Availability of Proxy Materials was first mailed to all stockholders of record on or about April 29, 2009.

This Proxy Statement, the form of proxy and voting instructions are being made available on or about April 29, 2009 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 on the Notice of Internet Availability of Proxy Materials. Our Annual Report to Stockholders, including financial statements, for the fiscal year ended December 31, 2008, 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 may vote in person at the Annual Meeting or by proxy. 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.

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### **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 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 amending the 2006 Equity Incentive Plan to increase the authorized shares thereunder, and**

**FOR the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year 2009.**

**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 or 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 at the Annual Meeting on the proposal to amend and increase the authorized shares under the Newport Resources, Inc. 2006 Equity Incentive Plan unless the nominee has received explicit instructions from you with respect to that item. Therefore, if the nominee does not receive voting instructions from you with respect to that item, the nominee will not be able to vote your shares on that item, and, consequently, your shares will be considered a broker non-vote with respect to approving the amendment to increase the authorized shares under the Newport Resources, Inc. 2006 Equity Incentive Plan. However, a nominee who holds your shares in its name is permitted to vote your shares on the election of directors and the ratification of the appointment of Deloitte & Touche LLP as our independent auditors even if the nominee does not receive voting instructions from you.

### **Election of Directors**

A plurality vote is required for the election of directors. As described in greater detail below under the heading Corporate Governance Guidelines and Code of Ethics, 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.

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### **Approval of Other Matters**

Approval of the amendment to the Newpark Resources, Inc. 2006 Equity Incentive Plan, ratification of the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year 2009 and all other matters submitted to a vote of the stockholders, other than the election of directors, require the affirmative vote of a majority of the shares present or represented at the Annual Meeting. Abstentions are not counted for purposes of the election of directors. Abstentions are counted in tabulations of the votes cast on other proposals presented to the stockholders and 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 amendment to the Newpark Resources, Inc. 2006 Equity Incentive Plan requires approval by a majority of votes cast on the proposal, provided that the total vote cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal. The NYSE takes the position that a broker non-vote is not a vote cast. Accordingly, broker non-votes have to be subtracted when determining whether the 50% in interest test has been met.

### **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**

Six 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 six persons named below on the recommendation of the Nominating and Corporate Governance Committee. All nominees are incumbent directors. Mr. Walker Tucei, Jr. is currently serving as a member of the Board; however, he will not stand for re-election to the Board. Mr. Tucei will continue to serve as a member of the Board of Directors until his term expires at the 2009 Annual Meeting. The Board of Directors and Newpark wish to thank Mr. Tucei for his service and many contributions as a Director. The size of the Board will be reduced from seven to six members following Mr. Tucei's departure. As a result the number of Directors following the 2009 Annual Meeting will be set at six.

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.



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The following table sets forth certain information as of April 13, 2009, with respect to the Board's nominees:

Name of Nominee	Age	Director Since
Jerry W. Box	70	2003
Gary L. Warren	59	2005
David C. Anderson	67	2006
Paul L. Howes	53	2006
James W. McFarland, Ph.D.	63	2006
G. Stephen Finley	58	2007

**Business Experience of Director Nominees during the Past Five Years**

*Jerry W. Box* joined our Board of Directors in March 2003. Mr. Box retired as President, Chief Operating Officer and director of Oryx Energy Company in 1999, after more than 30 years in the oil and gas exploration industry. Since June 2005, Mr. Box has served as a director of Cimarex Energy Co., an independent oil and gas exploration and production company listed on the New York Stock Exchange, with principal operations in the Mid-Continent, Gulf Coast, Permian Basin and Gulf of Mexico. Mr. Box serves on the Compensation and Governance Committee of Cimarex. Prior to that, from 1999 until June 2005, Mr. Box served as a director of Magnum Hunter Resources, Inc., an independent exploration and development company listed on the New York Stock Exchange. He also served as Chairman of the Board of Magnum Hunter from October 2004 to June 2005.

*Gary L. Warren* joined our Board of Directors in December 2005. 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 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 also served on Horizon's Compensation and Audit Committees until September 2008. Mr. Warren has recently been nominated to serve as a Director of Trican Well Service Ltd, a Calgary-based, publicly traded company that provides pressure pumping and related oil field services.

*David C. Anderson* joined our Board of Directors in September 2006. Since 2003, Mr. Anderson has been the Chief Executive Officer of Anderson Hodges, a firm that 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 Operating Officer from 2001 to 2003. Mr. Anderson also served as a member of the Board of Directors of Heidrick & Struggles from 1996 through 1999, at which time the company completed a successful initial public offering, and he continued as a director after the public offering through 2002.

*Paul L. Howes* joined our Board of Directors and was appointed 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 while engaging in consulting and private investing activities. From 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.



