NEWPARK RESOURCES INC
Form DEF 14A
November 29, 2006

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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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

NEWPARK RESOURCES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

(4) Proposed maximum aggregate value of transaction:

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November 29, 2006

Dear Fellow Stockholder:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of Newpark Resources, Inc., which will be held on Thursday, December 28, 2006, at 10:00 a.m., Central Standard Time, at The Woodlands Waterway Marriott Hotel & Convention Center at 1601 Lake Robbins Drive, The Woodlands, Texas 77380. Both your Board of Directors and I hope you will be able to attend.

There are four items on this year s agenda to which we direct your attention: (1) the election of nine directors to the Board of Directors; (2) the adoption of the 2006 Equity Incentive Plan, (3) the approval of an amendment to increase the authorized number of shares of Common Stock that can be purchased by employees under the 1999 Employee Stock Purchase Plan, and (4) the ratification of the appointment of Ernst & Young LLP as Newpark s independent auditors for 2006. These items are described fully in the enclosed Notice of Annual Meeting of Stockholders and 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 sign, date and mail the enclosed proxy card in the prepaid envelope so that your shares may be voted in accordance with your wishes.

Sincerely,

/s/ Paul L. Howes
PAUL L. HOWES
President and Chief Executive Officer

NEWPARK RESOURCES, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON DECEMBER 28, 2006

To the Stockholders of Newpark Resources, Inc.

The Annual Meeting of Stockholders of Newpark Resources, Inc., a Delaware corporation, will be held on Thursday, December 28, 2006, at 10:00 a.m., Central Standard Time, at The Woodlands Waterway Marriott Hotel & Convention Center at 1601 Lake Robbins Drive, The Woodlands, Texas 77380, for the following purposes:

(1) To elect nine directors;

(2) To consider and act upon a proposal to adopt the 2006 Equity Incentive Plan;

(3) To consider and act upon a proposal to amend the 1999 Employee Stock Purchase Plan to increase the authorized number of shares of Common Stock that can be purchased by employees under that Plan by 500,000, to 1,000,000;

(4) To consider and act upon a proposal to ratify the appointment of Ernst & Young LLP as Newpark s independent auditors for 2006; and

(5) 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 November 28, 2006, 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 Newpark s executive offices, 3850 North Causeway Blvd., Suite 1770, Metairie, Louisiana 70002.

All stockholders are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, **PLEASE COMPLETE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.** 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.

/s/ Edah Keating
Edah Keating
Secretary

Metairie, Louisiana
Dated: November 29, 2006

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NEWPARK RESOURCES, INC.
3850 North Causeway Blvd., Suite 1770
Metairie, Louisiana 70002

PROXY STATEMENT
NOVEMBER 29, 2006

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Newpark Resources, Inc., for the Annual Meeting of Stockholders to be held on Thursday, December 28, 2006, and any postponements or adjournments of the Annual Meeting. This Proxy Statement and the accompanying Notice of Annual Meeting and form of proxy were first mailed to stockholders on or about November 29, 2006.

Only stockholders of record at the close of business on November 28, 2006, are entitled to receive notice of and to vote at the Annual Meeting. On that date, Newpark had outstanding approximately 89,822,625 shares of Common Stock, each of which is entitled to one vote upon each proposal presented at the Annual Meeting.

Stockholders may vote in person at the Annual Meeting or by proxy. Newpark recommends 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.

Any stockholder giving a proxy may revoke it before it is voted by notifying the Secretary of Newpark in writing before or at the Annual Meeting, by providing a proxy bearing a later date or by attending the Annual Meeting and expressing a desire to vote in person. 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 directors nominated by the Board of Directors, FOR the adoption of the 2006 Equity Incentive Plan, FOR the amendment of the 1999 Employee Stock Purchase Plan, FOR the ratification of the appointment of Ernst & Young LLP as Newpark s independent auditors for 2006, and in the discretion of the persons acting as proxies upon any other matters properly brought before the Annual Meeting.**

Your cooperation in promptly returning the enclosed proxy will reduce Newpark s expenses and enable its management and employees to continue their normal duties for your benefit with minimum interruption for follow-up proxy solicitation.

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.

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A broker non-vote occurs on an item of business at a meeting of stockholders when shares held by a broker for a beneficial owner are present or represented at the meeting, but the broker does not have voting power for that particular item of business and has not received instructions from the beneficial owner. Your broker does not have authority to vote your shares at the Annual Meeting on the adoption of the 2006 Equity Incentive Plan or on the amendment of the 1999 Employee Stock Purchase Plan unless the broker has explicit instructions from you with respect to those items. Therefore, if the broker does not receive voting instructions from you with respect to those items, the broker will not be able to vote your shares on that item, and, consequently, your shares will be considered a broker non-vote with respect to the adoption of the 2006 Equity Incentive Plan and the amendment of the 1999 Employee Stock Purchase Plan. However, a broker who holds your shares in its name is permitted to vote your shares on the election of directors and the ratification of the appointment of Ernst & Young LLP as Newpark s independent auditors even if the broker does not receive voting instructions from you.

A plurality of the votes cast is required for the election of directors. This means the nine nominees having the greatest number of votes will be elected. Adoption of the 2006 Equity Incentive Plan, approval of the amendment of the 1999 Employee Stock Purchase Plan, ratification of the appointment of Ernst & Young LLP as Newpark s independent auditors for 2006 and all other matters submitted to a vote of the stockholders require the affirmative vote of a majority of the shares present or represented at the Annual Meeting. Abstentions are not counted for purposes of the election of directors. Abstentions are counted in tabulations of the votes cast on other proposals presented to the stockholders and have the same legal effect as a vote against a particular proposal. Broker non-votes, if any, will not be considered in the tabulation of votes.

