

NEWPARK RESOURCES INC  
Form DEF 14A  
April 25, 2012  
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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)

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April 25, 2012

Dear Fellow Stockholder:

At the request of the Board of Directors, you are cordially invited to attend the 2012 Annual Meeting of Stockholders of Newpark Resources, Inc., which will be held on Thursday, June 7, 2012, 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) an advisory vote to approve named executive officer compensation; and
- (3) the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2012.

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 7, 2012**

To the Stockholders of Newpark Resources, Inc.:

The Annual Meeting of Stockholders of Newpark Resources, Inc., a Delaware corporation, will be held on Thursday, June 7, 2012, 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 hold an advisory vote to approve named executive officer compensation;
- (3) To consider and act upon a proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2012; 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 12, 2012, 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

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

The Woodlands, Texas

Dated: April 25, 2012

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**NEWPARK RESOURCES, INC.**

**2700 Research Forest Drive, Suite 100**

**The Woodlands, Texas 77381**

**PROXY STATEMENT**

**APRIL 25, 2012**

**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 Thursday, June 7, 2012, 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 12, 2012 are entitled to receive notice of and to vote at the Annual Meeting. On that date, we had outstanding 91,762,309 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 25, 2012. 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 25, 2012 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 Regarding the Availability of Proxy Materials. Our Annual Report to Stockholders, including financial statements, for the fiscal year ended December 31, 2011, 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**

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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



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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 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 executed officers as disclosed in this proxy statement; and**

**FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2012.**

**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 with respect to the election of directors and the advisory vote to approve executive compensation at the Annual Meeting unless the nominee has received explicit instructions from you.

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.

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### **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.

### **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 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.

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Please note that the rules regarding how brokers may vote your shares have changed. Brokers may no longer 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 April 12, 2012, with respect to the Board's nominees:

| Name of Nominee           | Age | Director Since |
|---------------------------|-----|----------------|
| Jerry W. Box              | 73  | 2003           |
| Gary L. Warren            | 62  | 2005           |
| Paul L. Howes             | 56  | 2006           |
| David C. Anderson         | 70  | 2006           |
| James W. McFarland, Ph.D. | 66  | 2006           |
| G. Stephen Finley         | 61  | 2007           |

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

*Jerry W. Box* joined our Board of Directors in March 2003. Mr. Box currently serves as our Chairman of the Board. Previously he served as Chairman of our Compensation Committee. 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 served on the Compensation and Governance Committee of Cimarex. Prior to that, from March 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. 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.

*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

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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.

*David C. Anderson* joined our Board of Directors in September 2006. Mr. Anderson is currently Chairman of the Compensation Committee and serves as a member of the Nominating and Corporate Governance Committee and Audit Committee. 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.

*James W. McFarland, Ph.D.* joined our Board of Directors in November 2006. Dr. McFarland currently serves as a member of the Nominating and Corporate Governance Committee, Compensation Committee and Audit Committee. Previously, Dr. McFarland served as Chairman of the Compensation Committee. 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. 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.

*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.

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*.

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### **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 13 meetings during 2011. 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;

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](#)

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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., 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 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 who were serving on our Board of Directors on March 7, 2007 had 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 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, 2011, each of our non-employee directors satisfied the ownership guidelines, as shown in the table below:

|                         | <b>Stock Ownership<br/>Value Required at<br/>5x Annual Cash<br/>Retainer</b> | <b>Stock Ownership<br/>Value at<br/>December 31, 2011(1)</b> |
|-------------------------|--|--|
| David C. Anderson       | \$ 225,000   | \$ 855,272   |
| Jerry W. Box            | \$ 625,000   | \$ 990,930   |
| G. Stephen Finley       | \$ 225,000   | \$ 679,098   |
| James W. McFarland, PhD | \$ 225,000   | \$ 1,086,648   |
| Gary L. Warren          | \$ 225,000   | \$ 786,348   |

- (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, 2011, as reported by the New York Stock Exchange.

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### ***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**

In 2011, the Board of Directors adopted the 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, Box, Finley, 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,



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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.

### **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 2011 and 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**.

### **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. Box, 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 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**.

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**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.

2700 Research Forest Drive, Suite 100

The Woodlands, Texas 77381

Attn: Corporate Secretary

***Audit Committee***

As of April 12, 2012, the members of the Audit Committee were G. Stephen Finley (Chairman), David C. Anderson, 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 seven (7) times during 2011 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 April 12, 2012, the members of the Compensation Committee were David C. Anderson (Chairman), G. Stephen Finley, James W. McFarland, PhD 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 eleven (11) times during 2011 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

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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 2011 fiscal year, the Compensation Committee retained two compensation consultants, Frost HR Consulting (formerly Stone Partners) and Pearl Meyer & Partners to provide the Committee with advice and recommendations on the amount and form of executive and director compensation. In 2011, Frost HR Consulting provided guidance to management regarding compensation for non-executives, but only with the consent of the Chairman of the Committee as to scope of such services. 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 April 12, 2012, the members of the Nominating and Corporate Governance Committee were Gary L. Warren (Chairman), David C. Anderson, G. Stephen Finley 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 four (4) times during 2011 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 with regard to 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

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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 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:

#### **Jerry W. Box**

Mr. Box brings to the Board his extensive experience in, and knowledge of, the oil and gas industry, in general, and exploration and production companies, in particular, providing valuable insight into the primary market for our products and services. His service as a director of other public companies, including his prior role as Chairman of Magnum Hunter, also provides Mr. Box with knowledge and experience important for his service on our Board of Directors in the areas of corporate governance, strategic direction and public company executive compensation.

