

NEWPARK RESOURCES INC  
Form PRE 14A  
March 24, 2016  
Table Of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

NEWPARK RESOURCES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

Table Of Contents

April \_\_, 2016

Dear Fellow Stockholder:

At the request of the Board of Directors, you are cordially invited to attend the 2016 Annual Meeting of Stockholders of Newpark Resources, Inc. (the "Company"), which will be held on Thursday, May 19, 2016, at 10:00 a.m., Central Daylight Time, at the offices of the Company, 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381. Both your Board of Directors and I hope you will be able to attend.

There are five items on this year's agenda:

(1) the election of seven directors to the Board of Directors;

an advisory  
vote to  
(2) approve named  
executive  
officer  
compensation;

(3) to consider  
and act  
upon a  
proposal to  
amend the  
Company's  
2015  
Employee  
Equity  
Incentive  
Plan to,  
among  
other  
things,  
increase  
the number  
of shares  
of common  
stock

authorized  
for  
issuance  
under the  
plan by  
1,800,000  
shares  
from  
6,000,000  
to  
7,800,000  
shares and  
to decrease  
the  
fungible  
share ratio  
from 1.85  
to 1.78;

to consider  
and act upon a  
proposal to  
amend the  
Company's  
Restated  
Certificate of  
Incorporation,  
(4) as amended, to  
provide that  
the Company's  
stockholders  
may remove  
any director  
from office,  
with or  
without cause;  
and

(5) the  
ratification  
of the  
appointment  
of Deloitte &  
Touche LLP  
as our  
independent  
registered  
public  
accounting

firm for the  
fiscal year  
2016.

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

Table Of Contents

**NEWPARK RESOURCES, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 19, 2016**

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

The Annual Meeting of Stockholders of Newpark Resources, Inc., a Delaware corporation (the "Company"), will be held on Thursday, May 19, 2016, at 10:00 a.m., Central Daylight Time, at the offices of the Company, 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381, for the following purposes:

the  
election of  
seven  
(1) directors  
to the  
Board of  
Directors;

an advisory  
vote to  
(2) approve named  
executive  
officer  
compensation;

(3) to consider  
and act  
upon a  
proposal to

amend the Company's 2015 Employee Equity Incentive Plan to, among other things, increase the number of shares of common stock authorized for issuance under the plan by 1,800,000 shares from 6,000,000 to 7,800,000 shares, and to decrease the fungible ratio from 1.85 to 1.78;

(4) to consider and act upon a proposal to amend the Company's Restated Certificate of Incorporation, as amended, to provide that the Company's stockholders may remove any director from office, with or



without cause;

the  
ratification  
of the  
appointment  
of Deloitte &  
Touche LLP  
(5) as our  
independent  
registered  
public  
accounting  
firm for the  
fiscal year  
2016; and

to consider  
and act upon  
such other  
business that  
may properly  
come before  
(6) the Annual  
Meeting or  
any  
adjournment  
or  
postponement  
thereof.

Only stockholders of record at the close of business on March 28, 2016 will be entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement. A list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting and for 10 days prior to the Annual Meeting at our executive offices, 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381.

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

The Woodlands, Texas BY ORDER OF THE BOARD OF DIRECTORS

Dated: April [\_\_], 2016 NEWPARK RESOURCES, INC.

Mark J. Airola

Senior Vice President, General Counsel,

Chief Administrative Officer and Secretary

Table Of Contents

**TABLE OF CONTENTS**

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

<u>Director Nominations</u>	12
<u>Director Qualifications</u>	12
<u>Stockholder Communication with Board Members</u>	14
<u>Director Attendance at Annual Meeting</u>	14
<b><u>EXECUTIVE OFFICERS</u></b>	15
<b><u>OWNERSHIP OF COMMON STOCK</u></b>	16
<u>Certain Beneficial Owners</u>	16
<u>Ownership of Directors and Executive Officers</u>	17
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	18
<u>Introduction</u>	18
<b><u>EXECUTIVE SUMMARY</u></b>	18
<u>Executive Compensation Philosophy and Objectives</u>	20
<u>Alignment of Pay and Performance</u>	24
<u>CEO Realizable Pay: Well Aligned with Annual Performance</u>	25
<u>CEO Realizable Pay: Aligned With Performance Against Peers</u>	26
<u>Consideration of Advisory Say on Pay Voting Results</u>	27
<u>The Process of Managing our Executive Compensation Programs</u>	28
<u>Direct Compensation</u>	32
<u>Non-Equity Incentive Plan Weighting for 2015</u>	35
<u>Non-Equity Incentive Plan Weighting for 2016</u>	36
<u>Indirect Compensation</u>	38
<u>Employment Agreements</u>	39
<u>Tax and Accounting Implications</u>	44
<u>Other Tax Implications</u>	44

---

Table Of Contents

<u>Compensation Committee Interlocks and Insider Participation</u>	44
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	44
<b><u>EXECUTIVE COMPENSATION</u></b>	45
<u>SUMMARY COMPENSATION TABLE</u>	45
<u>GRANTS OF PLAN-BASED AWARDS IN 2015</u>	46
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END</u>	47
<u>OPTION EXERCISES AND STOCK VESTED</u>	49
<u>Risk Assessment of Compensation Programs</u>	49
<u>Employment Agreements and Change in Control Agreements</u>	49
<u>Potential Payments upon Change in Control</u>	50
<u>Retirement, Disability and Death</u>	54
<b><u>DIRECTOR COMPENSATION</u></b>	55
<u>Grants under Non-Employee Directors' Restricted Stock Plan</u>	55
<b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>	56
<b><u>PROPOSAL NO. 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	57
<b><u>PROPOSAL NO. 3 APPROVAL OF AN AMENDMENT TO THE 2015 EMPLOYEE EQUITY INCENTIVE PLAN</u></b>	58
<u>Introduction</u>	58
<u>Summary of the Proposed Amendments to the 2015 Plan</u>	59
<u>Summary of the Amended 2015 Plan</u>	59
<u>Types and Maximum Number of Awards</u>	61
<u>New Plan Benefits</u>	67
<u>Summary of Federal Income Tax Consequences</u>	67
<u>Tax Consequences to Participants</u>	67
<u>Tax Consequences to the Company</u>	69
<u>Interests of Certain Persons in the Proposal</u>	70
<b><u>PROPOSAL NO. 4 AMENDMENT TO THE NEWPARK RESOURCES, INC. RESTATED CERTIFICATE OF INCORPORATION</u></b>	70
<u>Introduction</u>	70
<u>Reasons for the Amendment</u>	70
<b><u>PROPOSAL NO. 5 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	71
<u>Independent Registered Public Accounting Firm Fees</u>	71
<u>Pre-Approval Policies Regarding Audit and Non-Audit Fees</u>	71

<b><u>AUDIT COMMITTEE REPORT</u></b>	72
<b><u>STOCKHOLDER PROPOSALS</u></b>	73
<b><u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	74
<b><u>DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS</u></b>	74
<b><u>OTHER MATTERS</u></b>	74

---

Table Of Contents

**NEWPARK RESOURCES, INC.**

**9320 Lakeside Boulevard, Suite 100  
The Woodlands, Texas 77381**

**PROXY STATEMENT**

**APRIL [\_\_], 2016**

**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 offices of the Company, 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381 on Thursday, May 19, 2016, at 10:00 a.m., Central Daylight Time, and any postponements or adjournments of the Annual Meeting.

**Record Date and Outstanding Shares**

Only stockholders of record at the close of business on March 28, 2016 are entitled to receive notice of and to vote at the Annual Meeting. On that date, we had outstanding [\_\_] 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 [\_\_], 2016. 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 [\_\_], 2016 at [www.proxyvote.com](http://www.proxyvote.com). You may also request a printed copy of this Proxy Statement and the form of proxy by telephone at 1-800-579-1639, via the internet at [www.proxyvote.com](http://www.proxyvote.com) or by email in accordance with the instructions given in the Notice Regarding the Availability of Proxy Materials. Our Annual Report to Stockholders, including financial statements, for the fiscal year ended December 31, 2015, is being made available at the same time and by the same method described above. The Annual Report to Stockholders is not to be considered as part of the proxy solicitation material or as having been incorporated by reference.

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

### **Voting Information**

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

---



Table Of Contents

**Revocation of Proxies**

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

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

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

“FOR” the adoption of Amendment No. 1 to the Company’s 2015 Employee Equity Incentive Plan;

“FOR” the adoption of the amendment to the Company’s Restated Certificate of Incorporation; and

“FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year 2016.

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

Your cooperation in promptly voting your shares via internet, telephone or, if you received this Proxy Statement by mail, by returning the enclosed proxy, will reduce expenses.

**Quorum**

The presence at the Annual Meeting, either in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date is necessary to constitute a quorum for the transaction of business.

Abstentions and “broker non-votes” are counted for purposes of determining the presence of a quorum.

### **Beneficial Ownership**

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

election of directors;

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

the adoption  
of the  
Amendment  
No. 1 to the  
Company’s  
2015  
Employee  
Equity  
Incentive  
Plan; and

the adoption of the amendment to the Company’s Restated Certificate of Incorporation.

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.

Table Of Contents

**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 (described above) and the amendment to the Restated Certificate of Incorporation (described separately below), 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 matters and will have the same effect as a no vote. Except with respect to ratification of the appointment of Deloitte & Touche LLP, broker non-votes will not be considered as a “vote cast” and will have no effect on the outcome. Brokers who have not received voting instructions from the beneficial owner have the discretionary authority to vote on the ratification of the appointment of Deloitte & Touche LLP. While we do not expect broker non-votes on this proposal, any broker non-votes will be included in the vote totals on this proposal and will have the same effect as a vote against this proposal.

The approval of the amendment to the Restated Certificate of Incorporation requires an affirmative vote of the holders of not less than two-thirds (2/3) of the outstanding shares of common stock. Abstentions and broker non-votes will have the same legal effect as a vote against this proposal.

In addition to the vote required by our bylaws as described above, under the New York Stock Exchange (“NYSE”) rules, approval of the adoption of the Amendment No. 1 to the Company’s 2015 Employee Equity Incentive Plan requires approval of a majority of votes cast on the proposal. The NYSE takes the position that a broker non-vote is not a “vote cast.” Accordingly, broker non-votes will have no effect on the outcome of the vote on this matter. However,

abstentions will be counted by the NYSE as a vote cast and will be treated as a vote against the adoption of the Amendment No. 1 to the 2015 Employee Equity Incentive Plan (the “2015 Plan”).

### **Solicitation of Proxies**

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

### **PROPOSAL NO. 1 ELECTION OF DIRECTORS**

#### **Nominees and Voting**

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

Table Of Contents

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

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

The following table sets forth certain information as of March 18, 2016, with respect to the Board’s nominees:

Name of Nominee	Director	
	Age	Since
David C. Anderson	74	2006
Anthony J. Best	66	2014
G. Stephen Finley	65	2007
Paul L. Howes	60	2006
Roderick A. Larson	49	2014
James W. McFarland, Ph.D.	70	2006
Gary L. Warren	66	2005

**Business Experience of Director Nominees**

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

the strategy to merge the domestic operations with the international business unit leading to a successful initial public offering in 1999. Mr. Anderson also served as a member of the Board of Directors of Heidrick & Struggles from 1996 through 1999, continuing as a director after the public offering through 2002.

**Anthony J. Best** joined our Board of Directors in March 2014. Mr. Best currently serves as Chairman of the Compensation Committee and as a member on our Audit and Nominating and Corporate Governance Committees. Mr. Best retired as Chief Executive Officer of SM Energy in January 2015 and did not stand for re-election to its Board in May 2015. He originally joined SM Energy Company in Denver in June 2006 as its President and Chief Operating Officer. He was named as Chief Executive Officer in February 2007 and was appointed to the Board of the company at the same time and continued to serve on the board until May 2015. Between February 2003 and September 2005, Mr. Best served as President and Chief Executive Officer of Pure Resources, Inc., a Unocal development and exploration company in Midland, Texas. From April 2000 until February 2003, Mr. Best served as an independent consultant offering leadership and oil and gas consultation to energy companies and volunteer organizations. From October 1979 until April 2000, Mr. Best served in varying roles of increasing responsibility at Atlantic Richfield Company, with his last position being President, ARCO Latin America. Mr. Best serves as a part-time senior advisor to Quantum Energy Partners, a private equity firm. In January 2016, he also joined the Board of Directors of ExL Petroleum, LP, a private equity Quantum Energy Partners portfolio company.

Table Of Contents

**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 and Nominating and Corporate Governance Committees. 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. 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 Archrock GP, LLC (previously known as Exterran GP, LLC), which is the general partner of Archrock Partners, L.P. (previously known as Exterran Partners, L.P.), a publicly traded limited partnership which provides natural gas compression services and products. From December 2006 until November 2011, Mr. Finley served on the board of directors of a privately held company, Total Safety U.S., Inc., a global provider of integrated safety strategies and solutions for hazardous environments. From April 2012 to December 2014, Mr. Finley served on the board of Microseismic, Inc., a privately held oilfield services company that provides monitoring and mapping of hydraulic fracture operations in unconventional oil and gas plays. As of March 2015, Mr. Finley was appointed to the board of CPP GP LLC, the general partner of Columbia Pipeline Partners LP, a publicly traded natural gas transmission and storage company. At that time, Mr. Finley was also appointed to the Audit Committee of CPP GP LLC.