The cost of preparing, printing and mailing this Proxy Statement, the Notice of Annual Meeting and the enclosed form of proxy, as well as the cost of soliciting proxies relating to the Annual Meeting, will be borne by Newpark. In addition to this mailing, officers and other regular employees of Newpark may solicit proxies personally, electronically or by telephone, but no additional compensation will be paid to these individuals on account of these activities. Newpark 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.

ELECTION OF DIRECTORS

Nominees and Voting

Nine 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 and qualified. The Board of Directors has nominated for election as directors the nine persons named below 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 Board s proxies 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 Board s proxies will vote instead

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for another person or persons that the Board of Directors may recommend, or the number of directors may be reduced.

The following table sets forth certain information as of November 7, 2006, with respect to the Board s nominees:

Name of Nominee	Age	Director Since
Alan J. Kaufman	68	1987
David P. Hunt	65	1995
Roger C. Stull	66	2000
Jerry W. Box	68	2003
F. Walker Tucei, Jr.	64	2003
Gary L. Warren	56	2005
David C. Anderson	64	2006
Paul L. Howes	50	2006
James W. McFarland	61	2006

Business Experience of Director Nominees During the Past Five Years

Alan J. Kaufman joined Newpark s Board of Directors in 1987. Dr. Kaufman, who retired in May 1997, had been engaged in the private practice of medicine since 1969. He is a neurosurgeon. He also serves on the Board of Directors of The Hartville Group, Inc., a holding company in the business of sale and administration of pet insurance.

David P. Hunt joined Newpark s Board of Directors in November 1995. In March 2005, Mr. Hunt was elected the non-executive Chairman of the Board of Directors for a one-year term, which was renewed in March 2006. Prior to joining Newpark s Board, Mr. Hunt was employed by Consolidated Natural Gas Company for 32 years, serving as President and Chief Executive Officer of New Orleans-based CNG Producing Company, an oil and gas exploration and production company. Mr. Hunt is Vice Chairman of the Board of Case Western Reserve University and Chairman of its Investment Committee.

Roger C. Stull joined Newpark s Board of Directors in June 2000. Mr. Stull currently is a principal in Stull Investments, L.L.C., a private investment company formed by Mr. Stull in August 1998. From 1963 until the company was sold in August 1998, Mr. Stull was the principal stockholder and the Chairman of the Board and Chief Executive Officer of Penhall International, Inc., one of the largest renters and operators of specialty equipment for the industrial market, particularly the construction industry, in the United States. Mr. Stull also is a director of Ronald Blue & Co., LLC, a nationally recognized fee-only financial and investment consulting firm serving 5,000 clients throughout the United States.

Jerry W. Box joined Newpark s Board of Directors in March 2003. Mr. Box retired as President and Chief Operating Officer 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. Prior to that, from 1999 until June 2005, Mr. Box served as

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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.

F. Walker Tucei, Jr. joined Newpark s Board of Directors in January 2003. Mr. Tucei retired from Arthur Andersen LLP in 1999, after more than 35 years in public accounting. Mr. Tucei is Chairman of the Audit Committee of the Archdiocese of New Orleans. He served on the Board of Directors of Magnum Hunter Resources, Inc., an independent exploration and development company listed on the New York Stock Exchange, until the acquisition of Magnum Hunter in June 2005 by Cimarex Energy Co. He also serves on the boards of several privately-held businesses and civic organizations in the New Orleans area.

Gary L. Warren joined Newpark s Board of Directors in December 2005. From October 1999 to September 2005, Mr. Warren served as Division President and Senior Vice President of the Drilling and Well Services Division of Weatherford International Ltd., a provider of mechanical solutions, technology and services for the drilling and production sectors of the oil and gas industry. Since January 2006, Mr. Warren has served as a director of GeoDynamics, Inc., a privately held technology company which provides perforating and explosives hardware and equipment to the oil and gas industry. Since June 2006, Mr. Warren has served as a director of Horizon North Logistics Inc., a Canadian-based service company which provides a diverse mix of products and services to the oil and gas, mining, forestry and pipeline industries focused primarily on Canada s northern frontiers and Northwest Territory.

David C. Anderson joined Newpark s Board of Directors in September 2006. Since 2003, Mr. Anderson has been the founder and Chief Executive Officer of Anderson Partners, a firm that provides senior-level executive search and related management consulting services to corporations and private equity, venture capital and professional services firms. Prior to this, from 1992 to 2003, he served in various management positions for Heidrick & Struggles, Inc., also an executive search firm, including President and Chief Operating Officer from 2001 to 2003. Mr. Anderson also served as a member of the Board of Directors of Heidrick & Struggles from 1996 through 1999, at which time the company completed a successful initial public offering, and he continued as a director after the public offering through 2002.

Paul L. Howes joined Newpark s Board of Directors and was appointed its Chief Executive Officer in March 2006. In June 2006, Mr. Howes also was appointed as Newpark s President. Mr. Howes career has included experience in the defense industry, chemicals and plastics manufacturing, and the packaging industry. From 2002 until October 2005, he served as President and Chief Executive Officer of Astaris LLC, a primary chemicals company headquartered in St. Louis, Missouri, with operations in North America, Europe and South America. Prior to this, from 1997 until 2002, he served as Vice President and General Manager, Packaging Division, for Flint Ink Corporation, a global ink company headquartered in Ann Arbor, Michigan with operations in North America, Europe, Asia Pacific and Latin America.