#### **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 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.

#### **David C. Anderson**

As the former President and CEO, Executive Search for the international executive search firm Heidrick and 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.

#### **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

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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.

### **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.

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 of 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.



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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 2013 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., 2700 Research Forest Drive, 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., 2700 Research Forest Drive, 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 2011 Annual Meeting of Stockholders.

**Table of Contents****EXECUTIVE OFFICERS**

As of April 12, 2012, our executive officers, their ages and positions with us were as follows:

| <b>Name</b>         | <b>Age</b> | <b>Title</b>  |
|---------------------|------------|---|
| Paul L. Howes       | 56         | President and Chief Executive Officer   |
| Gregg S. Piontek    | 40         | Vice President, Chief Financial Officer and Chief Accounting Officer                    |
| Mark J. Airola      | 53         | Senior Vice President, General Counsel, Chief Administrative Officer and Secretary      |
| Bruce C. Smith      | 60         | Executive Vice President and President of Fluids Systems and Engineering                |
| Jeffery L. Juergens | 56         | Vice President and President of Mats and Integrated Services and Environmental Services |
| Lee Ann Kendrick    | 42         | Vice President, Human Resources   |

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 during the Past Five Years** .

*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 most recently 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. He was named Senior Vice President in February of 2011. Mr. Airola has practiced law for 27 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 1988 to 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.

*Bruce C. Smith* joined us in April 1998 as our Vice President, International. Since October 2000, he has served as President of Fluids Systems and Engineering. 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 of 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. From February 2009 to March 2010, Mr. Juergens held the position of Chief Executive Officer of B&B Oilfield Services, an oilfield equipment manufacturing company which was acquired by Halliburton. Previously, from August 2007 to February 2009, he was at Omni Energy Services, where he led the company's Seismic Drilling Division as General Manager. From August 2006 to August 2007, Mr. Juergens served as Business Development Manager, North and South America for M-I Swaco Specialized Tools. From September 1999 to August 2006, he served SPS International, a wellbore cleanup tools and technology company, as Vice President International Operations, 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.



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*Lee Ann Kendrick* joined us in January 2012 as Vice President, Human Resources. From January 2009 until December 2011, Ms. Kendrick held the position of Regional Human Resources Manager at Lloyd's Register, where she was responsible for the implementation of Human Resources initiatives that supported the business and contributed to the development of strategy and business plans covering North America, South America and the Caribbean. Previously, from July 2002 until January 2009, Ms. Kendrick served as Human Resources Services Director for CGG Veritas, a seismic solutions oil and gas services company, where she had responsibility for all aspects of compensation, benefits, and immigration, as well as with working with senior executives and business managers in the areas of succession planning, talent assessment and development planning.

**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.

| Name and Address of Beneficial Owner  | Shares of Common Stock Beneficially Owned |         |
|---|---|---------|
|   | Number                                    | Percent |
| Wells Fargo & Company(1)<br>420 Montgomery Street<br>San Francisco, California 94104                          | 10,699,031                                | 11.9%   |
| BlackRock, Inc.(2)<br>40 East 52 <sup>nd</sup> Street<br>New York, New York 10022                             | 7,164,026                                 | 7.8%    |
| Heartland Advisors, Inc.(3)<br>789 North Water Street<br>Milwaukee, Wisconsin 53202                           | 5,731,101                                 | 6.3%    |
| Dimensional Fund Advisors, LP(4)<br>Palisades West, Building One<br>6300 Bee Cave Road<br>Austin, Texas 78746 | 5,113,862                                 | 5.6%    |

- (1) Based solely on Amendment No. 8 to a Schedule 13G jointly filed by Wells Fargo & Company, Wells Capital Management Incorporated, and Wells Fargo Funds Management, LLC on February 14, 2012 with the SEC. According to the Schedule 13G/A, (i) Wells Fargo & Company has sole voting power with respect to 10,699,031 shares and sole dispositive power with respect to 10,796,353 shares and shared voting power with respect to 181 shares and shared dispositive power with respect to 90 shares; (ii) Wells Capital Management Incorporated has sole voting power with respect to 2,632,980 shares and sole dispositive power with respect to 10,587,751 shares; and (iii) Wells Fargo Funds Management, LLC has sole voting power with respect to 7,942,055 shares and sole dispositive power with respect to 97,909 shares. The address for each of Wells Capital Management Incorporated and Wells Fargo Funds Management, LLC is 525

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Market Street, San Francisco, California 94105.

- (2) Based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 10, 2012 by BlackRock, Inc. According to the Schedule 13G/A, BlackRock, Inc. has sole voting and dispositive power with respect to 7,164,026 shares.