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

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

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

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

**Gary L. Warren** joined our Board of Directors in December 2005. Mr. Warren is currently Chairman of the Nominating and Corporate Governance Committee and is also a member of the Audit and Compensation Committees. 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 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.



Table Of Contents

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

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

## **CORPORATE GOVERNANCE**

### **General**

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

Each director is elected to a one-year term. Our Board of Directors held ten (10) meetings during 2015 and did not take action by written consent. 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 May 2014, the Board of Directors elected Mr. Anderson as 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 meet its obligations and responsibilities;

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

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

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

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

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

Table Of Contents

**Corporate Governance Guidelines and Code of Ethics**

**Corporate Governance Guidelines**

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

**Majority Vote Policy**

Our Corporate Governance Guidelines provide for a majority vote principle in connection with the election of our directors. Under our Corporate Governance Guidelines, in an uncontested election (*i.e.*, an election where the number of nominees is not greater than the number of directors to be elected), any nominee who receives a greater number of votes “withheld” from his election than votes “for” his election must promptly tender his resignation to the Chairman of the Board unless he has previously submitted an irrevocable resignation in accordance with our Corporate Governance Guidelines. The Corporate Governance Guidelines also provide that the Board of Directors may require, in order for any incumbent director to become a nominee for further service on the Board of Directors, that the incumbent director submit to the Board of Directors an irrevocable resignation. The irrevocable resignation will be conditioned upon, and shall not become effective until there has been (i) a failure by that nominee to receive more votes “for” his election than votes “withheld” from his election in any uncontested election of directors and (ii) acceptance of the resignation by the Board of Directors. In the event a director receives a greater number of votes “withheld” from his election than “for” his election, the Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors regarding the action to be taken with respect to the tendered resignation. A director whose resignation is being considered will not participate in any committee or Board of Directors meetings where the consideration is his resignation. The Board of Directors will act on the Nominating and Corporate Governance Committee’s recommendation within 90 days following the certification of the stockholder vote, and the Board of Directors will promptly and publicly disclose its decision. Each of the nominees for election to the Board of Directors has submitted an irrevocable resignation in accordance with our Corporate Governance Guidelines.



Table Of Contents**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 the annual cash retainer. Non-employee directors elected to the Board of Directors have five years from the date of first 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, 2015, each of our non-employee directors, satisfied the ownership guidelines, as shown in the table below:

	<b>Stock Ownership Value Required at 5x Annual Cash Retainer</b>	<b>Stock Ownership Value at December 31, 2015(1)</b>	
David C. Anderson	\$ 650,000	\$ 818,301	
Anthony J. Best	\$ 275,000	\$ 173,163	(2)
G. Stephen Finley	\$ 275,000	\$ 840,724	
Roderick A. Larson	\$ 275,000	\$ 173,163	(2)
James W. McFarland, PhD	\$ 275,000	\$ 1,114,798	
Gary L. Warren	\$ 275,000	\$ 912,849	

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 (1) by the average closing price of a share of our common stock over the three-months prior to December 31, 2015, as reported by the NYSE, which was \$5.77.

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

**Code of Ethics**

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

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

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

Table Of Contents

**Related Person Transactions and Procedure**

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

**Director Independence**

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

**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 2015 and were presided over by Mr. Anderson, our non-executive Chairman of the Board.

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

### **Board Leadership and Risk Management**

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



## Table Of Contents

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

### **Board Orientation and Education**

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

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

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

Newpark Resources, Inc.  
9320 Lakeside Boulevard, Suite 100

The Woodlands, Texas 77381  
Attn: Corporate Secretary

### **Audit Committee**

As of March 18, 2016, the members of the Audit Committee were G. Stephen Finley (Chairman), Anthony J. Best, Roderick A. Larson, James W. McFarland, PhD and Gary L. Warren. The Board of Directors has determined that each of the members of the Audit Committee is independent and “financially literate” under applicable SEC rules and NYSE listing rules and is an “independent director” under applicable NYSE listing rules and a “non-employee director” as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Board of Directors also has determined that Mr. Finley and Dr. McFarland are “audit committee financial experts” as defined by applicable SEC rules. The Audit Committee met nine (9) times during 2015 and did not take any action by unanimous written consent.

## Table Of Contents

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

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

## **Compensation Committee**

As of March 18, 2016, the members of the Compensation Committee were Anthony J. Best (Chairman), G. Stephen Finley, Roderick A. Larson, 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 five (5) times during 2015 and did not take any action by unanimous written consent.

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

The Compensation Committee has the authority to retain compensation consultants to assist it in evaluating the compensation paid to our Chief Executive Officer and other executive officers. As noted in the "**Compensation Discussion and Analysis**" section of this proxy, for the 2015 fiscal year, the Compensation Committee retained Pearl Meyer to provide the Compensation Committee with advice and recommendations on the amount and form of executive and director compensation. Pearl Meyer did not advise management or provide any non-executive consulting services to the Company other than its work on behalf of the Compensation Committee, and it maintained no other economic relationship with the Company.

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

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

As of March 18, 2016, the members of the Nominating and Corporate Governance Committee were Gary L. Warren (Chairman), Anthony J. Best, G. Stephen Finley, Roderick A. Larson and James W. McFarland, PhD. The Board of Directors has determined that each of the members of the Nominating and Corporate Governance Committee is an "independent director" under applicable NYSE listing rules and a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act. The Nominating and Corporate Governance Committee met four (4) times during 2015 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.

## Table Of Contents

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

### **Director Nominations**

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

### **Director Qualifications**

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

**David C. Anderson**

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

**Anthony J. Best**

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

**G. Stephen Finley**

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

Table Of Contents

**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. Mr. Howes has also developed other responsibilities with senior executives in the energy industry through serving in leadership roles on the boards of the American Petroleum Institute ("API") and the National Ocean Industries Association ("NOIA").

**Roderick A. Larson**

Mr. Larson brings to the Board of Directors over 25 years of experience in global oilfield services, which, in the past, included management responsibility for a drilling fluids business. Based upon his more recent experience and in his current position as President of Oceaneering International, we expect him to provide valuable insight into our efforts to further penetrate the deepwater market, which is an important element of our global strategy. In addition, based on his experience at all levels of various organizations, Mr. Larson offers leadership and understanding of the operations and management of a large, global business.

**James W. McFarland, PhD**

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

**Gary L. Warren**

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

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

The stockholder notice must set forth the following:

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



Table Of Contents

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

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

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

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

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

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

The stockholder making the recommendation also should submit information demonstrating the number of shares he or she owns. Stockholders may send recommendations for director candidates for the 2017 Annual Meeting to the Nominating and Corporate Governance Committee by U.S. mail or overnight delivery at the following address: Chair, Nominating and Corporate Governance Committee, c/o Corporate Secretary, Newpark Resources, Inc., 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381.

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

**Stockholder Communication with Board Members**

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

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

We have a policy encouraging the attendance of all directors at annual meetings of stockholders, and we make all appropriate arrangements for directors that choose to attend. All of our directors attended the 2015 Annual Meeting of Stockholders.

Table Of Contents**EXECUTIVE OFFICERS**

As of March 18, 2016, our executive officers, their ages and positions with us were as follows:

<b>Name</b>	<b>Age</b>	<b>Title</b>
Paul L. Howes	60	President and Chief Executive Officer
Gregg S. Piontek	45	Vice President and Chief Financial Officer
Mark J. Airola	57	Senior Vice President, General Counsel, Chief Administrative Officer, Chief Compliance Officer and Secretary
Bruce C. Smith	64	Executive Vice President and President of Fluids Systems
Jeffery L. Juergens	60	Vice President and President of Mats and Integrated Services
Douglas L. White	47	Corporate Controller and Chief Accounting Officer

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

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

**Mark J. Airola** joined us in October 2006 as our Vice President, General Counsel and Chief Administrative Officer and was appointed as our Secretary in December 2006 and Chief Compliance Officer in March 2007. He was named Senior Vice President in February 2011. Mr. Airola has practiced law for 32 years, primarily with large, publicly traded companies. Most recently, from September 1995 through September 2006, Mr. Airola was employed by BJ Services Company, a provider of pressure pumping and other oilfield services to the petroleum industry, serving initially as Assistant General Counsel and subsequently, in 2003, also being named as Chief Compliance Officer (and as an executive officer). From February 1988 to September 1995, Mr. Airola held the position of Senior Litigation Counsel at Cooper Industries, Inc., a global manufacturer of electrical products and tools, and had initial responsibility for managing environmental regulatory matters and litigation and subsequently managing the company’s commercial litigation. From 2011 until present, Mr. Airola serves on the Board of Junior Achievement of Southeast Texas.

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

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

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

Table Of Contents**OWNERSHIP OF COMMON STOCK****Certain Beneficial Owners**

The following table sets forth information, as of the date indicated in the applicable Schedule 13G with respect to each stockholder identified as beneficially owning greater than 5% of our common stock, the number of outstanding shares of our common stock and the percentage beneficially owned. Except as otherwise indicated below, each person named in the table has sole voting and investment power with respect to all shares of common stock beneficially owned by that person. Percentage ownership is based on 84,116,647 shares of common stock outstanding as of March 18, 2016.

Name and Address of Beneficial Owner	Shares of Common Stock		
	Beneficially Owned Number	Percent	
<b>BlackRock, Inc.(1)</b> 55 East 52 <sup>nd</sup> Street New York, New York 10022	<b>9,014,622</b>	<b>10.7</b>	<b>%</b>
<b>T. Rowe Price Associates, Inc.(2)</b> 9 West 57th Street, Suite 1300 New York, New York 10019	<b>7,165,860</b>	<b>8.5</b>	<b>%</b>
<b>Dimensional Fund Advisors LP(3)</b> 6300 Bee Cave Road, Building One Austin, Texas 78746	<b>6,887,187</b>	<b>8.2</b>	<b>%</b>
<b>The Vanguard Group(4)</b> 100 Vanguard Boulevard Malvern, Pennsylvania 19355	<b>6,404,580</b>	<b>7.6</b>	<b>%</b>
<b>Oslo Asset Management AS, OAM(5)</b> Henrik Ibsens gate 20 0255 Oslo Norway	<b>4,285,224</b>	<b>5.1</b>	<b>%</b>
<b>EARNEST Partners, LLC(6)</b> 1180 Peachtree Street NE, Suite 2300 Atlanta, Georgia 30309	<b>4,239,841</b>	<b>5.0</b>	<b>%</b>

(1)Based solely on Amendment No. 7 to Schedule 13G filed with the SEC on January 8, 2016 by BlackRock, Inc. According to the Schedule 13G/A, BlackRock, Inc. has sole voting power with respect to 8,805,595 shares and sole dispositive power with respect to 9,014,622 shares. According to Schedule 13G/A, all shares are beneficially owned by BlackRock, Inc., a parent holding company, and on behalf of its wholly owned subsidiaries: (i) BlackRock Advisors, LLC; (ii) BlackRock Asset Management Canada Limited; (iii) BlackRock Asset

Edgar Filing: NEWPARK RESOURCES INC - Form PRE 14A

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

(2) Based solely on Schedule 13G filed with the SEC on March 11, 2016 by T. Rowe Price Associates, Inc. According to the Schedule 13G, T. Rowe Price Associates, Inc. has sole voting power with respect to 1,295,740 shares and sole dispositive power with respect to 7,165,860 shares.

(3) Based solely on Amendment No. 7 to Schedule 13G filed with the SEC on February 9, 2016, by Dimensional Fund Advisors LP. According to Schedule 13G/A, Dimensional Fund Advisors LP has sole voting power over 6,608,480 shares and sole dispositive power over 6,887,187 shares. According to the Schedule 13G/A, Dimensional Fund Advisors LP is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (collectively, the "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over the securities that are owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. However, all securities reported in the Schedule 13G/A are owned by the Funds, therefore, Dimensional disclaims beneficial ownership of the securities.

(4) Based solely on Amendment No. 3 to Schedule 13G filed with the SEC on February 11, 2016 by The Vanguard Group. According to the Schedule 13G/A, The Vanguard Group has sole voting power with respect to 106,038 shares, sole dispositive power with respect to 6,293,142 shares and shared dispositive power with respect to 111,438 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc. is the beneficial owner of 98,938 shares or .11% of the common stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 19,600 shares or .02% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

(5) Based solely on Schedule 13G filed with the SEC on February 3, 2016 by Oslo Asset Management AS, OAM. According to the Schedule 13G, Oslo Asset Management AS, OAM has sole voting power with respect to 4,285,224 shares and sole dispositive power with respect to 4,285,224 shares.

(6) Based solely on Amendment No. 4 to Schedule 13G filed with the SEC on February 10, 2016 by EARNEST Partners, LLC. According to the Schedule 13G/A, EARNEST Partners, LLC has sole voting power with respect to 1,144,352 shares, sole dispositive power with respect to 4,239,841 shares and shared voting power with respect to 507,321 shares.



Table Of Contents**Ownership of Directors and Executive Officers**

The following table sets forth information with respect to the beneficial ownership of our outstanding common stock as of March 18, 2016, 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.

<b>Name</b>	<b>Shares Beneficially Owned</b>	
	<b>Number</b>	<b>Percent(1)</b>
Paul L. Howes	1,456,755 (2)	1.7 %
Bruce C. Smith	619,805 (3)	*
Mark J. Airola	575,207 (4)	*
Gregg S. Piontek	339,925 (5)	*
Jeffery L. Juergens	335,502 (6)	*
James W. McFarland, PhD	213,206 (7)	*
Gary L. Warren	168,206 (8)	*
G. Stephen Finley	145,706 (9)	*
David C. Anderson	141,820 (10)	*
Anthony J. Best	30,011 (11)	*
Roderick A. Larson	30,011 (12)	*
All current directors and executive officers as a group (12 persons)	4,070,261 (13)	4.7 %

\*Indicates ownership of less than 1%.