James W. McFarland joined Newpark s Board of Directors in November 2006. Dr. McFarland is the J. F. Jr. and Jessie Lee Seinsheimer Chair in Business and Professor of Finance and Economics in the A. B. Freeman School of Business at Tulane University. He also serves as the Executive Director of the Entergy-Tulane Energy Institute. Previously, Dr. McFarland was the Dean of the Freeman School from July 1, 1988, through June 30, 2005. Prior to joining the faculty at Tulane, he was the Dean of the College of Business Administration at the University of

Houston. Dr. McFarland also has served on the faculties of Texas A&M University, the University of Louisiana-Lafayette, the University of Rhode Island, and the University of New Mexico. In addition to his academic appointments, he has worked as a researcher for the University of California Los Alamos National Laboratory and the Presidential Commission on the Nation s Water Resources. Dr. McFarland has served as a director and consultant to public companies and non-profit organizations, including Stewart Enterprises, Inc., Sizeler Property Investors, Inc., Petroleum Helicopters, Inc., and American Indemnity Financial Corporation, Inc.

No family relationships exist between any of the directors or executive officers of Newpark.

Director Emeritus

James H. Stone, age 80, joined Newpark s Board of Directors in 1987. He has served as Chairman of the Board of Stone Energy Corporation, an independent oil and gas company listed on the New York Stock Exchange, for more than the past five years. Mr. Stone will not stand for re-election at the Annual Meeting. Effective December 28, 2006, in recognition of his many years of service to Newpark, Mr. Stone will have the honorary position of Director Emeritus.

Shareholder Actions

Derivative Actions

On August 17, 2006, a shareholder derivative action was filed in the 24th Judicial District Court for the Parish of Jefferson, captioned: *Victor Dijour, Derivatively on Behalf of Nominal Defendant Newpark Resources, Inc., v. James D. Cole, et al.* On August 28, 2006, a second shareholder derivative action was filed in the 24th Judicial District Court for the Parish of Jefferson, captioned: *James Breaux, Derivatively on Behalf of Nominal Defendant Newpark Resources, Inc., v. James D. Cole, et al.* These actions, which are substantially similar, were brought, allegedly for the benefit of Newpark, which is sued as a nominal defendant in each of these actions, against James D. Cole, Newpark s former Chief Executive Officer and director; Matthew W. Hardey, Newpark s former Chief Financial Officer; William Thomas Ballantine, Newpark s former Chief Operating Officer, President and director; and directors David P. Hunt, Alan J. Kaufman, Roger C. Stull and James H. Stone. The plaintiffs in these respective actions allege improper backdating of stock option grants to Newpark executives, improper recording and accounting of the backdated stock option grants and producing and disseminating false financial statements and other SEC filings to Newpark shareholders and the market. Newpark is contesting the plaintiffs right to bring these cases. The plaintiffs do not seek any recovery against Newpark. Instead, they seek unspecified damages from the individual defendants on Newpark s behalf for alleged breach of fiduciary duty, and against Messrs. Cole and Hardey, and also against Mr. Ballantine in the second shareholder derivative action, for alleged unjust enrichment. Pursuant to previously existing indemnification agreements, Newpark will advance to the officer and director defendants the fees they incur to defend themselves, subject to repayment in the event of a determination that they are not entitled to indemnification.

On October 5, 2006, a third shareholder derivative action was filed in the U.S. District Court, Eastern District of Louisiana, captioned: *Vincent Pomponi, Derivatively on Behalf of Newpark Resources, Inc., v. James D. Cole, et al.* On October 6, 2006, a fourth derivative action was filed in the U.S. District Court, Eastern District of Louisiana, captioned: *David Galchutt,*

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Derivatively on Behalf of Newpark Resources, Inc., v. James D. Cole, et al. These complaints are virtually identical and were brought, allegedly for the benefit of Newpark, which is sued as a nominal defendant, against Messrs. Cole and Hardey and current and previous directors Hunt, Kaufman, Stone, Stull, Jerry W. Box, F. Walker Tucei, Jr., Gary L. Warren, Ballantine, Michael Still, Dibo Attar, Phillip S. Sassower, Lawrence I. Schneider and David C. Baldwin, alleging improper financial reporting and backdating of stock option grants to Newpark employees. The plaintiffs do not seek any recovery against Newpark. Instead, they seek unspecified damages from Messrs. Cole and Hardey for alleged disgorgement under the Sarbanes-Oxley Act of 2002 and alleged rescission, against Messrs. Hardey, Hunt, Kaufman, Stone, Ballantine, Still, Attar, Sassower, Schneider, and Baldwin for alleged violation of Section 14(a) of the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and against all of the individual defendants on behalf of Newpark for alleged unjust enrichment, breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and constructive trust. Pursuant to previously existing indemnification agreements, Newpark will advance to the officer and director defendants the fees they incur to defend themselves, subject to repayment in the event of a determination that they are not entitled to indemnification.

The Board of Directors has formed a Special Litigation Committee now consisting of recently elected independent directors who are not named in any of the derivative actions, to review the allegations in these actions and in any other derivative actions that may be filed that involve the same subject matter, which we refer to collectively as the Derivative Actions, and the Special Litigation Committee has retained outside counsel to assist it.

After conducting its investigation and analysis of the claims made in the Derivative Actions, and any evidence to which it has access, the Special Litigation Committee is expected to issue recommendations and findings that it deems appropriate. Newpark intends to move to dismiss or stay the Derivative Actions pending the Special Litigation Committee s determination.