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- (3) Based solely on Schedule 13G filed jointly by Heartland Advisors, Inc. and William J. Nasgovitz with the SEC on February 10, 2012. According to the Schedule 13G/A, Heartland Advisors, Inc. is the beneficial owner of 5,731,101 shares by virtue of its investment discretion and voting authority granted by certain clients, which may be revoked at any time. William J. Nasgovitz is deemed to beneficially own 5,731,101 shares by virtue of his control of Heartland Advisors, Inc. Heartland Advisors, Inc. and William J. Nasgovitz each has shared power to vote 5,579,700 shares and to dispose of 5,731,101 shares. According to the Schedule 13G/A, the clients of Heartland Advisors, Inc., a registered investment advisor, including an investment company registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or the power to direct the receipt of dividends and proceeds from the sale of shares included on the Schedule 13G/A. The Heartland Value Fund, a series of the Heartland Group, Inc., a registered investment company, owns 4,600,000 shares disclosed in the Schedule 13G/A. Any remaining shares disclosed are owned by various other accounts managed by Heartland Advisors, Inc. on a discretionary basis. To the best of Heartland Advisors' knowledge, none of the other accounts owns more than 5% of the outstanding stock.
- (4) Based solely on Amendment No. 4 to Schedule 13G filed with the SEC on February 14, 2012, Dimensional Fund Advisors LP has sole voting power over 4,923,072 shares and sole dispositive power over 5,113,862 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 and furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. In its role as investment advisor or manager, Dimensional Fund Advisors LP possesses investment and/or voting power over the securities and may be deemed to be the beneficial owner of the shares. However, all securities reported in the Schedule are owned by the investment companies, therefore, Dimensional Fund Advisors LP disclaims beneficial ownership of the securities.

**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 April 12, 2012, 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  | 1,193,436(2)              | 1.3%       |
| Mark J. Airola   | 482,176(3)                | *          |
| Bruce C. Smith   | 444,323(4)                | *          |
| Gregg S. Piontek   | 167,588(5)                | *          |
| Jerry W. Box   | 148,849(6)                | *          |
| James W. McFarland, PhD  | 146,649(7)                | *          |
| Jeffery L. Juergens  | 128,399(8)                | *          |
| Gary L. Warren   | 111,649(9)                | *          |
| David C. Anderson  | 109,682(10)               | *          |
| James E. Braun(11)   | 103,949                   | *          |
| G. Stephen Finley  | 79,149(12)                | *          |
| All current directors and executive officers as a group (12 persons) | 3,145,849(13)             | 3.37%      |

\* Indicates ownership of less than 1%.

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- (1) The percentage ownership is based on 91,762,309 shares of common stock outstanding as of April 12, 2012. For 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 April 12, 2012 (or June 12, 2012).
- (2) Includes (i) 881,409 shares issuable upon exercise of options and (ii) as of April 25, 2012, 133,507 shares which remain subject to restricted stock awards.
- (3) Includes (i) 250,212 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 113,205 shares which remain subject to restricted stock awards.
- (4) Includes (i) 292,879 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 121,831 shares which remain subject to restricted stock awards.
- (5) Includes (i) 94,559 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 58,127 shares which remain subject to restricted stock awards.
- (6) Includes (i) 36,100 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 13,691 shares which remain subject to restricted stock awards.
- (7) Includes (i) 20,000 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 13,691 shares which remain subject to restricted stock awards.
- (8) Includes (i) 10,739 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 117,660 shares which remain subject to restricted stock awards.
- (9) Includes (i) 20,000 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 13,691 shares which remain subject to restricted stock awards.
- (10) Includes (i) 10,000 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 13,691 shares which remain subject to restricted stock awards.
- (11) Mr. Braun is no longer an executive officer effective as of October 31, 2011.
- (12) As of April 25, 2012, includes 13,691 shares which remain subject to restricted stock awards.
- (13) Includes (i) 1,615,898 shares issuable upon the exercise of options and (ii) as of April 25, 2012, 642,785 shares which remain subject to restricted stock awards.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

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

This Compensation Discussion and Analysis addresses the following topics:

*First*, it includes an Executive Summary of our compensation practices and factors relating to our 2011 compensation;

*Second*, it discusses 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;

*Third*, it reviews the results of the Say on Pay vote from the 2011 Annual Meeting and discusses how the Compensation Committee responded to the vote of our stockholders;

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*Fourth*, it discusses 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;

*Fifth*, it discusses the key elements of our executive compensation program and how our compensation was determined for 2011 for our Chief Executive Officer and our other named executive officers; and

*Finally*, it discusses the employment agreements with our executive officers and other significant policies and matters related to executive compensation.

## **Executive Summary**

*Our performance for 2011.* We achieved strong financial performance in 2011, and we believe our executive officers were instrumental in helping us achieve those results. Key highlights for 2011 include:

**We grew our company with revenues up 34% over 2010.** Revenues for 2011 were \$958 million, an increase of 34% over 2010. This growth was achieved through a combination of market share growth, increases in industry activity levels and a strategic acquisition.