The percentage ownership is based on 84,116,647 shares of common stock outstanding as of March 18, 2016. For (1) purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares that such person or group of persons has the right to acquire within 60 days of March 18, 2016 (or May 17, 2016).

(2) Includes (i) 882,403 shares issuable upon exercise of options and (ii) as of May 17, 2016, 207,677 shares which remain subject to restricted stock awards.

(3) Includes (i) 395,945 shares issuable upon the exercise of options and (ii) as of May 17, 2016, 35,738 shares which remain subject to restricted stock awards.

(4)



Edgar Filing: NEWPARK RESOURCES INC - Form PRE 14A

Includes (i) 287,141 shares issuable upon the exercise of options and (ii) as of May 17, 2016, 31,657 shares which remain subject to restricted stock awards.

(5) Includes (i) 203,920 shares issuable upon the exercise of options and (ii) as of May 17, 2016, 28,705 shares which remain subject to restricted stock awards.

(6) Includes (i) 116,137 shares issuable upon the exercise of options and (ii) as of May 17, 2016, 74,094 shares which remain subject to restricted stock awards.

(7) Includes (i) 20,000 shares issuable upon the exercise of options and (ii) as of May 17, 2016, 16,666 shares which remain subject to restricted stock awards.

(8) Includes (i) 10,000 shares issuable upon the exercise of options (ii) as of May 17, 2016, 16,666 shares which remain subject to restricted stock awards.

(9) Includes, as of May 17, 2016, 16,666 shares which remain subject to restricted stock awards.

(10) Includes, as of May 17, 2016, 18,888 shares which remain subject to restricted stock awards.

(11) Includes, as of May 17, 2016, 16,666 shares which remain subject to restricted stock awards.

(12) Includes, as of May 17, 2016, 16,666 shares which remain subject to restricted stock awards.

(13) Includes (i) 1,918,246 shares issuable upon the exercise of options and (ii) as of May 17, 2016, 487,276 shares which remain subject to restricted stock awards.

Table Of Contents

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

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

**Named Executive Officer    Position Title**

Paul L. Howes	President and Chief Executive Officer
Gregg S. Piontek	VP and Chief Financial Officer
Bruce C. Smith	EVP and President of Fluids Systems
Mark J. Airola	SVP, General Counsel, Chief Administrative Officer and Secretary
Jeffery L. Juergens	VP and President of Mats and Integrated Services

We have provided an Executive Summary for 2015 followed by a more detailed analysis and specific information concerning compensation. The detailed discussion of our compensation addresses the following areas:

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

the results of the “Say on Pay” vote from the 2015 Annual Meeting and how the Compensation Committee responded to the vote of (and other feedback from) our stockholders;

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

the key elements of our executive compensation program and how our compensation was determined for 2015 for our Chief Executive Officer and our other named executive officers; and

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

## Executive Summary

**Our performance.** In 2015, we successfully navigated a very difficult market for our oil and gas-related businesses. Driven by a decline in commodity pricing, oil and gas drilling activity levels dropped significantly during 2015, most notably in the North American markets. We believe our NEOs were instrumental in taking the actions needed to quickly adjust the size and cost structure of the Company, consistent with the changing market conditions, while preserving the core business in anticipation of an eventual recovery. Below is a summary of significant accomplishments during 2015:

**We managed our balance sheet and were prepared for the downturn.** We balanced strong cash flow from operating activities, with targeted spending focused on strategic, long-term investments (as noted below). At the beginning of 2015, we had no funds drawn on our revolving credit facility and \$85 million in cash. At the end of 2015, we had no funds drawn on our revolving credit facility and \$107 million in cash.

**We remained focused on safety.** Our Total Recordable Incident Rate (TRIR) for 2015 was 0.42, a new record low for the Company and significantly lower than the industry average. This accomplishment is particularly noteworthy given that it occurred during a period of contraction in the industry, when reductions in force and significant structural changes created increased risks in the work environment.

Table Of Contents

**We provided returns to our stockholders that outperformed many of our peers.** On a three-year (2013-2015) annualized total shareholder return basis, we performed in the 65<sup>th</sup> percentile of our peer group. Although our returns for 2015 were negative, the actions taken in 2015, led by the executive team, protected the core business and preserved shareholder value.

**We continued to invest in the future of our business.** We substantially completed a new \$20 million chemical blending facility in Texas to further sustain the growth of our high performance water based fluids. We also made significant progress on a \$30 million capital investment to expand our drilling fluids infrastructure capacity to support penetration of the Gulf of Mexico deepwater market.

**We continued to grow into new markets.** With new contracts awarded for onshore and offshore work in the Congo, and an ultra-deepwater well (for Total) offshore of Uruguay, our Fluids Systems segment was successful in securing new business in 2015, outside of North America. In both instances, we were awarded the work over our much larger competitors. Our Mats and Integrated Services business made significant strides in expanding its presence in the utility and energy infrastructure business, including new product offerings focused on these markets outside of the exploration and production sectors.

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

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

For our CEO, five times his base salary

For our Directors, five times their annual cash retainers

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

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

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

**No excise tax gross-ups** and no single-trigger benefits in NEO severance agreements.

**Compensation-related Highlights for 2015.** Following are some of the key compensation-related decisions for 2015, all of which are discussed in greater detail in the remainder of this Compensation Discussion and Analysis:

**We received 96% support from our stockholders in our annual advisory vote on our executive compensation program** (“Say on Pay”). We discuss the responses to results from the stockholder vote in the section below entitled “Consideration of Advisory Say on Pay Voting Results.”

**NEO base salaries remained unchanged for 2015**, reflecting the challenges in the oil and gas industry.

Table Of Contents

**The Compensation Committee approved bonuses for our NEOs under our annual incentive plan that varied from 14% to 41% of target** in recognition of 2015 performance. These bonus levels reflect that in our corporate and Fluids Systems segment, financial achievement was well below the targeted level, while the performance for the Mats & Integrated Services segment was between the threshold and target levels. The bonuses earned by our NEOs for 2015 are consistent with our pay for performance philosophy.

**We maintained our mix of equity compensation to include performance-based restricted stock units.** In May 2015, our Compensation Committee approved equity awards at each NEO's target award level, with 50% of the total value provided in the form of time-based restricted stock units, 25% in the form of time-based stock options and 25% in the form of performance-based restricted stock units based on total shareholder return ("TSR") relative to a specified peer group over a three-year performance period. The Compensation Committee concluded that this mix provides an appropriate balance of market competitiveness, long-term performance incentive, and alignment of long-term compensation for the NEOs with the interests of our stockholders.

**Our NEOs achieved total direct compensation at 84% of target opportunity.** Total direct compensation is defined as the sum of base salary, annual incentive, and grant date value of equity incentive compensation.

### **Executive Compensation Philosophy and Objectives**

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

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

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

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

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

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

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

**We are more vulnerable to slow-downs in North American drilling activity levels than our larger competitors.** 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 or our Mats and Integrated Services businesses. While we have increased the percentage of our business that originates outside of North America as part of a strategic decision to do so, and we are diversifying our Mats and Integrated Services business to the utility and energy infrastructure markets, we remain at a disadvantage when compared to many of our competitors and this requires that we be creative in the compensation plans we adopt for our key personnel.

Table Of Contents

**Our history of success has made our executives targets for energy-related companies (oilfield services and otherwise) looking to fill open positions.** Our executives regularly receive inquiries regarding their interest in jobs at other firms (in the oil and gas industry and, in the current market conditions, adjacent businesses). Attracting and then retaining high performing individuals is critical to our success, and under the ongoing market conditions, we need to be creative in our approach to salaries, incentive targets and retention tools, which sometimes means compensating our executives at a level in excess of the market median. Further, as a result of the declines in our stock price, the retention value of unvested equity is significantly lower than in prior years, making our executives more vulnerable to an approach from firms looking to acquire experienced talent.

Total direct compensation for our NEOs in 2015 fell below the market median range (more than 10% below the market median on average). The Compensation Committee continues to monitor the competitiveness of our programs and to make adjustments to individual pay levels as appropriate in order to provide total direct compensation opportunities at our targeted level of the market (*i.e.*, market median). In light of current market conditions, no changes were made to NEO pay opportunities during 2015 and salaries have actually been reduced for 2016.

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

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

<b>Components of NEO Total Direct Compensation</b>		<b>Pay-for-Performance Component</b>
<b>Component</b>	<b>Category</b>	<b>Annual Merit Adjustment</b>
Base Salary	Fixed Pay	Adjustments consider each individual's experience, performance and contributions over time. Provides a competitive salary relative to our peer groups.
Annual Cash	Performance-Based (Variable)	Annual Performance
Incentive		Awards are based on achieving corporate and business unit financial goals on an annual basis, and can include individual



objectives or discretionary items.  
Multi-Year Stock Price Performance

Long-term incentive awards with  
multi-year vesting periods.

Equity Incentive

Performance-Based  
(Variable)

Realized value contingent upon long-term  
growth in stockholder value – particularly in  
the case of stock option awards.

Performance-based restricted stock units  
provide the opportunity to earn from zero to  
150% of target at the end of the three-year  
performance period.

Table Of Contents

The Compensation Committee typically sets 60% to 90% of the NEO's target compensation as contingent, performance-based pay (both short-term and long-term performance). By placing particular emphasis on performance-based variable pay, we require that outstanding individual and corporate performance is achieved for an executive's compensation to significantly exceed the median compensation levels (based on benchmarks discussed in greater detail below). During 2015, approximately 77% of actual compensation for our CEO and 66% of actual compensation for our other NEOs was delivered in the form of variable pay.



Table Of Contents

**Summary of Realized Pay for 2015.** We believe it is important to keep in mind that, unlike short-term cash incentive compensation (which rewards executives for performance relative to pre-determined goals in the previous year), we view equity incentive compensation as a forward-looking incentive. We grant these awards not to recognize past performance, but to align the long-term interests of our executives with those of our stockholders and to provide an incentive which rewards executives over time for helping to drive future growth in stockholder value. In particular, we view stock option grants as performance-based compensation because they only have value to the extent that our stock price appreciates after the date of grant.

Further to this view of equity incentive compensation, we have summarized below the realized compensation for our NEOs during 2015 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 45, which has been prepared in accordance with the SEC's disclosure rules. In the table below we have included two alternate definitions of NEO total direct compensation for 2015. Each measure includes 2015 actual cash compensation (2015 salary plus annual incentive earned for 2015 performance), but differs in how we include the equity component:

Measure of Total Direct Compensation	Components Included				
	Base Salary	Annual Incentive	Stock Options	Restricted Stock	Performance Units
<b>Summary Compensation Table total direct compensation</b>	Actual 2015 Salary	Actual Bonus Earned for 2015 Performance	Grant date value of awards made during 2015	Grant date value of awards made during 2015	Grant date value of awards made during 2015
<b>Realized total direct compensation</b>	Same	Same	Value realized from option exercises during 2015	Value realized from stock vesting during 2015	Value realized from units vesting during 2015

NEOs at the End of 2015	Measures of 2015 Total Compensation		
	Summary Compensation Table	Realized Total Direct Compensation	Realized Total Direct as a Percent of Summary

	<b>Total Direct</b>		<b>Compensation Table</b>	
	<b>Compensation</b>			
Paul L. Howes	\$3,305,426	\$ 2,380,681	72	%
Gregg S. Piontek	\$1,058,743	\$ 743,224	70	%
Bruce C. Smith	\$1,277,332	\$ 1,073,920	84	%
Mark J. Airola	\$1,144,263	\$ 932,125	81	%
Jeffery L. Juergens	\$1,007,446	\$ 944,200	94	%
CUMULATIVE TOTALS	\$7,793,210	\$ 6,074,150	78	%

Table Of Contents

As shown in the table above, despite meaningful grants of equity incentives during 2015, the actual aggregate compensation realized by our NEOs during 2015 was 78% of their total compensation as reflected in the Summary Compensation Table for 2015.

**Alignment of Pay and Performance**

*Absolute Alignment: Net Realizable Pay by Year vs. TSR.* The chart and accompanying table below demonstrate the alignment of CEO "net realizable pay" with the Company's TSR performance by year. While similar, "net realizable pay" is calculated differently than "net realized pay," which is described in the preceding section titled "**Summary of Realized Pay for 2015.**" Net realizable pay is the sum of:

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

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

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

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

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

Table Of Contents

**CEO Realizable Pay: Well Aligned with Annual Performance**

As shown, the changes in CEO realizable pay opportunities by year have been well aligned with the returns experienced by our stockholders, in large part because of the significant portion of CEO pay that is variable. The decline in the value of unrealized equity awards for Mr. Howes during 2015 outweighed the other components of realizable pay shown above, producing a negative pay number for the year.

*Relative Alignment: Realizable Pay as a Percent of Target vs. Performance against Peers.* In order to demonstrate the alignment of CEO pay relative to peers, we compared (i) CEO realizable pay as a percent of target total direct compensation for the three-year period from 2013 to 2015 to (ii) our performance relative to our peer group over the same period.