Class Action Lawsuit

Between April 21, 2006 and May 9, 2006, five lawsuits asserting claims against Newpark and Messrs. Cole and Hardey for violation of Section 10(b) and 20(a) of the Exchange Act and Rule 10b-5 were filed in the U.S. District Court for the Eastern District of Louisiana. These actions were consolidated into one class action lawsuit, captioned: *In re Newpark Resources, Inc. Securities Litigation*. A consolidated complaint was filed on November 9, 2006, which includes Messrs. Ballantine, Hunt, Kaufman, Stone, Box and Stull as defendants, and alleges that they, along with Messrs. Cole and Hardey, are liable for Newpark s violations as control persons under Section 20(a) of the Exchange Act. The complaint, asserting unspecified damages, alleges that the restatement of Newpark s financial statements in Amendment No. 2 to its Annual Report on Form 10-K/A establishes that prior statements by Newpark were false and misleading, that Newpark s internal controls were wholly inadequate and deficient, and that its former senior executives had been terminated as a result of their active roles in the fraud alleged in the complaint.

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CORPORATE GOVERNANCE

General

Under Delaware law, the business and affairs of Newpark are managed under the direction of the Board of Directors. The Board of Directors establishes broad corporate policies, has responsibility for the overall performance and direction of Newpark 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 Newpark s 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. A majority of the members of the Board of Directors are independent of Newpark and its management.

Each director is elected to a one-year term. Newpark s Board of Directors held four meetings during 2005, and took action by unanimous written consent one time. Each director attended at least 75% of the meetings of the Board of Directors and of each committee on which he served.

In March 2005, the Board of Directors chose to separate the roles of Chairman of the Board and Chief Executive Officer and elected Mr. Hunt the 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 meets its obligations and responsibilities;

- To facilitate the functioning of the Board of Directors independently of management and maintain and enhance the quality of the Board s and Newpark s governance;

- 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 stockholders.

Prior to his election as Chairman of the Board, Mr. Hunt served as Newpark s lead independent director. Given the substantial overlap of the duties of the non-executive Chairman of the Board and the lead independent director, the Board of Directors determined there is no need at this time to designate a successor to Mr. Hunt to serve as the lead independent director. A complete description of the responsibilities of the non-executive Chairman of the Board is set forth in a charter adopted by the Board of Directors, a copy of which is available in the corporate governance section of Newpark s website at www.newpark.com.

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Corporate Governance Guidelines

Newpark is committed to adhering to sound principles of corporate governance and has adopted Corporate Governance Guidelines that the Board of Directors believes promote the effective functioning of the Board of Directors, its committees and Newpark. The Corporate Governance Guidelines address, among other matters, director qualifications, independence and responsibilities, Board committees, Board access to senior management, the independent accountants and other independent advisors, compensation of directors and assessments of committee performance.

The Board of Directors also has adopted a Code of Ethics that applies to all directors, officers and employees, including Newpark s principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The purpose of the Code of Ethics, among other matters, is 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 Newpark files with, or submits to, the Securities and Exchange Commission and in other public communications. The Code of Ethics also requires compliance with applicable governmental laws, rules and regulations; 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. The Code of Ethics establishes procedures for the anonymous reporting of suspected violations of law or the Code of Ethics.

Any amendments to, or waivers of, the Code of Ethics with respect to Newpark s 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 Newpark s website, promptly following the date of the amendment or waiver.

Copies of Newpark s Corporate Governance Guidelines and its Code of Ethics are available in the corporate governance section of Newpark s website at www.newpark.com and are also available in print for any stockholder who requests it.

Director Independence

The Board of Directors has determined that Messrs. Anderson, Box, Hunt, Kaufman, McFarland, Stull, Tucei and Warren are independent directors as that term is defined in the listing standards of the New York Stock Exchange, which we refer to as the NYSE. In reaching this determination, the Board of Directors reviewed information furnished by them to Newpark and concluded that no director is a partner, stockholder or officer of an organization that has a material relationship with Newpark, and none of the express disqualifications contained in the NYSE rules apply to any of them. For this purpose, an organization is not considered to have a material relationship with Newpark if Newpark receives de minimus payments from, or makes de minimus payments to, the organization.

As disclosed in this Proxy Statement, Newpark retained Heidrick & Struggles, Inc., an executive search company, in 2005 primarily for the purpose of assisting Newpark in identifying qualified candidates for Newpark s Chief Executive Officer position. From 1992 to 2003, Mr.

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Anderson served in various positions for Heidrick & Struggles, including President and Chief Operating Officer from 2001 to 2003. Mr. Anderson also served as a member of the Board of Directors of Heidrick & Struggles from 1996 through 1999, at which time the company completed a successful initial public offering, and he continued as a director after the public offering through 2002. However, the Board of Directors determined that the prior relationship between Newpark, Heidrick & Struggles and Mr. Anderson (other than as a stockholder, director or committee member) is not material to Newpark, Heidrick & Struggles or Mr. Anderson, based principally on the following factors:

- Mr. Anderson has not served in any positions with Heidrick & Struggles for three years;
- Mr. Anderson currently holds a very small number of shares of Heidrick & Struggles; and
- Mr. Anderson does not have any direct or indirect material interests in the relationship between Newpark and Heidrick & Struggles.