**Our growth was profitable with operating income up 70% over 2010.** Operating income reached \$133 million which translated into \$0.80 per diluted share, representing increases of 70% and 74% respectively over 2010.

**We earned a return in excess of our cost of capital.** For 2011, return on net capital employed was 13.50% compared with an average cost of capital for the year of 13.00%.

**We continued to invest in the future.** In our Drilling Fluids business, we supported the expansion of the award winning water-based drilling fluid, EVOLUTION®, with revenues from this system increasing to \$67 million in 2011 from \$27 million in 2010. We also acquired and successfully integrated the drilling fluids business of Rheochem (Australia, New Zealand and India), giving us a presence in the growing Asia Pacific region.

*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, including:

**Increased stock ownership guidelines** for officers and directors.

- For our CEO, to **five** times his base salary
  
- For our Directors, to **five** times their annual cash retainers

**Continued to utilize two independent compensation consultants** (Frost HR Consulting and Pearl Meyer & Partners) to assist the Compensation Committee with assessing executive compensation.

**Undertook an annual review and assessment of compensation-related risks** (assisted by the compensation consultants). In this past year, the results from this assessment noted that we have:

- An effective balance between cash and equity compensation
  
- An appropriate balance between short-term and long-term compensation
  
- Incentive structures that encourage achievement, but mitigate risk by requiring deferral of a portion of annual incentives above certain levels of performance

*Compensation-related Highlights for 2011.* Compensation decisions made by the Compensation Committee during 2011 were made in the context of a continuously firming oilfield services labor market due to expanding exploration and production of oil and gas through all of 2011. Following are some of the key compensation-related decisions for 2011, all of which are discussed in greater detail in the remainder of the Compensation Discussion and Analysis:

**We held our first advisory vote on our executive compensation program ( Say on Pay ) and received 96% support from stockholders.** We also decided to hold future advisory votes on an annual basis.

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**Named executive officer ( NEO ) base salaries were increased by an average of 8%**, bringing their compensation to or near the market medians (*i.e.*, within the market 50<sup>th</sup> percentile range) for their positions. In approving the increases, the Compensation Committee also considered the fact that, prior to 2011, the NEO s base salaries had not been increased since 2008.

**The Compensation Committee approved bonuses for our NEOs under our annual incentive plan that averaged 2.2x target.** Under our annual incentive plan, any amounts above 2x (over-achievement) are deferred for the next two years.

**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 stock options and 50% in the form of time-based restricted stock. For 2011, 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 NEO s with the interests of our stockholders.

**Our Compensation Committee also approved supplemental equity awards** in the form of time-based restricted stock to our NEO s (excluding the CEO) to address competitive pressure exacerbated by the departure of our Chief Financial Officer in the fourth quarter of 2011. The Compensation Committee felt that it was important for the company and for our stockholders to maintain stability among the core management team who have been instrumental in driving our positive performance, and to provide them additional forward-looking incentives to maintain that performance into the future.

**Our NEOs achieved total direct compensation (defined as salary plus actual annual incentive earned plus grant date long-term incentive value) at 166% of target opportunity.**

### **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 ensure that executive rewards are aligned with stockholder interests; and

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

*Competitiveness.* The Compensation Committee believes that the total compensation of our NEOs should be competitive with the market in order to ensure that we are able to attract and retain the right caliber of executive talent. 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 oilfield services data in order to assess the competitiveness of our compensation programs within that market. The Compensation Committee generally targets NEO compensation at the market median in the oilfield services market, 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.





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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 activity levels in the oil and gas industry, and particularly in the United States as the result of the development of shale areas (such as the Bakken, Eagle Ford and Marcellus formations), 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 in 2010 and 2011 has made our executives targets for energy-related companies (oilfield services and otherwise) looking to fill open positions.** As an example, our former Chief Financial Officer ( CFO ) was targeted by a privately-held oilfield equipment company and he departed our company in October of 2011, receiving a significant increase in his compensation package. While we had an internal candidate capable of assuming the CFO role, the loss of a senior executive can be very disruptive to the organization. Attracting and then retaining high performing individuals is critical to our success and under these market conditions we need to be creative in our approach to salaries, incentive targets and retention tools. For example, following the departure of our CFO, the Compensation Committee authorized grants of additional time-based restricted stock awards to key executives, including certain NEO s, in part to address this competitive pressure.

**We are more vulnerable to slow-downs in North American drilling activity levels than our larger competitors (as evidenced by our results from 2009).** While each of our larger competitors has significant exposure to the North American market, they also have a greater percentage of their revenues originating from international markets and offer a wider scope of products and services, some of which are not as dependent on drilling rig activity as either our Fluids Systems and Engineering segment or our Mats and Integrated Services business. We are consequently at a disadvantage when compared to our competition and this requires that we be creative in the compensation plans we adopt to recruit and retain key personnel.

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The charts below provide a summary of how 2011 target and actual total direct compensation for our NEOs compared to the market data presented to the Compensation Committee.