**Components of Relative Alignment Review**

Target Total Direct Compensation	Realizable Total Direct Compensation
----------------------------------	--------------------------------------



Edgar Filing: NEWPARK RESOURCES INC - Form PRE 14A

	(3 year cumulative)	
Base salary	Actual salary paid in each year	Actual salary paid in each year
Annual Incentive	Target annual incentive opportunity	Actual cash incentive earned for each year
Stock Options	Grant date value of target annual award	In-the-money value of options granted during period - valued at 12/31/2015
Restricted Stock	Grant date value of target annual award	Value of all shares granted during period – at 12/31/2015
Performance Units	Grant date value of target award	Value of shares granted during period based on a probable payout – at 12/31/2015

Table Of Contents

The results of this review for pay opportunities granted to our CEO for the fiscal years 2013-2015 are presented in the chart below.

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

As shown, CEO realizable pay for the period 2013 – 2015 was reasonably well-aligned with TSR performance relative to our peers. Mr. Howes' realizable pay as a percentage of target over this period fell within the alignment fairway. However, while we outperformed relative to our peer group, absolute TSR declines over the period for the Company (and the peer group as a whole) contributed to Mr. Howes' placement at the lower edge of that fairway.

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

Earnings per share growth (or other relevant financial metric) – through annual incentive opportunities; and

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

With realizable value tied to increased stockholder value, long-term (equity) incentives provide our executives with an opportunity to share in the value they create, which is consistent with our pay-for-performance philosophy. As noted in the table above, for 2015 (as in prior years) a very strong degree of alignment exists between realizable pay for our NEOs and the stockholder value represented by our performance versus the peer group. During 2015, the Compensation Committee awarded equity incentives in the form of time-based restricted stock units, time-based stock options and performance-based restricted stock units. The grant date value of equity incentive awards can vary from year to year based upon considerations such as competitive market data, prior grants made to individuals, share availability and stockholder dilution. Time-based awards typically vest over a three-year period. For 2015 (as in prior years), the Compensation Committee allocated 25% of the long-term incentive valuation for the NEOs to performance-based restricted stock units, with the achievement criteria based on the Company's TSR over a three-year performance period compared to the results of a specified peer group.

Table Of Contents

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

**Executive & Director Stock Ownership Guidelines**

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

Unvested time-based restricted shares or units are counted toward the satisfaction of these guidelines. However, unexercised stock options and unearned performance-based restricted stock units do not count toward satisfaction of these guidelines. In the event of an increase in the annual cash retainer or an increase in the ownership requirement, the executives and non-employee directors have five years from the effective date of the increase to acquire any additional shares needed to meet the stock ownership guidelines. Our officers and Directors were in compliance with these ownership guidelines as of December 31, 2015.

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

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

Metrics used for any performance-based plans.

The risks are assessed for each component and metric, along with consideration being given to alternative compensation approaches. To the extent that risks are identified, the Compensation Committee also considers whether the risks have or can be mitigated through various features of the compensation plans. Further discussion of the risk

assessment is contained in the “Executive Compensation” section in this proxy under the heading “Risk Assessment of Compensation Programs.”

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

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

Monitors the performance of the Company and its senior executives;

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

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

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

Table Of Contents

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

**In 2015, the Company's stockholders voted 96.1% (excluding broker non-votes) in favor of our executive compensation practices** as disclosed in the Company's proxy statement. In advance of the vote at the annual meeting, and otherwise throughout 2015, we have engaged in discussions with and received input from our stockholders regarding executive compensation. Taking into consideration all of the input that we received, and the results of voting on our executive compensation practices, the Compensation Committee did not make any changes to executive compensation for 2015.

**The Process of Managing our Executive Compensation Programs**

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

The Compensation Committee operates under a written charter adopted by the Board of Directors on June 11, 2003, and last revised on November 4, 2015. The Compensation Committee charter is available in the "Board Committees & Charters" section under "Corporate Governance" on our website at [www.newpark.com](http://www.newpark.com) and is also available in print upon request from our Corporate Secretary. In addition to the more specific responsibilities set forth in its charter, the Compensation Committee:

Discharges the  
Board of  
Directors'  
responsibilities  
with respect to  
all forms of  
compensation  
of our  
executive  
officers  
(although  
decisions  
regarding the

compensation  
of the Chief  
Executive  
Officer require  
the  
participation of  
all of the  
independent  
directors of the  
Board);

Administers  
our equity  
incentive  
plans; and

Produces an  
annual  
compensation  
committee  
report for our  
proxy  
statement.

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

**Engagement of an Independent Advisor.** The Compensation Committee has the authority to retain special counsel and other experts, including compensation consultants. Since 2012, the Compensation Committee has retained the services of Pearl Meyer (“Pearl Meyer”) to act solely as the consultant for the Compensation Committee. The Compensation Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent and has no conflict of interest in providing executive compensation consulting services. In making this determination, the Compensation Committee noted that during fiscal 2015:

Pearl Meyer  
did not provide

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



Table Of Contents

Fees we  
paid to  
Pearl  
Meyer  
for 2015  
were  
less than  
1% of  
Pearl  
Meyer's  
total  
revenue  
for the  
year;

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

None of the  
Pearl Meyer  
consultants  
working on  
Company  
matters had  
any  
business or  
personal  
relationship  
with  
Committee  
members;

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

None of the Pearl Meyer consultants working on Company matters directly owned Company stock.

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

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

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

Reports on  
our  
strategic  
objectives;

Financial  
reports;

Reports on  
achievement  
of individual  
and  
corporate  
performance  
objectives;

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

Information on  
the total  
compensation  
of the NEOs,  
including base  
salary, cash  
incentives,

equity awards,  
perquisites and  
other  
compensation,  
and any  
amounts  
payable upon  
voluntary or  
involuntary  
termination,  
early or  
normal  
retirement, or  
following a  
severance with  
or without a  
change in  
control; and

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

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

Table Of Contents

Accordingly, the Compensation Committee compares compensation levels for the NEOs with compensation levels at companies in an industry peer group. For 2015, the compensation consultants analyzed the executive compensation data in proxy statements of a peer group consisting of publicly traded oilfield services and equipment companies comparable in size to us in annual revenues, market capitalization, enterprise value, and corporate assets. We review the peer group periodically, typically at the end of each calendar year, so that the composition of the peer group continues to include companies whose size and business models are comparable to ours and who are more likely to compete with us for executive talent. We have also taken into account the peer groups utilized by third party proxy advisory services such as ISS and Glass-Lewis.

The following companies were included in the peer group:

1. Cal Dive International Inc. was de-listed from the New York Stock Exchange in November of 2014 and filed for bankruptcy protection on March 3, 2015. Its shares are no longer traded.

2. Dresser-Rand Group Inc. was acquired by Siemens AG on June 30, 2015 and is no longer separately traded.

As reflected in the table above, for fiscal year 2014, the Company's total revenues were at the median relative to this peer group. Given the timing of peer group pay disclosures, peer group data used for benchmarking was representative of 2014 compensation. With the volatility and challenges in the market as a result of the significant decline in commodity prices, our relative standing in terms of revenue size shifted during 2015. We believe, and Pearl Meyer has advised, that the group shown continues to provide a reasonable reflection of our competitive market for executive compensation benchmarking. As noted above, we review the composition of this group each year to ensure that it remains appropriate for these purposes.

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

Table Of Contents

Where possible, survey results are adjusted to reflect our size, based on annual revenue, and industry. The data is then blended on a weighted basis, which for 2015 was 70% weighted toward the peer group and 30% weighted toward the survey data. The peer group and survey data collectively will be referred to as market data throughout this proxy statement. The compensation consultant also provides advice on compensation trends and types of awards being used for equity incentive compensation.

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

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

First Quarter	<p>Consider changes to the executive base compensation for the current year.</p> <p>Review actual performance compared to goals established for cash incentive compensation in the previous year and approve any payments thereunder.</p> <p>Set individual and company performance goals for cash incentive compensation for the current year.</p> <p>Consider preliminary plans for equity incentive grants for the current year.</p> <p>Evaluate the performance of NEOs and begin preparation of this analysis for the stockholders (<i>i.e.</i>, for the Compensation Discussion and Analysis).</p> <p>Review performance relative to the targets for our equity incentive awards, if any, and approve any awards that may be issued.</p>
Second Quarter	<p>Consider and approve equity grants of options and restricted stock (performance-based or otherwise).</p> <p>Establish corporate performance objectives, if any, for NEOs under our equity incentive plans (may also be established in the first quarter).</p> <p>Report its decisions and recommendations to the Board.</p>
Third Quarter	<p>Consider and address any compensation related issues that may arise.</p> <p>Review and approve the total compensation strategy to assure alignment with business strategy.</p>



Fourth  
Quarter

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

Review the composition of the peer group.

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

## Table Of Contents

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

### **Elements of Executive Compensation**

#### **Direct Compensation**

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

We generally establish base salary compensation for our NEOs near the median of the compensation reflected in the market data. The actual percentiles of individual base salaries for the NEOs for 2015 were between 89% and 105% of the market median.

Base salaries for 2015 and 2016 were reviewed in February 2015 and 2016, respectively, by the Compensation Committee with approved increases (if any) typically effective April 1 of each year. The Compensation Committee evaluated the performance of our Company, the CEO (this evaluation was performed jointly with the independent directors) and the recommendations of the CEO regarding the other executive officers in addition to considering the individual factors listed above. The Compensation Committee also considered the conditions of the general economy and the energy services markets in particular. On the basis of its review, and particularly in view of: (i) the significant decline in activity levels in the oil and gas industry in 2015, (ii) the resulting reductions in our revenue, and (iii) the possibility that such conditions could persist or worsen during 2016, the Compensation Committee (along with the independent directors in the case of the CEO) with the agreement of the NEOs, approved a reduction in the base salaries of the NEOs of 10%, to be effective March 1, 2016 through December 31, 2016. Amendments to the respective employment agreements of the NEOs were subsequently executed. The following table sets forth the base salaries of our NEOs for 2015 and 2016:

<b>Executive</b>	<b>2015 Annualized Salary</b>	<b>2016 Annualized Salary (Pre-Reduction)</b>	<b>2016 Annualized Salary (Post-Reduction)</b>
Paul L. Howes	\$ 750,000	\$ 750,000	\$ 675,000
Gregg S. Piontek	\$ 368,500	\$ 368,500	\$ 331,650
Bruce C. Smith	\$ 416,000	\$ 416,000	\$ 374,400
Mark J. Airola	\$ 385,000	\$ 385,000	\$ 346,500
Jeffery L. Juergens	\$ 360,000	\$ 360,000	\$ 324,000

***Annual Non-Equity (Cash) Incentive Compensation.*** Under our 2010 Annual Cash Incentive Plan, NEOs are eligible to receive annual cash bonuses based on achieving corporate and business unit financial goals and individual objectives, consistent with our pay for performance philosophy. The specific performance measures are determined annually by the Compensation Committee. We intend for the plan to:

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

Table Of Contents

Provide a financial incentive to focus on specific performance targets;

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

Encourage NEOs to continually improve our performance.

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

**Target total cash** opportunities (base salaries plus target annual incentive opportunities) for the NEOs at the beginning of 2015 were approximately 90% of the market median.

**Actual total cash** (salary plus actual annual incentive earned) for the NEOs was approximately 60% of the market median (or 40% below the median) when taking into account awards earned for performance during 2015 were below target for each of our NEOs.

Note that when comparing the annual incentives for 2015, the market data available assumes performance at the target level and does not include estimates of what was actually paid for 2015 performance among the peer group (which were likely paid at below target levels for many of our peers given the decline in activity levels in the oil and gas industry). Annual cash incentive awards are linked to the achievement of company-wide and business unit quantitative performance goals and can include individual objectives and are designed to place a significant portion (50% - 80%) of total compensation at risk.

The annual cash incentive opportunity (expressed as a percentage of base salary) for each participant is based on his potential to affect operations and/or profitability. In 2015, the threshold, target and over-achievement cash incentive opportunities for the NEOs, expressed as a percentage of base salary are summarized in the table below (along with target award opportunities as approved by the Compensation Committee):

Name/Title	Incentive Opportunity as a Percent of Salary	
	Threshold	Target Over-

**Achievement**

Paul L. Howes	25.0 %	100 %	200 %
Gregg S. Piontek	16.25 %	65 %	130 %
Bruce C. Smith	16.25 %	65 %	130 %
Mark J. Airola	16.25 %	65 %	130 %
Jeffery L. Juergens	16.25 %	65 %	130 %

Target performance for 2015 was set based on budgeted financial objectives approved by the Board of Directors for the year. The Compensation Committee then established several benchmark levels of performance in the plan to help guide determination of actual awards:

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

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

Table Of Contents

The structure of the 2015 Annual Non-Equity (Cash) Incentive Compensation plan is graphically represented below.

Table Of Contents

*2015 Annual Incentive Performance Payout Range.* The Compensation Committee looks at the current and prior year's achievements before setting new performance targets each year. The Compensation Committee intends to set financial performance targets at levels which will challenge the NEOs to achieve. Performance measures and weights applicable to our NEOs in 2015 are presented in the table below:

**Non-Equity Incentive Plan Weighting for 2015**

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

(1) Discretionary factors for Messrs. Howes, Piontek and Airola were (i) safety, (ii) construction projects, (iii) completion of strategic plan review/update, (iv) business segment expansion, and (v) Oracle implementation.

(2) Discretionary factors for Mr. Smith were (i) safety, (ii) international expansion, (iii) development of deepwater training, (iv) development of new product, and (v) implementation of deepwater strategy.

(3) Discretionary factors for Mr. Juergens were (i) safety, (ii) spill containment product launch, (iii) completion of new product design, (iv) production of mobile mat washing system and (v) complete key personnel hiring.