Mr. Warren has a minor interest in a company that acquired a potential competitor of Soloco, LLC in the Canadian market for wooden mats. However, the Nominating and Corporate Governance Committee of the Board of Directors determined that Mr. Warren s relationship with the potential competitor is not material to Newpark, Soloco, LLC, the potential competitor or Mr. Warren because his interest is so minor.

Mr. Howes is not considered independent because he is the President and Chief Executive Officer of Newpark.

Executive Sessions of Non-Management Directors

Newpark s Corporate Governance Guidelines require the non-management directors to meet at least twice each year in executive session, without management present. However, management employees may be invited to attend portions of these meetings if deemed appropriate by the non-management directors to provide information necessary for the meetings. The executive sessions were presided over by Mr. Hunt, first in his capacity as lead independent director and then as Chairman of the Board to which he was appointed in March 2005.

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

Committees of the Board of Directors

In addition to the Special Litigation Committee, 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. Copies of these charters, which set forth the specific responsibilities of the committees, as well as copies of Newpark s Corporate Governance Guidelines, the Code of Ethics and the charter of the Chairman of the Board, are available in the corporate governance section of Newpark s website at www.newpark.com. Stockholders also may obtain printed copies of these items, without charge, by contacting Newpark at the following address:

Newpark Resources, Inc.
3850 North Causeway Blvd., Suite 1770
Metairie, Louisiana 70002
Attn: Corporate Secretary

Audit Committee

As of November 7, 2006, the members of the Audit Committee were F. Walker Tucei, Jr. (Chairman), David P. Hunt, Alan J. Kaufman, Roger C. Stull 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 Securities and Exchange Commission 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. The Board of Directors also has determined that Messrs. Tucei and Hunt are audit committee financial experts as defined by applicable Securities and Exchange Commission rules. The Audit Committee met four times during 2005.

The Audit Committee is responsible for the selection, evaluation, compensation and, when necessary, replacement of the independent auditors. The Audit Committee also has responsibility for providing independent review and oversight of the integrity of Newpark s financial statements, the financial reporting process, Newpark s systems of internal accounting and financial controls, the performance of Newpark s internal audit function and the independent auditors, the independent auditor s qualifications and independence, and Newpark s compliance with ethics policies and legal and regulatory requirements. The independent auditors report directly to the Audit Committee.

The specific responsibilities of the Audit Committee are set forth in the Committee s charter, a copy of which is available in the corporate governance section of Newpark s website at www.newpark.com.

Compensation Committee

As of November 7, 2006, the members of the Compensation Committee were Jerry W. Box (Chairman), David P. Hunt, Alan J. Kaufman and Roger C. Stull. 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 Securities Exchange Act of 1934, and an outside director as defined under regulations promulgated under Section 162(m) of the Internal Revenue Code. The Compensation Committee met four times during 2005 and took action by unanimous written consent four times.

The Compensation Committee has responsibility for establishing, evaluating and administering Newpark s compensation arrangements, plans, policies and programs for its Chief Executive Officer and its other executive officers and for administering Newpark s 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 and arrangements.

The specific responsibilities of the Compensation Committee are set forth in the Committee s charter, a copy of which is available in the corporate governance section of Newpark s website at www.newpark.com.

Nominating and Corporate Governance Committee

As of November 7, 2006, the members of the Nominating and Corporate Governance Committee were David P. Hunt (Chairman), Jerry W. Box, James H. Stone (who will not stand for re-election at the Annual Meeting), F. Walker Tucei, Jr., Gary L. Warren, and David C. Anderson. 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 Securities Exchange Act of 1934. The Nominating and Corporate Governance Committee met three times during 2005.

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 the standards of the Securities and Exchange Commission for professional conduct for attorneys appearing and practicing before the Securities and Exchange Commission in the representation of Newpark.

In 2005, Newpark retained Heidrick & Struggles, Inc., an executive search company, primarily for the purpose of assisting Newpark in identifying qualified candidates for Newpark s Chief Executive Officer position. Heidrick & Struggles identified Paul L. Howes as a qualified candidate for Newpark s Chief Executive Officer position, and the Board of Directors ultimately appointed Mr. Howes to that position and, in conjunction with this appointment, elected Mr. Howes as a Director of Newpark. In addition, because Heidrick & Struggles introduced Gary L. Warren to Newpark, Newpark compensated Heidrick & Struggles for this introduction.

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 corporate governance section of Newpark s website at www.newpark.com.

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. The 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 Newpark s Corporate Governance Guidelines and other criteria as may be set by the Board of Directors or the

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Committee. Some of the principal criteria include whether the candidate: is of the highest integrity and character; has familiarity with Newpark s business and industry; independence of thought and financial literacy; is willing and able to devote sufficient time to effectively carry out the duties and responsibilities of a director; and has the objectivity, ability and desire to represent the interests of the stockholders as a whole, free from any conflict of interest. While the Committee does not have a fixed policy on term limits or mandatory retirement age, in considering candidates for nomination, the Committee takes into account the age of the candidate and, in the case of incumbent directors, the individual s length of service as a Newpark director.

The persons recommended by the Nominating and Corporate Governance Committee and nominated by the Board of Directors to be elected as directors at the Annual Meeting include six incumbent directors who are named as defendants in two or more of the shareholder actions described above, Messrs. Box, Hunt, Kaufman, Stull, Tucei and Warren. Each of the nominees is very knowledgeable about Newpark and Newpark has benefited from their contributions as directors. Taking into account their past service and the fact that the investigation by the Special Litigation Committee is still in its early stages, the Nominating and Corporate Governance Committee has determined that it is appropriate to nominate them to continue to serve as directors until their successors are elected.