**Competitiveness of 2011 NEO Total Direct Compensation (TDC)**  
**Target TDC** **Actual TDC**

*Target total direct compensation includes*

*Actual total direct compensation includes*

*Annualized base salary*

*Actual salary paid (from Summary Compensation Table)*

*Target annual incentive opportunity*

*Actual annual incentive paid for 2011 performance*

*Targeted grant-date value of long-term incentive compensation*

*Actual grant-date value of long-term incentive compensation granted during 2011*

The primary difference between the competitive position of CEO actual TDC and actual TDC for our other NEOs is the fact that our CEO declined participation in the special equity grants approved by the Compensation Committee in late 2011.

*Pay-for-Performance.* In determining targeted compensation levels, the Compensation Committee places a significant portion of each executive officer's compensation at risk through the use of performance-based pay. Performance-based pay generally includes non-equity (cash) incentives for achievement of specified performance objectives and equity incentive compensation whose long-term value depends upon our stock price (stock options, in particular).

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The table below summarizes the principal components of our pay-for-performance approach to our executive officer compensation:

| <b>Component</b>             | <b>Category</b>              | <b>Components of NEO Total Direct Compensation<br/>Pay-for-Performance Component</b>   | <b>Reference to</b>  |
|------------------------------|------------------------------|--|--|
| <b>Base Salary</b>           | Fixed Pay                    | <p><b>Annual Merit Adjustment</b></p> <p>Adjustments consider each individual's experience, performance and contributions over time. Provides a competitive salary relative to our peer groups.</p>  | <p><b>Additional Information</b><br/>See Direct Compensation Base Salary in Elements of Executive Compensation</p> |
| <b>Annual Cash Incentive</b> | Performance-Based (Variable) | <p><b>Annual Performance</b></p> <p>Awards are based on achieving corporate and business unit financial goals on an annual basis, and can include individual objectives.</p>   | See Direct Compensation Non-Equity Incentive Compensation in Elements of Executive Compensation                    |
| <b>Equity Incentive</b>      | Performance-Based (Variable) | <p><b>Multi-Year Stock Price Performance</b></p> <p>Long-term incentive awards with multi-year vesting periods</p> <p>Realized value contingent upon long-term growth in stockholder value particularly in the case of stock option awards</p> | See Direct Compensation Equity Incentive Compensation in Elements of Executive Compensation                        |

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The Compensation Committee typically sets 60-90% of the executive officer'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 ensure that outstanding individual and corporate achievements are required for an executive's compensation to significantly exceed the median compensation levels (based on benchmarks discussed above). During 2011, over 80% of actual compensation for our NEOs was delivered in the form of variable pay.

**NEO Target Total Direct Compensation Opportunity 2011**

**NEO Actual Total Direct Compensation 2011**

*Summary of Realized Pay for 2011.* We believe it is important to keep in mind that, unlike short-term cash incentive compensation (which awards executives for profitable performance 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.

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Further to this view of equity incentive compensation, we have summarized below the realized compensation for our officers during 2011 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 48, which has been prepared in accordance with the SEC's disclosure rules. In the table below we have included two measures of NEO total direct compensation for 2011. Each measure includes 2011 actual cash compensation (2011 salary plus annual incentive earned for 2011 performance), but differs in how we include the equity component:

| <b>Measure of Total Direct Compensation</b>                 | <b>Components Included</b> |  |   |  |
|---|----------------------------|--|---|--|
|   | <b>Base Salary</b>         | <b>Annual Incentive</b>                  | <b>Stock Options</b>                                    | <b>Restricted Stock</b>                              |
| <b>Summary Compensation Table</b> total direct compensation | Actual 2011 Salary         | Actual Bonus Earned for 2011 Performance | Grant date value of awards made during 2011             | Grant date value of awards made during 2011          |
| <b>Realized</b> total direct compensation                   | <i>same</i>                | <i>same</i>                              | <b>Value realized from option exercises during 2011</b> | <b>Value realized from stock vesting during 2011</b> |

|                                | <b>Measures of 2011 Total Compensation</b>                  |   | <b>Realized Total Direct as a Percent of Summary Compensation Table Total Direct</b> |
|--------------------------------|---|---|--|
|                                | <b>Summary Compensation Table Total Direct Compensation</b> | <b>Realized Total Direct Compensation</b> |  |
| <b>NEOs at the End of 2011</b> |   |   |  |
| Paul L. Howes                  | \$ 3,209,197  | \$ 2,382,776                              | 74%  |
| Gregg S. Piontek               | \$ 1,019,529  | \$ 527,290                                | 52%  |
| Mark J. Airola                 | \$ 1,741,631  | \$ 795,420                                | 46%  |
| Bruce C. Smith                 | \$ 1,882,634  | \$ 847,556                                | 45%  |
| Jeffery L. Juergens            | \$ 1,391,832  | \$ 620,376                                | 45%  |
| <b>AVERAGE</b>                 |   |   | <b>52%</b>   |

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As shown in the table above, despite meaningful grants of equity incentives during 2011, the actual compensation realized by our executives during 2011 averaged 52% of the components of their total direct compensation identified on the prior page and as reflected in the Summary Compensation Table for 2011.