(4) The capital charge is calculated by multiplying the net capital employed at the business unit by the estimated cost of capital for the Company, established at 12% at the inception of 2015.

**2015 Results.** The adjusted loss per diluted share for 2015 was \$(0.25) as compared to the target of \$0.40. These results exclude asset impairments and similar charges recorded in 2015. For purposes of calculating the achievement levels, the full cost of the 2015 cash incentives were included. RONCE for the Company as a whole was -1.9% for

2015 as compared to a target of 5.1%. The threshold levels for the adjusted earnings per diluted share and RONCE metrics were not achieved for 2015.

Adjusted EBIT, net of the capital charge for the Fluids Systems segment, was \$(77.7) million compared to a target of \$(7.2) million. EBIT was adjusted to exclude the impact of a goodwill impairment recorded in 2015 related to this segment. The threshold level for adjusted EBIT for this business segment was not achieved for 2015. Revenue on the EVOLUTION high performance water-based fluid system was \$105 million for 2015, compared to the target of \$179 million, producing a performance level above the threshold level, and a payout at 38% of the target for this element of the annual cash incentive for Mr. Smith.

Adjusted EBIT, net of the capital charge for the Mats and Integrated Services segment, was \$6.1 million versus a target of \$20.3 million. EBIT was adjusted to exclude the impact of certain severance obligations and non-recurring transportation costs associated with re-positioning mat inventories outside the U.S. This level of performance was between the threshold and target levels, resulting in a payout at 47% of the target amount for this element of the annual cash incentive for Mr. Juergens.

In addition, for 2015, 10% of the bonus opportunity was allocated to discretionary factors, and the Compensation Committee assessed the executives' performance, on a cumulative basis, at levels from the mid-range between entry and target to the mid-range between target and over-achievement levels for the metrics described in the table above.



Table Of Contents

For 2016, the following incentive plan targets and metrics apply:

**Non-Equity Incentive Plan Weighting for 2016**

Metric	Performance Measure Weighting – Percent of Target Opportunity				
	Contingent Upon Each Performance Measure				
	Paul L.	Gregg S.	Bruce C.	Mark J.	Jeffery L.
Company Financial Performance Objective — ADJUSTED EBITDA	75 %	75 %	20 %	75 %	20 %
Division Financial Performance Objective — ADJUSTED EBIT, Net of Capital Charge			50 %		70 %
EVOLUTION Financial Performance Objective — Revenue Discretionary	25 %	25 %	10 %	25 %	10 %
Total	100%	100 %	100%	100%	100 %
Target Bonus Opportunity As a percentage of base salary	100%	65 %	65 %	65 %	65 %

In recognition of the current economic environment for oilfield services (sharp drops in capital spending plans by our customers and a rapid reduction in drilling activities), the Compensation Committee has elected to focus on cash generation for 2016, rather than earnings per share. A number of our peers used EBITDA as a performance metric in 2015, and we expect more to do so in 2016 (or use a metric similar to EBITDA) for purposes of focusing management on the importance of cash flow in preserving shareholder value. EBITDA will be adjusted for items such as severance costs and impacts of discontinued operations. The Compensation Committee will also consider making adjustments to EBITDA, as reported, for other special items based primarily upon managements' responsibility for the item/event and managements' response. The Compensation Committee also established the following benchmark levels for determining the actual awards to be earned:

	Below Threshold	Threshold	Target	Over- Achievement	Super Over-Achievement
Percent of Goal Achieved	< 50% of goal achieved	50% of goal achieved	100% of goal achieved	140% of goal achieved	>140% of goal achieved
Percent of Target Bonus Opportunity Earned	0% of target earned	30% of target earned	100% of target earned	200% of target earned	>200% of target earned

For 2016, the Compensation Committee reinstated the super over-achievement level of performance level in the annual non-equity incentive plan. The purpose of including this feature is to insure that incentives remain in place should the oil and gas industry experience a rapid recovery in 2016. As in prior years, the super over-achievement level is also intended to enhance retention, by deferring, over a 2 year period, any payments associated with achievement at this level (with the exception of amounts below \$20,000).

Table Of Contents

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

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

**Restricted stock awards** have been granted to NEOs since 2003 to further align the interests of executive officers and stockholders. In 2015 the Compensation Committee granted awards of restricted stock in the form of restricted stock units. The Compensation Committee decides each year whether to include performance objectives in the awards and, if so, the appropriate targets. The Compensation Committee believes restricted stock grants, including awards without performance criteria, provide value to NEOs during periods of stock market volatility (encouraging executive retention) and facilitate the most direct long-term share ownership by our NEOs. These awards have been structured to be earned, or vest, over a three-year period.

**Performance-Based Restricted Stock Units** were granted to NEOs beginning in 2013 in the form of a relative TSR restricted stock unit. Taking into consideration input from our stockholders, along with the compensation practices of our peer group, the Compensation Committee elected to include these performance-based restricted stock units to further enhance linkage between the performance of our Company and the compensation of NEOs. The TSR awards measure our Company's share performance relative to a peer group of companies over a three-year period. These awards have been structured to be earned at the completion of a three-year period.

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

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

and grants.

For 2015, the Compensation Committee chose to allocate 50% of the target long-term incentive to time-based restricted stock units, 25% allocated to time-based stock options and the remaining 25% to performance-based restricted stock units. The Compensation Committee considered the following in reaching this conclusion:

While we maintain that stock options, by their nature, are “performance-based” and aligned with our stockholders’ interests by requiring an increase in the stock price from the date of grant before any value is received by the NEO, for 2015, the Compensation Committee again felt that a long-term incentive grant of restricted stock units containing performance-based goals would further enhance the link between executive pay and stockholder interests.

A review of our compensation structure showed that our program for 2015 was closely aligned with the compensation programs of the companies in our peer group.

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

Table Of Contents

Individual equity incentives (as a multiple of base salary) are generally based on a range around the median of the equity incentives reflected in the market data. The individual total direct compensation (target total cash, plus all long-term incentive awards) for the current NEOs for 2015 were between 79% and 103% of the median for the compensation reflected in the combined market data for all named executives and the peer group.

**Equity Incentive Compensation Decisions.** The following grants were made on May 22, 2015:

Executive	May 2015	May	May 2015
	Annual Restricted Stock Unit Grant (# of shares)	Annual Stock Option Grant (# of options)	TSR Grant (# of shares at maximum payout)
Paul L. Howes	136,138	156,514	91,350
Gregg S. Piontek	36,485	41,945	24,481
Bruce C. Smith	44,620	51,298	29,940
Mark J. Airola	40,236	46,258	26,998
Jeffery L. Juergens	30,693	35,286	20,595

In administering the long-term incentive plan, the Compensation Committee is sensitive to the potential for dilution of future earnings per share. In 2015, 695,698 stock options and 1,251,819 restricted stock awards, restricted stock units, and performance-based restricted stock units were granted to 215 executive officers and employees, or about 9.8% of total employees. The awards were approximately 2.3% of our outstanding shares at the time of grant. For further information regarding the awards to the named executive officers, see the 2015 Grants of Plan-Based Awards Table.

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

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

## **Indirect Compensation**

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

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

***Employee Stock Purchase Plan.*** We offer an employee stock purchase plan allowing employees to purchase our common stock through payroll deductions under the 2008 Employee Stock Purchase Plan. Employees, including executive officers, can set aside up to 10% of their annual salary to purchase stock at 85% of the fair market value of the stock on the first or last day of each six month offering period, whichever is lower. In 2013, the 2008 Employee Stock Purchase Plan was amended to increase the percentage discount at which an employee could purchase under this plan from 5% to 15%. Executive officers may not set aside more than \$25,000 of their salary to purchase shares under this plan in any year. None of our NEO's participated in this plan in 2015.

Table Of Contents

**401(k) Plan.** We offer a defined contribution 401(k) plan to our employees, including executive officers. The plan helps employees save for retirement, reduce current income taxes and defer income taxes on savings and investment income until retirement. The participants may contribute from 1% up to 50% of their base and cash incentive compensation. Our 401(k) plan allows us to make matching contributions and, until March 30, 2016, we made matching contributions under this plan of 100% on the first 3% of the employee's compensation and 50% of the next 3% of the participant's compensation. As a result of deteriorating business conditions, we suspended our matching contributions under the 401(k) plan effective March 30, 2016. Employees are fully vested in employer contributions immediately. During 2015, an employee could contribute up to \$18,000, and employees age 50 or older were allowed to make additional catch-up contributions to the plan up to \$5,500.

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

**Employment Agreements**

Each NEO's employment agreement was amended on February 16, 2016 to reflect a reduction in the NEOs base salary by 10% effective March 1, 2016 through December 31, 2016.

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

Annual  
base  
salary of  
\$750,000  
(as

adjusted  
effective  
April 1,  
2014);

An  
opportunity (as  
adjusted for  
2015) under  
our executive  
incentive  
compensation  
plan to earn a  
cash bonus of  
between 25%  
and 200% of  
his annual base  
salary based  
on the  
satisfaction of  
performance  
criteria  
specified by  
the  
Compensation  
Committee;

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

Payment of  
one-half the  
initiation fee  
for  
membership  
in the  
country club  
of



Mr. Howes' choice and an annual stipend of \$20,000 to be used by Mr. Howes in his discretion for monthly club dues, automobile costs, and similar expenses;

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

Four weeks of paid vacation;

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

personnel; and

An annual  
medical  
examination.

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

Table Of Contents

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

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

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

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

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

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

An opportunity (as adjusted for 2015) under our executive incentive compensation plan to earn a cash bonus of between 16.25% and 130% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

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

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

Car allowance;

Four weeks of paid vacation;

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

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

Table Of Contents

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

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

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

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

An  
opportunity (as

adjusted in 2015) under our executive incentive compensation plan to earn a cash bonus of between 16.25% and 130% of his annual base salary based on the satisfaction of performance criteria specified by the Compensation Committee;

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

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

Car  
allowance;

Four  
weeks of  
paid  
vacation;  
and

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

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

Table Of Contents

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

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

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

An  
opportunity (as  
adjusted in  
2015) under  
our executive  
incentive  
compensation  
plan to earn a  
cash bonus of  
between  
16.25% and  
130% of his  
annual base  
salary based



on the  
satisfaction of  
performance  
criteria  
specified by  
the  
Compensation  
Committee;

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

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

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

Relocation  
expenses  
up to

\$50,000;

Car  
allowance;

Four  
weeks of  
paid  
vacation;  
and

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

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

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

termination, of up to \$20,000.

42

---

Table Of Contents

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

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

An  
opportunity (as  
adjusted in  
2015) under  
our executive  
incentive  
compensation  
plan to earn a  
cash bonus of  
between  
16.25% and  
130% of his  
annual base  
salary based  
on the  
satisfaction of  
performance  
criteria  
specified by  
the  
Compensation  
Committee;

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

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

Reimbursement for all reasonable and necessary business, entertainment and travel expenses incurred or

expended by  
Mr. Juergens;

Car  
allowance;

Four  
weeks of  
paid  
vacation;

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

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

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

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

## Table Of Contents

### **Tax and Accounting Implications**

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

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

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

### **Other Tax Implications**

Section 409A of the Internal Revenue Code governs the taxation of certain types of "nonqualified deferred compensation." Failure to comply with the requirements of Section 409A can result in adverse income tax consequences to our executives, including the accelerated income taxation of noncompliant compensation, the imposition of an additional 20% tax on such noncompliant compensation, and the imposition of interest on those taxes. We have taken precautions in the design of our employment agreements (including the severance and change in control provisions), as well as our 2015 Employee Equity Incentive Plan and 2010 Annual Cash Incentive Plan and all equity and incentive award agreements, to help ensure compliance with Section 409A and the regulations promulgated thereunder.

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



The members of the Compensation Committee in 2015 were Mr. Best (Chairman), Mr. Finley, Mr. Larson, Dr. McFarland and Mr. Warren. No member of the Compensation Committee is a current or former officer or employee of ours or any of our subsidiaries or had any relationship requiring disclosure under applicable SEC rules. Additionally, none of our executive officers served as a director or member of the compensation committee of another entity, one of whose executive officers served as a director or member of our Compensation Committee.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with our management the Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2015.

Compensation Committee of the Board of Directors

Anthony J. Best (Chairman)

G. Stephen Finley

Roderick A. Larson

James W. McFarland, PhD

Gary L. Warren

Table Of Contents**EXECUTIVE COMPENSATION****SUMMARY COMPENSATION TABLE**

The following table shows the compensation for our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers for the fiscal years ended December 31, 2013, 2014 and 2015.