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 Newpark s Corporate Governance Guidelines, and who, in the case of the 2007 Annual Meeting, submit their recommendations in writing by February 9, 2007. Unsolicited recommendations must contain all of the information that would be required in a proxy statement soliciting proxies for the election of the candidate as a director, a description of all direct and indirect arrangements or understandings between the recommending stockholder and the candidate, all other companies to which the candidate is being recommended as a nominee for director and a signed consent of the candidate to cooperate with reasonable background checks and personal interviews and to serve as a director of Newpark, if elected. In addition, the stockholder should submit information demonstrating the number of shares he or she owns. Stockholders may send recommendations for director candidates for the 2007 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., 3850 N. Causeway Blvd., Suite 1770, Metairie, LA 70002.

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.

There were no material changes to the procedures by which stockholders may recommend nominees to the Board of Directors.

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Compensation of Directors

Directors Other than David P. Hunt

Effective July 1, 2006, the annual retainer fee for each non-employee director other than David P. Hunt is $35,000. In addition, the Chairmen of the Audit Committee and the Compensation Committee each receives an additional annual retainer of $15,000, and each of the other non-employee directors (other than Mr. Hunt) receives an additional annual retainer of $10,000 for each committee on which he serves as a member. All of these non-employee directors fees are paid on a quarterly basis, and all directors (including Mr. Hunt) are reimbursed for travel expenses incurred in attending Board and committee meetings. Employee directors receive no additional consideration for serving as directors or committee members.

David P. Hunt

Effective July 1, 2006, for his services in the capacity of non-executive Chairman of the Board, Chairman of the Nominating and Corporate Governance Committee, member of the Audit Committee and Compensation Committee and any other capacity in which Mr. Hunt serves as a director, Mr. Hunt receives annual compensation of $125,000, payable in equal monthly installments.

Prior to July 1, 2006 and during the applicable periods in 2005, for his services in the capacity of non-executive Chairman of the Board, Mr. Hunt received a director s fee of $8,000 per month, in addition to the standard director s fees he received for serving on the Board of Directors and for serving on and chairing Board committees. Based on Mr. Hunt s committee assignments, he was entitled to receive standard director s fees at the annual rate of $70,000. During 2005, Mr. Hunt also received an additional retainer of $1,250 per quarter (or $5,000 annually) for serving as lead independent director prior to his election as Chairman of the Board in March of that year.

Option Grants under 2004 Non-Employee Directors Stock Option Plan

Under the 2004 Non-Employee Directors Stock Option Plan, which we refer to as the 2004 Plan, each non-employee director automatically is granted an option to purchase 10,000 shares of Common Stock upon his or her initial election to the Board of Directors (whether elected by the stockholders or the Board of Directors) and each time the non-employee director is re-elected to the Board of Directors. Each option granted under the 2004 Plan must have an exercise price at least equal to the fair market value on the date of grant of the shares subject to the option. In accordance with the provisions of the 2004 Plan, (a) on June 8, 2005, each of the non-employee directors, consisting of Messrs. Box, Hunt, Kaufman, Stone, Stull and Tucei, was granted a stock option to purchase 10,000 shares of Common Stock at an exercise price of $6.27 per share, equal to the fair market value of the Common Stock on the date of grant, (b) upon joining the Board of Directors on December 15, 2005, Mr. Warren, a non-employee director, was granted a stock option to purchase 10,000 shares of Common Stock at an exercise price of $8.34 per share, equal to the fair market value of the Common Stock on the date of grant; (c) upon joining the Board of Directors on September 13, 2006, Mr. Anderson, a non-employee director, was granted a stock option to purchase 10,000 shares of Common Stock at an exercise price of $5.11 per share, equal to the fair market value of the Common Stock on the date of grant, and (d) upon joining the Board of Directors on November 6, 2006, Dr. McFarland, a non-employee director, was granted a stock option to purchase 10,000 shares of Common Stock at an exercise price of $6.05 per share, equal to the fair market value of the Common Stock on the date of grant. Each of the non-employee directors will be granted a stock option to purchase 10,000 shares of Common Stock if he is re-elected at the Annual Meeting.

In September 2006, the Compensation Committee approved amendments of the 2004 Plan. As amended, the 2004 Plan provides that the purchase price of shares of Newpark s Common Stock subject to each stock option granted under the 2004 Plan will be equal to the fair market value of those shares on the date of grant, which will be equal to the closing price of the Common Stock for the day on which the option is granted (or, if the date of grant is not a trading day, on the trading day immediately preceding that date). The amendments also clarified the provision set forth in the last sentence of Section 4.2 of the 2004 Plan. As amended, this provision requires that, if no annual meeting of stockholders (or stockholder action in lieu of a meeting) occurs in any calendar year, and a non-employee director eligible to receive a stock option grant under the 2004 Plan remains a non-employee director as of the end of that calendar year, then that non-employee director will receive a stock option grant pursuant to Section 4.2 of the 2004 Plan on the last business day of the same calendar year, subject to the terms and conditions of the 2004 Plan.

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., 3850 N. Causeway Blvd., Suite 1770, Metairie, LA 70002. These communications, other than sales-related communications, will be forwarded to the Board member or members specified.

Director Attendance at Annual Meeting

Newpark has a policy encouraging the attendance of all directors at annual meetings, and Newpark makes all appropriate arrangements for directors that choose to attend. All of Newpark s directors attended the 2005 Annual Meeting of Stockholders.