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*James W. McFarland, Ph.D.* joined our Board of Directors in November 2006. Dr. McFarland is the Rolanette and Berdon Lawrence Distinguished Chair in Finance and Professor of Finance and Economics 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. Dr. McFarland serves on the Board of Directors and the Compensation Committee of Stewart Enterprises, Inc.

*G. Stephen Finley* joined our Board of Directors in June 2007. Mr. Finley served as the Senior Vice President, Finance & Administration, and Chief Financial Officer of Baker Hughes Incorporated from April 1999 to 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 that board's Nominations and Governance Committee and as Chairman of its Audit Committee. Since November 2006, Mr. Finley has served as a member of the Board of Directors, a member of the Audit Committee and Chairman of the Compensation Committee of Exterran GP, LLC, which is the general partner of Exterran, L.P., a leading provider of natural gas compression services and products. Mr. Finley also serves 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.

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

## **Shareholder Actions**

### ***Settlement of Shareholder Derivative and Class Action Litigation***

In connection with our announcement regarding an internal investigation commissioned by our Audit Committee in April 2006, and subsequent announcements, we were served with a number of shareholder class action and derivative lawsuits. These suits asserted claims against us and certain of our former officers and current and former directors alleging damages resulting from the loss of value in our common stock and, derivatively, for damages we allegedly suffered.

In April 2007, we announced that we reached a settlement of our pending derivative and class action litigation. The settlement received final approval from the U.S. District Court for the Eastern District of Louisiana on October 9, 2007. Under the terms of the settlement, we paid \$1.6 million which was accrued in the first quarter of 2007, and our directors and officers' liability insurance carrier paid \$8.3 million. A portion of these amounts were used to pay administration costs and legal fees. This settlement resolved all pending shareholder class and derivative litigation against us, our former and current directors, and former officers. As part of the settlement, however, we preserved certain claims against our former Chief Executive Officer and Chief Financial Officer for matters arising from invoicing irregularities at Soloco Texas, LP and the backdating of stock options.

### ***James D. Cole Arbitration***

By letter dated April 25, 2007, counsel for James D. Cole, our former Chief Executive Officer and former director, notified us that Mr. Cole was pursuing claims against us for breach of his employment agreement and other causes of

action. Mr. Cole sought recovery of approximately \$3.1 million purportedly due under his employment agreement and reimbursement of certain defense costs incurred in connection with the shareholder litigation, the SEC's investigation, and our internal investigation. Mr. Cole also claimed \$640,000 pursuant to the non-compete provision of his employment agreement. Pursuant to the terms of the employment contract, the matter was submitted to arbitration. We also submitted to the same arbitration proceedings the claims

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preserved against Mr. Cole arising from the derivative litigation referenced above. In the first quarter of 2009, we concluded a settlement agreement with Mr. Cole under which we have paid Mr. Cole a lump sum and released any claims we have against him arising from the derivative litigation. Our decision to settle this case was influenced by the fact that our internal investigation did not conclude that Mr. Cole gained direct personal financial benefit from the transactions that were the subject of the investigation. As part of the settlement, Mr. Cole, has released us from all remaining claims under his employment contract (including the non-compete provision) and his indemnity agreement.

### ***Matthew Hardey Lawsuit***

On November 2, 2007, we were served with a lawsuit filed on behalf of Matthew Hardey, our former Chief Financial Officer, against Newpark Resources and Paul L. Howes, our current Chief Executive Officer. The lawsuit was filed on October 9, 2007, in the 24th Judicial District Court in Jefferson Parish, Louisiana. We have removed this case to Federal Court (United States District Court for the Eastern District of Louisiana). The lawsuit includes a variety of allegations arising from our internal investigation and Mr. Hardey's termination, including breach of contract, unfair trade practices, defamation, and negligence. The lawsuit does not specify the amount of damages being sought by Mr. Hardey. We dispute the allegations in the lawsuit and intend to vigorously defend our position.

### ***SEC Investigation***

On March 12, 2007, we were advised that the SEC has opened a formal investigation into the matters disclosed in Amendment No. 2 to our Annual Report on Form 10-K/A filed on October 10, 2006. We are cooperating with the SEC in their investigation.

## **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 ten meetings during 2008. 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.

In March 2005, the Board of Directors chose to separate the roles of Chairman of the Board and Chief Executive Officer. In June 2007, the Board of Directors elected Mr. Box 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 of other Board members and acting as a sounding board for the Chief Executive Officer;

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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 Corporate Governance section under Investor Relations 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 Corporate Governance section under Investor Relations 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., 2700 Research Forest Drive, 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.

### ***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 Governance Guidelines requires each of our non-employee directors to own shares of our common stock valued at three

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times his annual cash retainer. Non-employee directors who were serving on our Board of Directors on March 7, 2007 will have five years from that date to obtain the required level of stock ownership. Non-employee directors elected to the Board of Directors after March 7, 2007 will 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, the non-employee directors will have three years from the effective date of the increase to acquire any additional shares needed 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 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 Corporate Governance section under Investor Relations on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary.