Name and Principal Position	Year	Salary	Stock	Option	Non-Equity	All Other	Total
			Awards	Awards	Incentive Plan Compensation	Compensation	
			(1)	(1)	(2)	(3)	
Paul L. Howes President and Chief Executive Officer	2015	\$ 750,000	\$ 1,838,018	\$ 612,408	\$ 105,000	\$ 35,547	\$ 3,340,973
	2014	\$ 741,250	\$ 1,856,239	\$ 618,982	\$ 960,515	\$ 34,022	\$ 4,211,008
Gregg S. Piontek Vice President, Chief Financial Officer	2013	\$ 698,750	\$ 4,293,602	\$ 583,124	\$ 684,038	\$ 33,797	\$ 6,293,311
	2015	\$ 368,500	\$ 492,587	\$ 164,122	\$ 33,534	\$ 31,605	\$ 1,090,348
	2014	\$ 360,125	\$ 497,466	\$ 165,887	\$ 303,323	\$ 29,070	\$ 1,355,871
Bruce C. Smith Executive Vice President and President of Fluids Systems	2013	\$ 326,250	\$ 461,099	\$ 153,680	\$ 207,598	\$ 30,145	\$ 1,178,772
	2015	\$ 416,000	\$ 602,418	\$ 200,719	\$ 58,195	\$ 34,392	\$ 1,311,724
	2014	\$ 412,000	\$ 608,392	\$ 202,873	\$ 346,394	\$ 33,917	\$ 1,603,576
Mark J. Airola Senior Vice President, General Counsel, Chief Administrative Officer & Secretary	2013	\$ 397,500	\$ 596,450	\$ 198,793	\$ 233,597	\$ 32,740	\$ 1,459,080
	2015	\$ 385,000	\$ 543,230	\$ 180,998	\$ 35,035	\$ 31,097	\$ 1,175,360
	2014	\$ 376,250	\$ 548,613	\$ 182,941	\$ 316,905	\$ 30,372	\$ 1,455,081
Jeffery L. Juergens Vice President and President of Mats and Integrated	2013	\$ 346,250	\$ 508,511	\$ 169,484	\$ 203,376	\$ 31,447	\$ 1,259,068
	2015	\$ 360,000	\$ 414,388	\$ 138,067	\$ 94,991	\$ 34,151	\$ 1,041,597
	2014	\$ 351,250	\$ 418,485	\$ 139,551	\$ 440,685	(4) \$ 32,126	\$ 1,382,097
	2013	\$ 317,500	\$ 733,273	\$ 128,385	\$ 211,514	\$ 31,901	\$ 1,422,573

Services

Dollar amount reported reflects the aggregate fair value determined as of the date of award or grant, in each case calculated in accordance with ASC Topic 718. See Note 11, “Stock Based Compensation and Other Benefit Plans,” in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended 2015, for the relevant assumptions used in the calculation of these amounts. The amount listed includes

- (1) grant date fair value for the performance-based restricted stock units based on probable outcome of the underlying performance conditions. The maximum fair values of such awards at the grant date, assuming achievement of the highest level of performance are as follows: Mr. Howes - \$919,164; Mr. Piontek - \$246,328; Mr. Smith - \$301,256; Mr. Airola - \$271,654 and Mr. Juergens - \$207,227.
- (2) Reflects amounts earned under our 2010 Annual Cash Incentive Plan which were awarded in 2013, 2014 and 2015.
- (3) The amount for “All Other Compensation” includes the following for 2015:

	<b>Paul L. Howes</b>	<b>Gregg S. Piontek</b>	<b>Bruce C. Smith</b>	<b>Mark J. Airola</b>	<b>Jeffery L. Juergens</b>
Physical	\$1,300	\$1,300	\$—	\$—	\$1,300
Life Insurance	\$2,322	\$1,530	\$3,564	\$2,322	\$4,076
Car Allowance/Personal Use of Company Car	\$—	\$15,600	\$18,153	\$15,600	\$15,600
Annual Stipend in accordance with Employment Agreement	\$20,000	\$—	\$—	\$—	\$—
Matching Contributions under 401(k)	\$11,925	\$11,925	\$11,925	\$11,925	\$11,925
Matching Contribution for Health Savings Account	\$—	\$1,250	\$750	\$1,250	\$1,250

- (4) Includes \$30,675 in incentive attributable to performance in 2014 at the super –overachievement level under the 2010 Annual Cash Incentive Plan, which is deferred for two years, half of which will be paid in March 2016 and the remainder to be paid in March 2017.

Table Of Contents**GRANTS OF PLAN-BASED AWARDS IN 2015**

The following table sets forth certain information with respect to plan-based awards granted to the named executive officers identified in the Summary Compensation Table during 2015.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of	All Other Option Awards: Number of Securities of	Exercise or Base Price	Grant Date Fair Value of Stock and Option Awards(3)
		Threshold	Target	Maximum	Threshold	Target	Maximum	Stock or Units	Options	Awards(3)	
Paul L. Howes	2/25/2015	\$187,500	\$750,000	\$1,500,000	–	–	–	–	–	–	–
	5/22/2015	–	–	–	18,270	60,900	91,350	–	–	–	\$612,700
	5/22/2015	–	–	–	–	–	–	136,138	(4)	–	\$1,225,000
	5/22/2015	–	–	–	–	–	–	–	–	156,514	\$9.00
Gregg S. Piontek	2/25/2015	\$59,881	\$239,525	\$479,050	–	–	–	–	–	–	–
	5/22/2015	–	–	–	4,896	16,321	24,481	–	–	–	\$164,200
	5/22/2015	–	–	–	–	–	–	36,485	(4)	–	\$328,300
	5/22/2015	–	–	–	–	–	–	–	–	41,945	\$9.00
Bruce C. Smith	2/25/2015	\$67,600	\$270,400	\$540,800	–	–	–	–	–	–	–
	5/22/2015	–	–	–	5,988	19,960	29,940	–	–	–	\$200,800
	5/22/2015	–	–	–	–	–	–	44,620	(4)	–	\$401,500
	5/22/2015	–	–	–	–	–	–	–	–	51,298	\$9.00
Mark J. Airola	2/25/2015	\$62,563	\$250,250	\$500,500	–	–	–	–	–	–	–
	5/22/2015	–	–	–	5,399	17,999	26,998	–	–	–	\$181,100
	5/22/2015	–	–	–	–	–	–	40,236	(4)	–	\$362,100
	5/22/2015	–	–	–	–	–	–	–	–	46,258	\$9.00
Jeffery L.	2/25/2015	\$58,500	\$234,000	\$468,000	–	–	–	–	–	–	–

## Juergens

5/22/2015	-	-	-	4,119	13,730	20,595	-	-	-	\$138,1
5/22/2015	-	-	-	-	-	-	30,693	(4)	-	\$276,2
5/22/2015	-	-	-	-	-	-	-	35,286	\$9.00	\$138,0

Represents threshold, target and over-achievement payout levels under our 2010 Annual Cash Incentive Plan for 2015 performance-based annualized salary as of April 1, 2015. See “Non-Equity Incentive Plan Compensation”

(1) column of the Summary Compensation Table for the amount actually earned by each named executive officer for 2015 performance. Note that performance is assessed separately for each metric included in the 2010 Annual Cash Incentive Plan for 2015,

The awards reflected in this column represent our relative performance-based restricted stock units which may be (2) earned in an amount equal to 0% to 150% of target based on our relative TSR performance against a specified peer group over the three-year performance period of 2015, 2016 and 2017.

Dollar amount reported reflects the fair value of the date of award or grant, in each case calculated in accordance with FASB ASC Topic 718. The amount listed includes grant date fair value of the performance-based restricted (3) stock units based on probable outcome of the underlying performance conditions. See Note 11, “Stock Based Compensation and Other Benefit Plans,” in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended 2015 for the relevant assumptions used to determine the valuation of our stock awards.

(4) Represents shares of time-based restricted stock units granted under the 2015 Plan. These awards vest one-third annually over three years.

Table Of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$/Sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)		
Paul L. Howes	80,000	–	\$ 7.82	6/11/2017	–	–	–	–
	150,000	–	\$ 7.89	6/9/2018	–	–	–	–
	200,000	–	\$ 3.31	6/10/2019	–	–	–	–
	139,225	–	\$ 9.13	6/8/2021	–	–	–	–
	200,000	–	\$ 5.57	6/5/2022	–	–	–	–
	71,679	35,839	(2) \$ 11.43	6/5/2023	–	–	–	–
	41,499	82,997	(3) \$ 11.20	5/21/2024	–	–	–	–
	–	156,514	(4) \$ 9.00	5/22/2025	–	–	–	–
	–	–	–	–	34,017	(5) \$ 179,610	–	–
	–	–	–	–	100,000	(6) \$ 528,000	–	–
	–	–	–	–	73,660	(7) \$ 388,925	–	–
	–	–	–	–	136,138	(8) \$ 718,809	–	–
–	–	–	–	–	–	44,482	(9) \$ 234,865	
–	–	–	–	–	–	49,302	(9) \$ 260,315	
–	–	–	–	–	–	60,900	(9) \$ 321,552	
Gregg S. Piontek	20,000	–	\$ 7.82	6/11/2017	–	–	–	–
	28,100	–	\$ 7.89	6/9/2018	–	–	–	–
	23,390	–	\$ 3.31	6/10/2019	–	–	–	–
	19,246	–	\$ 9.13	6/8/2021	–	–	–	–
	83,171	–	\$ 5.57	6/5/2022	–	–	–	–
	18,891	9,445	(10) \$ 11.43	6/5/2023	–	–	–	–
	11,122	22,243	(11) \$ 11.20	5/21/2024	–	–	–	–
	–	41,945	(12) \$ 9.00	5/22/2025	–	–	–	–

Edgar Filing: NEWPARK RESOURCES INC - Form PRE 14A

	-	-	-	-	8,965	(13)	\$ 47,335	-	-
	-	-	-	-	19,740	(14)	\$ 104,227	-	-
	-	-	-	-	36,485	(15)	\$ 192,641	-	-
	-	-	-	-	-	-	-	11,723	(9) \$ 61,897
	-	-	-	-	-	-	-	13,213	(9) \$ 69,765
	-	-	-	-	-	-	-	16,321	(9) \$ 86,175
Bruce C. Smith	50,000	-	\$ 7.82	6/11/2017	-	-	-	-	-
	87,500	-	\$ 7.89	6/9/2018	-	-	-	-	-
	41,562	-	\$ 3.31	6/10/2019	-	-	-	-	-
	47,071	-	\$ 9.13	6/8/2021	-	-	-	-	-
	131,774	-	\$ 5.57	6/5/2022	-	-	-	-	-
	24,436	12,218	(16) \$ 11.43	6/5/2023	-	-	-	-	-
	13,602	27,202	(17) \$ 11.20	5/21/2024	-	-	-	-	-
	-	51,298	(18) \$ 9.00	5/22/2025	-	-	-	-	-
	-	-	-	-	11,596	(19)	\$ 61,227	-	-
	-	-	-	-	24,142	(20)	\$ 127,470	-	-
	-	-	-	-	44,620	(21)	\$ 235,594	-	-
	-	-	-	-	-	-	-	15,164	(9) \$ 80,066
	-	-	-	-	-	-	-	16,159	(9) \$ 85,320
	-	-	-	-	-	-	-	19,960	(9) \$ 105,389
Mark J. Airola	127,250	-	\$ 3.31	6/10/2019	-	-	-	-	-
	36,820	-	\$ 9.13	6/8/2021	-	-	-	-	-
	89,972	-	\$ 5.57	6/5/2022	-	-	-	-	-
	20,834	10,416	(22) \$ 11.43	6/5/2023	-	-	-	-	-
	12,265	24,530	(23) \$ 11.20	5/21/2024	-	-	-	-	-
	-	46,258	(24) \$ 9.00	5/22/2025	-	-	-	-	-
	-	-	-	-	9,887	(25)	\$ 52,203	-	-
	-	-	-	-	21,770	(26)	\$ 114,946	-	-
	-	-	-	-	40,236	(27)	\$ 212,446	-	-
	-	-	-	-	-	-	-	12,928	(9) \$ 68,260
	-	-	-	-	-	-	-	14,571	(9) \$ 76,935
	-	-	-	-	-	-	-	17,999	(9) \$ 95,035

Table Of Contents

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$/Sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#)	
Jeffery L. Juergens	32,217	–	\$ 9.13	6/8/2021	–	–	–	–
	58,782	–	\$ 5.57	6/5/2022	–	–	–	–
	15,782	7,890	(28) \$ 11.43	6/5/2023	–	–	–	–
	9,356	18,712	(29) \$ 11.20	5/21/2024	–	–	–	–
	–	35,286	(30) \$ 9.00	5/22/2025	–	–	–	–
	–	–	–	–	34,773	(31) \$ 183,601	–	–
	–	–	–	–	7,489	(32) \$ 39,542	–	–
	–	–	–	–	15,226	(33) \$ 80,393	–	–
	–	–	–	–	16,606	(34) \$ 87,680	–	–
	–	–	–	–	30,693	(35) \$ 162,059	–	–
	–	–	–	–	–	–	9,793	(9) \$ 51,707
	–	–	–	–	–	–	11,115	(9) \$ 58,687
	–	–	–	–	–	–	13,730	(9) \$ 72,494

- (1) The market value is based upon the closing stock price of \$5.28 as reported on December 31, 2015.
- (2) The 35,839 options vest on June 9, 2016.
- (3) The 82,997 options vest as follows: 41,499 on June 1, 2016 and 41,498 on June 1, 2017.
- (4) The 156,514 options vest as follows: 52,172 on June 1, 2016, 52,171 on June 1, 2017 and 52,171 on June 1, 2018.
- (5) The 34,017 shares of restricted stock vest on June 9, 2016.
- (6) The 100,000 shares of restricted stock vest on November 6, 2017.
- (7) The 73,660 shares of restricted stock vest as follows: 36,830 on June 1, 2016 and 36,830 on June 1, 2017.
- (8) The 136,138 shares of restricted stock units vest as follows: 45,380 on June 1, 2016, 45,379 on June 1, 2017 and 45,379 on June 1, 2018.
- (9) The amount shown represents the number of shares achievable at target for our relative TSR performance units which may be earned in an amount equal to 0% to 150% of target based on our relative TSR performance against



a specified peer group over the designated three-year performance period.