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EXECUTIVE OFFICERS

As of November 7, 2006, the executive officers of Newpark, their ages and positions are as follows:

Name	Age	Position
Paul L. Howes	50	President and Chief Executive Officer
James E. Braun	47	Vice President and Chief Financial Officer
Mark J. Airola	48	Vice President, General Counsel and Chief Administrative Officer
Sean D. Mikaelian	43	President of subsidiary (Soloco, LLC)
Bruce C. Smith	55	President of subsidiary (Newpark Drilling Fluids, L.P.)
Samuel L. Cooper	50	President of subsidiary (Newpark Environmental Management Company, LLC)

For a description of the business experience of Mr. Howes during the past five years, see above under the heading Election of Directors Business Experience of Directors During the Past Five Years.

James E. Braun joined Newpark in October 2006 as its Vice President and Chief Financial Officer. Before joining Newpark, since 2002, Mr. Braun was Vice President, Finance, of Baker Oil Tools, one of the largest divisions of Baker Hughes Incorporated, a leading provider of drilling, formation evaluation, completion and production products and services to the worldwide oil and gas industry. From 1998 until 2002, Mr. Braun was Vice President, Finance and Administration, of Baker Petrolite, the oilfield specialty chemical business division of Baker Hughes Incorporated. Previously, he served as Vice President and Controller of Baker Hughes Incorporated, and he was with Deloitte & Touche prior to joining Baker Hughes Incorporated.

Mark J. Airola joined Newpark in October 2006 as its Vice President, General Counsel and Chief Administrative Officer. Mr. Airola has practiced law for 22 years, primarily with large, publicly traded companies. Most recently, Mr. Airola was Assistant General Counsel and Chief Compliance Officer for BJ Services Company, a leading provider of pressure pumping and other oilfield services to the petroleum industry, serving as an executive officer since 2003. From 1988 to 1995, he held the position of Senior Litigation Counsel at Cooper Industries, Inc., a global manufacturer of electrical products and tools, with initial responsibility for managing environmental regulatory matters and litigation and subsequently managing the company s commercial litigation.

Sean D. Mikaelian joined Newpark in May 2006 as President of its subsidiary Soloco, LLC. Prior to joining Newpark, since 2003 he managed the $225 million packaging division of Flint Group (formerly Flint Ink Corporation), a worldwide supplier to the printing, converting and colorant industries, as Vice President and General Manager. From 2000 to 2003, Mr. Mikaelian was Vice President of National Accounts of the packaging division.

Bruce C. Smith joined Newpark in April 1998 as Vice President, International. Since October 2000, he has served as President of its subsidiary Newpark Drilling Fluids, L.P. Prior to joining Newpark, 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 three business units, including their drilling fluids unit.

Samuel L. Cooper joined Newpark in August 2005 as Vice President-Sales and then, in November 2005, he became President of its subsidiary Newpark Environmental Management Company, LLC. Prior to joining Newpark, from February 2002 to July 2005, he was Director of Operations of the Hydrocarbon Recovery group of USFilter, a Siemens business that recovers, recycles and reuses lubricants and fluids. He also served as the Southeast Regional Business Unit Manager of the Hydrocarbon Recovery group of USFilter from February 2002 through December 2003. From August 1998 through October 2001, he first served as Senior Vice President and then as Regional Vice President of U.S. Liquids Inc., a provider of liquid waste management services.

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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 Newpark s Common Stock, the number of outstanding shares of Newpark s 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.

	Shares of Common Stock Beneficially Owned	
Name and Address of Beneficial Owner	**Number**	**Percent**
Wells Fargo & Company (1) 420 Montgomery Street San Francisco, California 94104	9,467,042	10.6%
Columbia Wanger Asset Management, L.P. (2) 227 West Monroe Street, Suite 3000 Chicago, Illinois 60606	8,695,200	9.8%
Heartland Advisors, Inc. (3) 789 N. Water Street, Suite 500 Milwaukee, Wisconsin 53202	6,796,550	7.6%
Steinberg Asset Management LLC (4) 12 East 49th Street, Suite 1202 New York, New York 10017	6,692,950	7.7%

(1) Wells Fargo & Company has sole voting power with respect to 9,261,297 shares and sole dispositive power with respect to 9,451,403 shares. Wells Capital Management Incorporated beneficially owns 9,203,153 shares with respect to which it has sole dispositive power, and sole voting power with respect to 3,234,028

shares. Wells Fargo Funds Management, LLC beneficially owns 6,026,369 shares with respect to which it has sole voting power, and sole dispositive power with respect to 215,850 shares. The address for each of Wells Capital Management Incorporated and Wells Fargo Funds Management, LLC is 525 Market Street, San Francisco, California 94105. Information is based on Amendment No. 1 to Schedule 13G filed by Wells Fargo & Company on August 14, 2006, on behalf of the following subsidiaries: Wells Capital Management Incorporated, Wells Fargo Funds Management, LLC, and Wells Fargo Bank, National Association.

(2) WAM Acquisition GP, Inc. has shared voting and dispositive power with respect to 8,695,200 shares. The shares reported include shares held by Columbia Acorn Trust, a Massachusetts business trust that is advised by Columbia Wanger Asset Management, L.P. Columbia Acorn Trust holds 6.8% of the outstanding shares of Newpark s Common Stock. Information is based on Amendment No. 6 to Schedule 13G filed February 14, 2006.

(3) Heartland Advisors, Inc. has not filed a Schedule 13D or Schedule 13G as of the date of this Proxy Statement.