In June of 2011, the Compensation Committee, requested Pearl Meyer & Partners to review the relationship between total CEO realizable compensation and our performance against our compensation peer group for the three fiscal years ended December 31, 2010. This review was conducted to understand the degree of alignment between total compensation delivered to our CEO during the period and our performance relative to our peers. Company performance was defined as relative Total Shareholder Return (TSR) for the three year period. CEO compensation was measured in terms of the following components of realizable pay over the same three year time frame (as compared to CEOs in our peer group who have at least three years of tenure at the end of 2010):

Salary, plus

Bonuses earned, plus

The value realized from stock option exercises, stock vesting, and performance-based long-term incentive plan payouts, plus

The change in year-end value of unexercised time-based stock options and unvested time-based restricted shares held at the beginning and end of the 3-year period.

The results of this analysis are shown in the chart below, revealing that our percentile ranking for performance (45<sup>th</sup> percentile) was well above our ranking for CEO realizable pay over the period (9<sup>th</sup> percentile).

This outcome (*i.e.*, realizable pay at a lower level than would be indicated by our relative TSR performance) was due in part to several tranches of performance-based long-term incentive awards granted from 2007 through 2009,

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which required achievement of multi-year absolute (*i.e.*, not relative to peers) EPS performance goals. The minimum criteria for achievement were not reached to trigger the vesting of the awards for any of these tranches as a result of very difficult market conditions during 2009. These awards have not been a part of our ongoing executive compensation program since 2009.

After reviewing this analysis and the strong level of shareholder support expressed in our 2011 advisory vote on executive compensation, the Compensation Committee felt confident that the guiding principles and core components of our program remained appropriate for 2011 subject to the potential for adjustment of salaries and incentive opportunities for 2012 following review of competitive market data later in 2011.

*Stockholder Alignment.* We believe that the interests of our stockholders and executives should be aligned by ensuring that a portion of our executive s 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 increase 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. During 2011, the Compensation Committee awarded equity incentives in the form of time-based restricted stock and time-based stock options. 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 shareholder dilution. Time-based awards typically vest over a three-year period.

In support of our goal of stockholder alignment, the Compensation Committee implemented stock ownership guidelines for directors and executives in 2007. During 2011, in order to further enhance alignment, the Compensation Committee approved increases to our guideline levels of ownership as shown below:

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

Unvested time-based restricted shares are counted toward the satisfaction of these guidelines. However, unexercised stock options and unearned performance shares 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 (such as occurred in 2011), the executives will 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 plans 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** .

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### **Consideration of Advisory Say on Pay Voting Results**

In compliance with Section 14A of the Securities Exchange Act, 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.

The Compensation Committee carefully considered the company stockholders' 2011 advisory Say on Pay voting results to ascertain whether there was a general level of support that was meaningful. In 2011, the company's stockholders voted 96% in favor (excluding abstentions and broker non-votes) of the company's executive compensation practices as disclosed in the company's Proxy Statement, a level of support that the Compensation Committee considers to be meaningful. Following reflection on the stockholders' vote, as well as the Committee's own review of the current program, the Compensation Committee did not implement changes to the core components of our executive compensation program or philosophy for 2012. We have committed, however, to conducting annual Say on Pay votes, consistent with the vote of a majority of our stockholders at the 2011 Annual Meeting.

### **The Process of Implementing and Managing our Executive Compensation Programs**

*Role of Compensation Committee.* The Compensation Committee of the Board of Directors currently consists of four independent non-employee directors, David C. Anderson (Chairman), G. Stephen Finley, James W. McFarland, PhD and Gary L. Warren. The non-executive Chairman of the Board, Jerry W. Box, attends the meetings of this Committee, but does not vote.

The Compensation Committee operates under a written charter adopted by the Board of Directors on June 11, 2003, and was last revised on December 8, 2011. 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 our compensation programs. As further explained below, our Compensation Committee approves the specific compensation of our

CEO (with the participation of all

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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 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.

The Compensation Committee has the authority to retain special counsel and other experts, including compensation consultants. These consultants and advisors report directly to the Compensation Committee.

For 2011, the Compensation Committee utilized Frost HR Consulting, an independent compensation consulting firm, to assist the Committee in determining executive compensation and related programs. During 2011, Frost HR Consulting reported to, and acted at the direction of, the Compensation Committee. In addition, Frost HR Consulting provides information to the Compensation Committee about best practices in executive compensation and supports the Compensation Committee by preparing reports for its review and approval. Frost HR Consulting also provided consulting services to our management in 2011 for compensation matters relative to non-executive officers, each time as approved by the Chairman of the Compensation Committee. Frost HR Consulting provides no other services to the company.

In 2011, the Compensation Committee also retained Pearl Meyer to provide consulting services to the Committee. The role of Pearl Meyer is to provide additional independent oversight and review of the executive compensation structure and plans. More information regarding the compensation paid to the consultants is provided in the **Committees of the Board of Directors** section of this proxy under the heading *Compensation Committee*.