- (10) The 9,445 options vest on June 9, 2016.
- (11) The 22,243 options vest as follows: 11,122 on June 1, 2016 and 11,121 on June 1, 2017.
- (12) The 41,945 options vest as follows: 13,982 on June 1, 2016, 13,982 on June 1, 2017 and 13,981 on June 1, 2018.
- (13) The 8,965 shares of restricted stock vest on June 9, 2016.
- (14) The 19,740 shares of restricted stock vest as follows: 9,870 on June 1, 2016 and 9,870 on June 1, 2017.
- (15) The 36,485 shares of restricted stock units vest as follows: 12,162 on June 1, 2016, 12,162 on June 1, 2017 and 12,161 on June 1, 2018.
- (16) The 12,218 options vest on June 9, 2016.
- (17) The 27,202 options vest on 13,601 on June 1, 2016 and 13,601 on June 1, 2017.
- (18) The 51,298 options vest as follows: 17,100 on June 1, 2016, 17,099 on June 1, 2017 and 17,099 on June 1, 2018.
- (19) The 11,596 shares of restricted stock vest on June 9, 2016.
- (20) The 24,142 shares of restricted stock vest as follows: 12,071 on June 1, 2016 and 12,071 on June 1, 2017.
- (21) The 44,620 shares of restricted stock units vest as follows: 14,874 on June 1, 2016, 14,873 on June 1, 2017 and 14,873 on June 1, 2018.
- (22) The 10,416 options vest on June 9, 2016.
- (23) The 24,530 options vest as follows: 12,265 on June 1, 2016 and 12,265 on June 1, 2017.
- (24) The 46,258 options vest as follows: 15,420 on June 1, 2016, 15,419 on June 1, 2017 and 15,419 on June 1, 2018.
- (25) The 9,887 shares of restricted stock vest on June 9, 2016.
- (26) The 21,770 shares of restricted stock vest as follows: 10,885 on June 1, 2016 and 10,885 on June 1, 2017.
- (27) The 40,236 shares of restricted stock units vest as follows: 13,412 on June 1, 2016, 13,412 on June 1, 2017 and 13,412 on June 1, 2018.
- (28) The 7,890 options vest on June 9, 2016.
- (29) The 18,712 options vest as follows: 9,356 on June 1, 2016 and 9,356 on June 1, 2017.
- (30) The 35,286 options vest as follows: 11,762 on June 1, 2016, 11,762 on June 1, 2017 and 11,762 on June 1, 2018.
- (31) The 34,773 shares of restricted stock vest on December 5, 2016.
- (32) The 7,489 shares of restricted stock vest on June 9, 2016.
- (33) The 15,226 shares of restricted stock vest on June 6, 2017.
- (34) The 16,606 shares of restricted stock vest as follows: 8,303 on June 1, 2016 and 8,303 on June 1, 2017.
- (35) The 30,693 shares of restricted stock units vest as follows: 10,231 on June 1, 2016, 10,231 on June 1, 2017 and 10,231 on June 1, 2018.

Table Of Contents**OPTION EXERCISES AND STOCK VESTED**

The following table sets forth information for the NEOs identified in the Summary Compensation Table with respect to stock options exercised and vesting on time-based restricted shares for the fiscal year ended December 31, 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized upon Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting(1)
Paul L. Howes	—	—	204,181	\$1,525,681
Gregg S. Piontek	—	—	43,198	\$341,190
Bruce C. Smith	—	—	83,424	\$599,725
Mark J. Airola	—	—	73,310	\$512,090
Jeffery L. Juergens	—	—	66,171	\$489,209

Dollar values are calculated by multiplying the market price of our common stock on the vesting date by the (1) number of shares vested and does not necessarily reflect the proceeds actually received by the named executive officer.

**Risk Assessment of Compensation Programs**

The Compensation Committee considers, in establishing and reviewing the employee compensation programs, whether the programs encourage unnecessary or excessive risk taking. As discussed in the Compensation Discussion and Analysis of this proxy statement, the Compensation Committee, with the assistance of management and its consultant, undertook a risk assessment of our compensation programs in 2015. After reviewing and discussing the compensation programs with the Compensation Committee and reviewing the results of those discussions with the Audit Committee of the Board, we believe that the programs are balanced and do not motivate or encourage unnecessary or excessive risk taking. While some performance-based awards focus on achievement of short-term or annual goals, and short-term goals may encourage the taking of short-term risks at the expense of long-term results, these award programs represent a modest percentage of the executive employees' total compensation opportunities and are balanced by other long-term incentives. We believe that these programs appropriately balance risk and the desire to focus employees on specific short-term goals important to our success, and that it does not encourage unnecessary or excessive risk taking.

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

### **Employment Agreements and Change in Control Agreements**

We have entered into employment agreements with each of our NEOs. See **“Employment Agreements”** within the Compensation Discussion and Analysis for a summary of these employment agreements and descriptions of compensation elements pursuant to which the amounts listed under the Summary Compensation Table and Grants of Plan-Based Awards in 2015 Table were paid or awarded and the criteria for such payment, including targets for payments of annual incentives, as well as performance criteria on which such payments were based. We have also adopted a change in control benefits policy applicable to our NEOs and have entered into change in control agreements with our NEOs other than Mr. Howes, who receives his benefits under his employment agreement. See **“Potential Payments upon Change in Control”** below for a summary of these benefits and agreements.

Table Of Contents

**Potential Payments upon Change in Control**

On March 7, 2007, the Board, upon recommendation of the Compensation Committee, approved a change in control benefits policy applicable to all of our NEOs and other key executives and employees not to exceed a total of 30, which was subsequently expanded to 40. Each of our NEOs are entitled to receive change in control benefits. Receipt of the benefits by the executives and employees is conditioned on a change in control of our Company and the termination of employment under certain circumstances described below (often referred to as a “double-trigger”). Benefits to the executives and other employees under the policy are described below:

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

A lump sum payment in an amount equal to a multiple of that executive’s (i) base salary, plus (ii) in the case of Mr. Howes, a bonus equal to the highest bonus he received under the 2010 Annual Cash Incentive Plan, and in the case of the other executives, a target bonus which will equal the higher of the bonus to which the executive would be entitled under the 2010 Annual Cash Incentive Plan for the fiscal year preceding the termination or the highest bonus received by the executive under the incentive plan in the two fiscal years immediately preceding the change of control event. The multiples established under the policy are: three times for the CEO (which has subsequently been modified to 2.99 times in the Amended and Restated Employment Agreement of Mr. Howes), two times for the other executive officers and divisional presidents, and one time for the remaining designated key executives and employees.

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

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

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

A change in control will be deemed to occur if:

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

twelve months following the transaction;

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

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

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

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

death;

disability;

cause; or

resignation without good reason.

Table Of Contents

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

The tables below reflect the amount of compensation to each of the NEOs as a result of a change in control and termination of that executive's employment under the terms of the above-described policy or, with respect to Mr. Howes, under his employment agreement. The amount of compensation payable to each NEO upon voluntary termination, voluntary termination for good reason or involuntary not-for-cause termination, termination following a change in control, for cause termination, and termination in the event of death or disability of the executive is shown below. The amounts shown assume that the termination was effective on December 31, 2015 and thus includes amounts earned through that time and are estimates of the amounts which would have been paid to the executives upon their termination on such date. The amounts do not include compensation to which the NEO was otherwise entitled such as previously vested equity awards. The value of the equity compensation awards was based on the closing price of our common stock of \$5.28 on December 31, 2015. The actual amounts to be paid out can only be determined at the time of the executive's separation from us. In the event of death or disability before the annual cash (short-term incentive) is paid, the Compensation Committee has the authority to pay (in full or on a prorated basis) the amount the employee would have received. We have assumed that the Compensation Committee would have authorized the payment of the full award for purposes of the tables below. As of December 31, 2015, none of the executives were eligible for retirement.

**Paul L. Howes**

<b>Executive Compensation and Benefits</b>	<b>Voluntary Termination on 12/31/15</b>	<b>Voluntary</b>	<b>Termination</b>	<b>Termination</b>	<b>Termination</b>	<b>Termination</b>
		<b>for Good Reason or Termination without Cause on 12/31/15</b>	<b>due to Change in Control on 12/31/15</b>	<b>Termination for Cause on 12/31/15</b>	<b>due to Disability on 12/31/15</b>	<b>Termination due to Death on 12/31/15</b>

**Compensation:**

Base Salary	–	\$ 1,500,000	\$ 2,242,500	–	\$ 375,000	–
Short-term Incentive (100% of Base Salary)	–	\$ 1,500,000	\$ 4,190,802	–	\$ 750,000	\$ 750,000

**Long-term****Incentives:**

Annual Stock Options	–	–	\$ –	–	–	–
Performance-based Restricted Shares	–	–	\$ 816,732	–	–	–
Time Based Restricted Shares	–	–	\$ 1,815,343	–	–	–

**Benefits and****Perquisites:**

Outplacement	–	\$ 20,000	\$ 20,000	–	–	–
Health & Welfare Benefits	–	\$ 19,002	\$ 38,004	–	–	–
Life Insurance	–	–	\$ 6,699	–	–	–
Life Insurance Proceeds	–	–	–	–	–	\$ 500,000
Disability Benefits per year(1)	–	–	–	–	\$ 120,000	–
401(k) Employer Contribution	–	–	\$ 35,775	–	–	–
Total	\$ –	\$ 3,039,002	\$ 9,174,258	\$ –	\$ 1,245,000	\$ 1,250,000

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

Table Of Contents**Gregg S. Piontek**

<b>Executive Compensation and Benefits</b>	<b>Voluntary Termination</b>					
	<b>Voluntary Termination on 12/31/15</b>	<b>for Good Reason or Termination without Cause on 12/31/15</b>	<b>due to Change in Control on 12/31/15</b>	<b>Termination for Cause on 12/31/15</b>	<b>Termination due to Disability on 12/31/15</b>	<b>Termination due to Death on 12/31/15</b>
<b>Compensation:</b>						
Base Salary	–	\$ 368,500	\$ 737,000	–	\$ 184,250	–
Short-term Incentive (65% of Base Salary)	–	\$ 239,525	\$ 606,646	–	\$ 239,525	\$ 239,525
<b>Long-term Incentives:</b>						
Annual Stock Options	–	–	–	–	–	–
Performance-based Restricted Shares	–	–	\$ 217,837	–	–	–
Time Based Restricted Shares	–	–	\$ 344,203	–	–	–
<b>Benefits and Perquisites:</b>						
Outplacement	–	\$ 20,000	\$ 5,000	–	–	–
Health & Welfare Benefits	–	\$ 23,205	\$ 30,940	–	–	–
Life Insurance	–	–	\$ 6,510	–	–	–
Life Insurance Proceeds	–	–	–	–	–	\$ 900,000
Disability Benefits per year(1)	–	–	–	–	\$ 120,000	–
<b>Total</b>	<b>\$ –</b>	<b>\$ 651,230</b>	<b>\$ 1,948,136</b>	<b>\$ –</b>	<b>\$ 543,775</b>	<b>\$ 1,139,525</b>

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

**Bruce C. Smith**



Executive Compensation and Benefits	Voluntary Termination					
	Voluntary Termination on 12/31/15	for Good Reason or Termination without Cause on 12/31/15	due to Change in Control on 12/31/15	Termination for Cause on 12/31/15	Termination due to Disability on 12/31/15	Termination due to Death on 12/31/15
<b>Compensation:</b>						
Base Salary	–	\$ 416,000	\$ 832,000	–	\$ 208,000	–
Short-term Incentive (65% of Base Salary)	–	\$ 270,400	\$ 692,788	–	\$ 270,400	\$ 270,400
<b>Long-term Incentives:</b>						
Annual Stock Options	–	–	–	–	–	–
Performance-based Restricted Shares	–	–	\$ 270,774	–	–	–
Time Based Restricted Shares	–	–	\$ 424,290	–	–	–
<b>Benefits and Perquisites:</b>						
Outplacement	–	\$ 20,000	\$ 10,000	–	–	–
Health & Welfare Benefits	–	\$ 8,156	\$ 10,874	–	–	–
Life Insurance	–	–	\$ 4,466	–	–	–
Life Insurance Proceeds	–	–	–	–	–	\$ 500,000
Disability Benefits per year(1)	–	–	–	–	\$ 120,000	–
Total	\$ –	\$ 714,556	\$ 2,245,192	\$ –	\$ 598,400	\$ 770,400

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

Table Of Contents**Mark J. Airola**

Executive Compensation and Benefits	Voluntary					
	Termination on 12/31/15	Reason or Termination without Cause on 12/31/15	Termination due to Change in Control on 12/31/15	Termination for Cause on 12/31/15	Termination due to Disability on 12/31/15	Termination due to Death on 12/31/15
<b>Compensation:</b>						
Base Salary	–	\$ 385,000	\$ 770,000	–	\$ 192,500	–
Short-term Incentive (65% of Base Salary)	–	\$ 250,250	\$ 633,810	–	\$ 250,250	\$ 250,250
<b>Long-term Incentives:</b>						
Annual Stock Options	–	–	–	–	–	–
Performance-based Restricted Shares	–	–	\$ 240,229	–	–	–
Time Based Restricted Shares	–	–	\$ 379,595	–	–	–
<b>Benefits and Perquisites:</b>						
Outplacement	–	\$ 20,000	\$ 10,000	–	–	–
Health & Welfare Benefits	–	\$ 23,205	\$ 30,940	–	–	–
Life Insurance	–	–	\$ 4,466	–	–	–
Life Insurance Proceeds	–	–	–	–	–	\$ 500,000
Disability Benefits per year(1)	–	–	–	–	\$ 120,000	–
<b>Total</b>	<b>\$ –</b>	<b>\$ 678,455</b>	<b>\$ 2,069,040</b>	<b>\$ –</b>	<b>\$ 562,750</b>	<b>\$ 750,250</b>