## **Related Person Transactions and Procedure**

While we have not adopted a separate and formal policy for reviewing transactions in which related persons (directors, director nominees and executive officers or their immediate family members, or stockholders owning 5% or greater of our outstanding stock) have a direct or indirect material interest, our General Counsel and Chief Administrative Officer oversees our conflict of interest policy, which is included in both our Code of Ethics and our Corporate Compliance and Business Ethics Manual. Our conflict of interest policy applies to directors, officers and employees and is intended to avoid situations in which any of those persons has a potential or actual conflict of interest with us. Under our policy, conflicts of interest are prohibited and an officer, director or employee must promptly disclose any conflict of interest, including any transactions or relationships involving a potential conflict of interest. The conflicts of interest/corporate opportunity policy prohibits transactions and activities in which:

the related person exploits his or her position with us for inappropriate personal gain, including taking advantage of non-public information about us, our clients or vendors;

the related person causes us to engage in transactions with family members or friends of the related person;

the related person acquires or has a financial interest in our customers, vendors or competitors;

the related person takes for himself or herself or his or her family members opportunities that arise through the use of corporate property, information or position;

the related person uses corporate property, information or position for personal gain;



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an officer or employee works for, or serves as a director or officer for or acts as a consultant to one of our competitors, customers, suppliers or contractors;

an officer or director may handle a transaction that is or could be used as a conflict because of a material connection with the individual or company involved; or

the related person receives from us or any of our customers or suppliers loans or guaranties of obligations.

Any director, officer or employee involved in any of the types of transactions described in our conflict of interest policy should immediately and fully disclose the relevant circumstances to the General Counsel, Audit Committee or the Board of Directors, in the case of a director or officer, or his or her immediate supervisor or the General Counsel and Chief Administrative Officer in the case of an employee, for a determination as to whether a potential or actual conflict of interest exists. Where appropriate, the General Counsel and Chief Administrative Officer will bring the potential or actual conflict of interest to the Audit Committee or the entire Board of Directors for review.

In addition, our executive officers, directors and director nominees complete annual questionnaires intended to identify any related-person transactions. All executive officers, directors and director nominees are required to identify, to the best of their knowledge after reasonable inquiry, business and financial affiliations involving themselves or their immediate family members that could reasonably be expected to give rise to a reportable related person transaction. Any potential related person transactions that are identified in the questionnaires are subject to review by the Audit Committee or the entire Board of Directors to determine whether it is advisable for us to amend or terminate the transaction. If a member of the Board of Directors is involved in the transaction, that director will be recused from all discussions and decisions about the transaction. Any transaction must be approved in advance wherever practicable, and if not practicable, is subject to review as promptly as practicable.

We are studying the advisability of implementing a policy directed more specifically to related person transactions.

## **Director Independence**

The Board of Directors has determined that Messrs. Anderson, Box, Finley, McFarland, Tucei (who is not standing for re-election) and Warren 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.

Mr. Warren was a director of Horizon North Logistics Inc. until September 2008 and he continues to hold a minor interest in the company. In 2006, Horizon North Logistics Inc., a Canadian-based service company, acquired a potential competitor of Newpark Mats & Integrated Services LLC in the Canadian market for wooden mats. However, the Nominating and Corporate Governance Committee of the Board of Directors determined that Mr. Warren's relationship with the potential competitor did not disqualify him from being considered independent since there is very limited overlap in service/product offerings between Newpark Mats & Integrated Services LLC and Horizon

North Logistics Inc. and our strategic direction with our subsidiary. Effective September of 2008, Mr. Warren resigned from the Board of Directors of Horizon North Logistics, Inc.

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### **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. The executive sessions in 2008 were presided over by Mr. Box as 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.

### **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, with the exception of the Audit Committee to which he was appointed effective March 4, 2009. 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 in the Corporate Governance section under Investor Relations 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.  
2700 Research Forest Drive, Suite 100  
The Woodlands, Texas 77381  
Attn: Corporate Secretary

### ***Audit Committee***

As of April 13, 2009, the members of the Audit Committee were G. Stephen Finley (Interim Chairman), Jerry W. Box, F. Walker Tucei, Jr. (who is not standing for re-election), 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. Tucei, Mr. Finley and Dr. McFarland are audit committee financial experts as defined by applicable SEC rules. The Audit Committee met twelve times during 2008 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 auditors. 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, and our compliance with ethics policies and legal and regulatory requirements. 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 Corporate Governance section under Investor Relations on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary.

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***Compensation Committee***

As of April 13, 2009, the members of the Compensation Committee were James W. McFarland, PhD (Chairman), David C. Anderson and G. Stephen Finley. 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 ten times during 2008 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.