(4) Steinberg Asset Management LLC has sole voting power with respect to 6,255,150 shares and sole dispositive power with respect to 6,692,950 shares. Michael A. Steinberg & Company, Inc. beneficially owns, and has sole dispositive power with respect to, 56,500 shares. Information is based on Amendment No. 1 to Schedule 13G filed February 8, 2006.

Ownership of Directors and Executive Officers

The following table sets forth information with respect to the beneficial ownership of Newpark s outstanding Common Stock as of November 7, 2006, by (i) each current director and each nominee for director of Newpark, (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.

	Shares Beneficially Owned (1)	
Name	**Number**	**Percent**
Paul L. Howes	200,000	*

David C. Anderson		*
James D. Cole (2) (3)	1,037,411	1.2%
Alan J. Kaufman (4)	1,056,892	1.2%
James H. Stone (5) (6)	648,200	*
Roger C. Stull (7)	200,250	*
Matthew W. Hardey (8) (9)	45,205	*
Wm. Thomas Ballantine (10)	38,145	*
David P. Hunt	120,000	*
F. Walker Tucei, Jr.	47,000	*
Jerry W. Box	34,167	*
Gary L. Warren	2,000	*
James W. McFarland		*
All current directors and executive officers as a group (15 persons) (11).	2,588,808	2.9%

* Indicates ownership of less than 1%.

(1) The percentage ownership is based on 89,432,473 shares of Common Stock outstanding as of November 7, 2006. Common Stock numbers include, with respect to the stockholder in question, (a) shares of Common Stock issuable upon exercise of options exercisable within 60 days after November 7, 2006 (or January 6, 2007), (b) 200,000 shares of Common Stock subject to a restricted stock award made to

Mr. Howes, and (c) 100,000 shares of Common Stock subject to a restricted stock award made to each of Messrs. Braun and Airola. Includes shares which may be purchased upon the exercise of stock options which are exercisable as of January 6, 2007: Dr. Kaufman 80,000 shares; Mr. Stone 80,000 shares; Mr. Stull 50,000 shares; Mr. Hunt - 80,000 shares; Mr. Tucei 30,000 shares; Mr. Box 16,067 shares; Mr. Warren 2,000; and all directors and executive officers as a group 411,067 shares.

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(2) Mr. Cole served as Chief Executive Officer of Newpark until March 22, 2006. He was on administrative leave from April 12, 2006 until June 29, 2006, at which time his employment with Newpark and its subsidiaries in all positions was terminated.

(3) Includes (a) 280,000 shares held by four separate trusts of which Mr. Cole serves as trustee and of which the beneficiaries are children of Mr. Cole and (b) 40,048 shares held by Mr. Cole s IRA. Mr. Cole disclaims ownership of the 280,000 shares held by the four trusts.

(4) Includes (a) 14,000 shares held in a trust of which the beneficiaries are children of Dr. Kaufman and (b) 12,600

shares held by his spouse. Dr. Kaufman disclaims beneficial ownership of the shares held by his spouse, except to the extent of his pecuniary interest therein.

(5) Mr. Stone will not stand for re-election at the Annual Meeting. Effective December 28, 2006, Mr. Stone will be appointed the honorary position of Director Emeritus.

(6) Includes (a) 14,200 shares held either as custodian for or in a trust of which the beneficiaries are children of Mr. Stone, (b) 8,000 shares held in trust for his daughter, and (c) 4,000 shares held in a partnership in which a company controlled by Mr. Stone is the majority partner. Mr. Stone

disclaims ownership of the shares held in the partnership, except to the extent of his pecuniary interest therein.

(7) Includes 250 shares held in a trust for which Mr. Stull and his wife are co-trustees and of which the beneficiary is a grandchild of Mr. and Mrs. Stull. Mr. Stull disclaims beneficial ownership of these shares.

(8) Mr. Hardey held the title of Vice President of Finance and Chief Financial Officer of Newpark until June 29, 2006. He was on administrative leave from April 12, 2006 until June 29, 2006.

(9) Includes 7,500 shares held by Mr. Hardey s IRA.

(10) Mr. Ballantine served as President and Chief Operating

Officer of Newpark until July 14, 2006.

(11) This figure includes Mr. Stone who will not stand for re-election at the Annual Meeting as noted in footnote 4 above. Not including any shares beneficially owned by Mr. Stone, all current directors and executive officers as a group as of November 7, 2006 beneficially own 1,940,608 shares of Common Stock, which represents 2.2% of the outstanding shares.

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EXECUTIVE COMPENSATION

The following table summarizes all compensation paid to Newpark s Chief Executive Officer, President and Chief Operating Officer and Vice President of Finance and Chief Financial Officer (the only executive during 2005) for services rendered in all capacities to Newpark for the years ended December 31, 2005, 2004 and 2003.

Summary Compensation Table

				Long-Term Compensation		
		Annual Compensation		Awards	Payouts	
Name and Principal Position	Year	Salary	Bonus	Securities Underlying Options(1)	LTIP Payouts $	All Other Compensation (2)
James D. Cole (3)	2005	$320,000	$149,760	40,000	0	$ 11,821
Chief Executive	2004	320,000	0	40,000	0	7,864
Officer	2003	320,000	0	40,000	0	11,045
Wm. Thomas Ballantine (4)	2005	275,000	$113,575	20,000	0	$ 14,117
President and Chief	2004	260,000	0	20,000	0	6,138
Operating Officer	2003	260,000	0	20,000	0	10,350
Matthew W. Hardey (5)						
Vice President of	2005	215,000	$104,920	20,000	0	10,980
Finance and Chief	2004	200,000	0			