*Role of executive officers and consultants in compensation decisions.* 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 as well as our CFO, and Chief Administrative Officer to make recommendations with respect to specific compensation decisions. Beginning in 2012, our Vice President, Human Resources (a newly created position) will also provide input to this process. 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;



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Information on the total compensation of the executive officers, including base salary, cash incentives, equity awards, perquisites and other compensation, and any amounts payable to the executive officers 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 executive officers with compensation levels at companies in an industry peer group. For 2011, the compensation consultants analyzed the executive compensation data in proxy statements of a peer group consisting of publicly traded oilfield services companies comparable in size to us in annual revenues, market capitalization, enterprise value, and corporate assets. The following companies were included in the peer group:

|                                   |                                |
|-----------------------------------|--------------------------------|
| Allis Chalmers Energy Inc         | Basic Energy Services Inc.     |
| Cal Dive International, Inc       | Carbo Ceramics, Inc            |
| Complete Production Services, Inc | Core Laboratories NV           |
| Dril-Quip, Inc.                   | Flotek, Inc.                   |
| Helix Energy Solutions Group      | Oil States International, Inc. |
| RPC, Inc.                         | Superior Energy Services, Inc. |
| Tesco Corp.                       | TETRA Technologies, Inc.       |

We review the peer group periodically so that the composition of the peer group continues to include companies whose size and business models are more comparable to ours and who are more likely to compete with us for executive talent. Allis Chalmers and Complete Productions Services will be removed from the peer group beginning in 2012 due to their acquisition by Seawell/Archer and Superior Energy Services, respectively.

The compensation consultants assisted the Compensation Committee in reviewing the compensation paid to executive officers of the peer group of companies. The compensation consultants 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 reflected in recent national salary survey data from:

Towers Watson's Top Management Compensation Survey;

Stone Partner's Oilfield Services and Manufacturing Industry Executive Compensation Survey; and

William M. Mercer's Energy Compensation Survey.

Where possible, survey results are adjusted to reflect our size, based on annual revenue, and industry. The peer group and survey data collectively will be referred to as market data throughout this document. The compensation consultant also provides advice on compensation trends and types of awards being used for equity incentive compensation.

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



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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:

First Quarter

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;

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; and

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

Second Quarter

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

Establish corporate performance objectives, if any, for executive officers under our equity incentive plans (may also be established in the first quarter); and

Third Quarter

Report its decisions and recommendations to the Board.  
No regularly-scheduled tasks.

Fourth 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);

Review the Compensation Committee's performance and charter;

Review tally sheets (summarizing the compensation for each executive) as part of the process for assessing executive compensation for compensation decisions;

Review the composition of the peer group; and

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

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.

**Table of Contents****Elements of Executive Compensation****Direct Compensation**

**Base Salary.** We provide executive officers with a base salary to compensate them fairly for the services they render throughout the year. As with total compensation, base salaries of executive officers 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 for our executive officers, considers each individual executive'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 executive officers near the market median of the compensation reflected in the market data collected for executive officers having similar responsibilities. The actual percentiles of individual base salary for the NEOs for 2011 were between 92% and 111% of the market median for both the peer group data and the general market data.

Base salaries of executive officers for 2011 and 2012 were reviewed in March 2011 and February 2012 by the Compensation Committee with approved increases 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 2012, the Compensation Committee (along with the independent directors in the case of the CEO) approved the following changes to the base salaries of the NEOs for 2012. Based upon the market data supplied, the Compensation Committee approved an increase of 7.5% for the CEO, effective April 1, 2012. With this increase, the CEO's base salary remains in the median of the market data. The Compensation Committee also approved increases in the base salary of the other named executives of between 4% and 5.35% (with the exception of Mr. Piontek, who had recently assumed a new role).

| Executive/Title   | 2011<br>Annualized<br>Salary | 2012<br>Annualized<br>Salary | Percent<br>Increase |
|---|------------------------------|------------------------------|---------------------|
| Paul L. Howes   | \$ 605,000                   | \$ 650,000                   | 7.5%                |
| President and<br>Chief Executive Officer  |                              |                              |                     |
| Gregg S. Piontek  | \$ 300,000(1)                | \$ 300,000                   |                     |
| Vice President, Chief Financial Officer and<br>Chief Accounting Officer               |                              |                              |                     |
| James E. Braun  | \$ 325,000                   | (2)                          |                     |
| Senior Vice President and<br>Chief Financial Officer                                  |                              |                              |                     |
| Mark J. Airola  | \$ 320,000                   | \$ 335,000                   | 4.7%                |
| Senior Vice President, General Counsel,<br>Chief Administrative Officer and Secretary |                              |                              |                     |
| Bruce C. Smith  | \$ 375,000                   | \$ 390,000                   | 4.0%                |

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Executive Vice President of Newpark and

President of Fluids Systems and Engineering

Jeffery L. Juergens

\$ 280,000

\$ 295,000

5.4%

Vice President of Newpark and President,

Mats and Integrated Services and

Environmental Services

- (1) Mr. Piontek's salary was increased to \$300,000 effective November 1, 2011 upon his promotion to Vice President, Chief Financial Officer and Chief Accounting Officer.

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(2) Mr. Braun resigned his position effective October 31, 2011.

*Non-Equity (cash) Incentive Compensation.* Under our Annual Cash Incentive Plan, executive officers 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:

Create stockholder value;

Provide a financial incentive to focus on specific performance targets;

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

Encourage employees 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 50<sup>th</sup> 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 2011 were between 89% and 103% of the market median.

**Actual total cash** (salary plus actual annual incentive earned) for the NEOs was between 104% and 151% of the market median when taking into account awards earned for performance during 2011 at overachievement.

Note that when comparing the annual incentives for 2011, the market data available assumes performance at the target level and does not include estimates of what is actually anticipated to be paid for 2011 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.

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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 2011, the threshold, target and over-achievement cash incentive opportunities for the named executive officers, expressed as a percentage of base salary are summarized in the table below (along with target award opportunities as approved by the Compensation Committee):

| Name/Title   | Incentive Opportunity as a Percent of Salary |        |                  |
|--|--|--------|------------------|
|  | Threshold                                    | Target | Over-Achievement |
| Paul L. Howes<br>President and<br>Chief Executive Officer  | 27.0%  | 90.0%  | 180.0%           |
| Gregg S. Piontek<br>Vice President, Chief Financial Officer and<br>Chief Accounting Officer                                | 14.0%  | 46.7%  | 93.5%(1)         |
| James E. Braun<br>Senior Vice President and Chief Financial Officer  | 16.5%  | 55.0%  | 110.0%(2)        |
| Mark J. Airola<br>Senior Vice President, General Counsel, Chief<br>Administrative Officer and Secretary                    | 16.5%  | 55.0%  | 110.0%           |
| Bruce C. Smith<br>Executive Vice President of Newpark and<br>President of Fluids Systems and Engineering                   | 18.0%  | 60.0%  | 120.0%           |
| Jeffery L. Juergens<br>Vice President of Newpark and President,<br>Mats and Integrated Services and Environmental Services | 15.0%  | 50.0%  | 100.0%           |

(1) Mr. Piontek's target bonus opportunity was prorated between his target percentage while in his previous position as Vice President, Controller and Chief Accounting Officer (45%) and his new position effective November 1, 2011 as Vice President, Chief Financial Officer and Chief Accounting Officer (55%), based on the number of months in each position.

(2) Mr. Braun resigned from his position effective October 31, 2011 and as result was not eligible to receive a payment under the Annual Cash Incentive Plan for 2011.

Target performance for 2011 was set at the Board of Director approved budgeted financial objectives for the year. The Board then established several benchmark levels of performance in the plan to help guide determination of actual awards:

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|                          | <b>Below</b>     |                  |                | <b>Super</b>            |                         |
|--------------------------|------------------|------------------|----------------|-------------------------|-------------------------|
|                          | <b>Threshold</b> | <b>Threshold</b> | <b>Target</b>  | <b>Over-Achievement</b> | <b>Over-Achievement</b> |
| Percent of Goal Achieved | < 60% of goal    | 60% of goal      | 100% of goal   | 140% of goal            | >140% of goal           |
| Percent of               | achieved         | achieved         | achieved       | achieved                | achieved                |
| Target Bonus Opportunity | 0% of target     | 30% of target    | 100% of target | 200% of target          | > 200% of target        |
| Earned                   | earned           | earned           | earned         | earned                  | earned                  |

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We included a super over-achievement opportunity in our cash incentive plan for 2011 in order to insure continued incentives to perform in the event that the over-achievement level was attained during the year. However, **any bonus attributable to performance at the super over-achievement level is subject to deferral over the following two years.**

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

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 consultants to confirm that an appropriate percentage of the total and incremental profits generated from performance at the super over-achievement level were allocated to the stockholders (approximately 93%).

The diagram below presents this concept graphically.

*2011 Annual Incentive Performance Payout Range.* The Compensation Committee looks at the current and prior year's achievements prior to setting new performance targets each year. The Compensation Committee intends to set financial performance targets at levels which will challenge the executive officers to achieve. The performance, both financial and discretionary, criteria for 2011 for corporate executive officers (Messrs. Howes, Braun, Piontek and Airola) were:

Total company earnings per share (weight 65%);

Return on Net Capital Employed (weight 25%); and

Discretionary (weight 10%);

The performance criteria for 2011 for Mr. Smith as the business unit executive for Fluids Systems and Engineering were:

Total company earnings per share (weight 20%);

Business unit earnings before interest and taxes, or EBIT (weight 50%), after application of a capital charge (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 2011);

Revenue from the EVOLUTION high-performance water-based drilling fluid system (weight 20%); and

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Discretionary (weight 10%).

The performance measures for 2011 for Mr. Juergens as the business unit executive for both Mats and Integrated Services and Environmental Services were:

Total company earnings per share (weight 20%);

Business unit earnings before interest and taxes, or EBIT (weight 70%), after application of a capital charge (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 2011); and

Discretionary (weight 10%).

**Non-Equity Incentive Plan Weighting for 2011**

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