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

## Jeffery L. Juergens

Executive Compensation and Benefits	Voluntary					
	Termination on 12/31/15	Reason or Termination without Cause on 12/31/15	Change in Control on 12/31/15	Termination for Cause on 12/31/15	Termination due to Disability on 12/31/15	Termination due to Death on 12/31/15
<b>Compensation:</b>						
Base Salary	–	\$ 360,000	\$ 720,000	–	\$ 180,000	–
Short-term Incentive (65% of Base Salary)	–	\$ 234,000	\$ 881,370	–	\$ 234,000	\$ 234,000
<b>Long-term Incentives:</b>						
Annual Stock Options	–	–	–	–	–	–
Performance-based Restricted Shares	–	–	\$ 182,889	–	–	–
Time Based Restricted Shares	–	–	\$ 553,275	–	–	–
<b>Benefits and Perquisites:</b>						
Outplacement	–	\$ 20,000	\$ 10,000	–	–	–
Health & Welfare Benefits	–	\$ 17,361	\$ 23,148	–	–	–
Life Insurance	–	–	\$ 6,202	–	–	–
Life Insurance Proceeds	–	–	–	–	–	\$ 840,000
Disability Benefits per year(1)	–	–	–	–	\$ 120,000	–
Total	\$ –	\$ 631,361	\$ 2,376,884	\$ –	\$ 534,000	\$ 1,074,000

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

Table Of Contents

**Retirement, Disability and Death**

An executive officer who retires will be entitled to pay through the last day worked and 401(k) distributions. An executive officer who becomes disabled will be entitled to pay through the last day worked, disability benefits, 401(k) distributions and accidental dismemberment benefits, if applicable. The beneficiary of an executive officer who dies will be entitled to pay through the executive's last day worked, 401(k) distributions and life insurance proceeds.

The impact of an employee's retirement, disability or death on outstanding options can vary depending on the stock option plan under which the grants were made. Under our 2015 Plan, upon termination of employment by reason of death or permanent disability, all vested options outstanding may be exercised in full at any time during the period of one year following termination of employment. Upon termination of employment by reason of retirement, all vested options may be exercised in full at any time during the period of 90 days following termination of employment.

To help us attract more experienced, mid to late career talent, in April 2015 the Compensation Committee of the Board adopted a Retirement Policy applicable to all U.S. employees, excluding NEOs to provide for a retirement treatment that is advantageous for longer tenured employees, who are nearing retirement. Eligibility for retirement under this Policy is determined based on a combination of metrics, including duration of incumbency and age. These changes were reflected in the awards granted in 2015, but are not applicable to awards issued before that date. In addition, these changes will help us better manage succession planning and to provide career advancement opportunities for developing talent. Currently, grantees forfeit all unvested awards and stock options upon retirement, and have 90 days to exercise vested stock options.

Under the Retirement Policy, time-based restricted stock or restricted stock units outstanding at the time of retirement will continue to vest according to the vesting schedule. Stock options granted will also continue to vest according to the original vesting schedule and will allow retirees to exercise through the full original term of the awards. During the continued vesting period, the Company maintains the right to claw back unvested awards in the event of a violation of a non-compete or non-solicitation agreement or other restrictive covenants. For performance-based restricted stock units, the award will be based on actual performance determined at the end of the performance period, but the number of units vesting will be prorated based on the number of full months in which the retiree was employed during the performance period.

Retirement eligibility under the Retirement Policy is defined as accumulating 70 or more "points", calculated by adding the age of the employee to his/her full years of service. The minimum age for retirement eligibility under the Retirement Policy is 60 years. This same definition of retirement eligibility will be applied to the 2010 Annual Cash Incentive Plan, which refers to retirement benefits, but did not include, prior to the adoption of the Retirement Policy, a definition of retirement eligibility.



Table Of Contents**DIRECTOR COMPENSATION**

The Compensation Committee regularly reviews the compensation of non-employee directors. The compensation consultant provides the Compensation Committee with industry trends in board compensation and recommends retainers and/or fees based on the peer company proxy information as well as national board market data. The Compensation Committee then makes recommendations to the Board of Directors on the setting of Board compensation.

The following table describes the current compensation arrangements with our non-employee directors:

	<b>Prior to March 1, 2016</b>	<b>After March 1, 2016</b>
Annual Cash Retainer Fee (Chairman of the Board)	\$ 130,000	\$ 117,000
Annual Cash Retainer Fee (other than the Chairman of the Board)	\$ 55,000	\$ 49,500
Additional Annual Cash Retainer Fee for Audit Committee Chair	\$ 30,000	\$ 27,000
Additional Annual Cash Retainer Fee for Audit Committee Members	\$ 15,000	\$ 13,500
Additional Annual Cash Retainer Fee for Other Committee Chairs	\$ 20,000	\$ 18,000

Additional Annual Cash Retainer Fee for Other Committee Members	\$	10,000	\$	9,000
---	----	--------	----	-------

Effective March 1, 2016, the Board of Directors approved a reduction to the cash fees payable to our non-employee directors for the fiscal year ending December 31, 2016. The Board has approved this reduction in consideration of our numerous cost reduction initiatives, which included significant headcount reductions, a 10% reduction in the base salaries of our NEOs, and pay-cuts throughout the organization. All of the non-employee directors' fees are paid on a quarterly basis (excluding the Chairman of the Board), and all directors (including the Chairman of the Board) are reimbursed for travel expenses incurred in attending Board and committee meetings. Employee directors receive no additional cash consideration for serving as directors or committee members.

#### **Grants under Non-Employee Directors' Restricted Stock Plan**

Under the 2014 Non-Employee Director's Restricted Stock Plan ("2014 Plan"), the number of shares granted to each Director upon initial and annual election to the Board is based on a pre-determined dollar value (as defined in the 2014 Plan). For 2015, the pre-determined dollar value for determining the numbers of restricted shares granted was set at \$150,000, except for the Chairman of the Board who received an annual grant of restricted shares equal to \$170,000, the same level as in 2014. The vesting of the restricted stock remains at one year.

Table Of Contents**COMPENSATION OF DIRECTORS**

Name	Fees			Total
	Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	
David C. Anderson	\$130,000 (3)	\$169,992	—	\$270,827
Anthony J. Best	\$97,500	\$149,994	—	\$228,969
G. Stephen Finley	\$105,000	\$149,994	—	\$254,998
Roderick A. Larson	\$90,000	\$149,994	—	\$228,969
James W. McFarland, Ph.D.	\$92,500	\$149,994	—	\$247,498
Gary L. Warren	\$100,000	\$149,994	—	\$249,998

Represents the aggregate grant date fair value for restricted stock awards granted to the non-employee directors in 2015. The grant date fair value of the restricted stock awarded in 2015, as determined pursuant to ASC Topic 718, (1) was \$9.00 per share. See Note 11, “Stock Based Compensation and Other Benefit Plans,” in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for fiscal year ended 2015, for the relevant assumptions used to determine the valuation of our stock and option awards.

The following are the aggregate number of options outstanding under the Amended and Restated Non-Employee Directors’ Restricted Stock Plan that have been granted to each of our non-employee directors as of December 31, (2) 2015: Dr. McFarland — 20,000 options and Mr. Warren — 10,000 options. Messrs. Best, Finley, Larson and Warren and Dr. McFarland each have 16,666 shares of restricted stock outstanding which will fully vest May 18, 2016 and Mr. Anderson currently has 18,888 shares of restricted stock outstanding which will fully vest May 18, 2016.

(3) Amount shown includes a payment of \$10,833 to Mr. Anderson in December 2014 earned for his service to the Board for the first quarter of 2015.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth certain information with respect to the equity compensation plans maintained by us as of December 31, 2015, under which our equity securities may be issued in the future, and with respect to individual compensation arrangements as of December 31, 2015.



Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities	
			Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))	(c)
Equity compensation plans approved by stockholders	4,012,265	(1) \$ 7.61	4,334,238	(2)
Equity compensation plans not approved by stockholders	—	\$ —	—	
Total	4,012,265	\$ 7.61	4,334,238	

(1) Includes options issued under the 2008 Employee Stock Purchase Plan, the Amended and Restated Non-Employee Directors' Restricted Stock Plan, 2006 Plan, and the 2015 Plan.

(2) Includes 542,780 shares available for issuance under the 2008 Employee Stock Purchase Plan, 815,933 shares available for issuance under the 2014 Non-Employee Directors' Restricted Stock Plan and 2,975,525 shares available for issuance under the 2015 Plan. The table does not include information regarding the proposed amendment to the 2015 Plan to be considered at the 2016 Annual Meeting.

Table Of Contents

**PROPOSAL NO. 2**  
**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) allows our stockholders to vote to approve, on an advisory or non-binding basis, the compensation of our NEOs as disclosed in this proxy statement in accordance with SEC rules. Based on the stockholder advisory vote on the frequency of conducting an advisory vote on the compensation of our NEOs that took place at our 2011 Annual Meeting, the Board determined to hold the advisory vote on the compensation of our NEOs annually until the next stockholder vote on the frequency of such advisory vote. Thus, our stockholder advisory vote to approve the compensation of our NEOs occurs annually.

As discussed in the Compensation Discussion and Analysis, our compensation philosophy and objectives are designed to attract, motivate and retain key executives needed to implement our business strategy. We believe that aligning the Company’s short-term and long-term performance with executive compensation is crucial to the Company’s long-term success. We encourage you to read the Compensation Discussion and Analysis, along with the compensation tables and related narrative discussion contained in this proxy statement. The Compensation Discussion and Analysis discusses our executive compensation philosophy and programs and explains the compensation decisions relating to the NEOs.

In particular, stockholders should note the following:

Our compensation program places a significant portion of each NEO’s compensation at risk through the use of performance-based pay;

The Compensation Committee established stock ownership guidelines for NEOs in order to link the interests of management and our stockholders; and

We have further aligned the interests of our stockholders and NEOs by providing a significant portion of their compensation in the form of equity awards thereby ensuring that a portion of our executive compensation is directly determined by appreciation in our stock price and earnings per share growth.

The Compensation Committee and the Board of Directors believe that the policies and programs are effective in implementing our compensation philosophy and are commensurate with the performance and strategic position of the Company. This advisory vote is not intended to address any specific element of compensation but rather relates to the

overall compensation of our NEOs, as described in this proxy statement. Although this vote is advisory and therefore the outcome of this vote is non-binding on the Company or the Board of Directors, the Compensation Committee of the Board of Directors will consider your decision when setting future compensation for our NEOs.

This advisory stockholder vote, commonly known as “say-on-pay,” gives our stockholders the opportunity to approve or not approve our compensation policies and programs for our NEOs through the following resolution:

**“RESOLVED, that the stockholders of Newpark Resources, Inc. APPROVE, on an advisory basis, the compensation of the named executive officers as disclosed in the proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussions.”**

**The Board of Directors unanimously recommends a vote “FOR” approving the executive officer compensation, as disclosed in this proxy statement.**

Table Of Contents

**PROPOSAL NO. 3  
APPROVAL OF AN AMENDMENT TO THE  
2015 EMPLOYEE EQUITY INCENTIVE PLAN**

**Introduction**

The 2015 Employee Equity Incentive Plan (the “2015 Plan”) was initially adopted by the Board of Directors on April 6, 2015, and approved by the stockholders at the 2015 Annual Meeting. The 2015 Plan enables the Compensation Committee to grant to key employees, including executive officers and other corporate and divisional executives, of the Company and its subsidiaries a variety of forms of equity-based compensation, including grants of options to purchase shares of common stock, shares of restricted common stock, restricted stock units, stock appreciation rights, other stock-based awards, and performance-based awards.

The maximum number of shares of common stock currently authorized for issuance under the 2015 Plan is set at 6,000,000 shares.

As of December 31, 2015, approximately 2,975,525 shares of common stock remained available for grants under the 2015 Plan. The Board of Directors believes that the 2015 Plan and the equity awards available under the plan are important to key elements of our compensation philosophy: pay-for-performance including tying our executive’s and employee’s pay opportunities to variable compensation whose long-term value depends upon our stock price; and, stockholder alignment by closely aligning our executives’ and employees’ compensation opportunities with the interests of our stockholders. The recent decline in our industry has provided significant challenges with employee retention. As we implement cost reduction measures, equity compensation becomes an even more important component of employee compensation.

On March 22, 2016 our Board of Directors authorized, subject to stockholder approval, an amendment to the 2015 Plan to (i) increase the number of shares available for issuance under the 2015 Plan by 1,800,000 shares, (ii) to decrease the fungible share counting ratio for awards to be granted in stock (other than an award that is a stock option or similar award) from 1.85 to 1.78, and (iii) add a “double trigger” vesting provision to apply if outstanding awards under the 2015 Plan are assumed or replaced in connection with a change in control of the Company. The change to the fungible share counting ratio means that, for each share of stock that is granted pursuant to a full value award, such as restricted stock awards, restricted stock units and performance shares settled in stock, it will generally be counted against the aggregate share limit as 1.78 shares, instead of 1.85 shares as currently provided under the 2015 Plan.

If approved by the stockholders, the request to increase the number of shares for future issuance under the 2015 Plan will contribute to an additional potential dilution of approximately 1.9%. This additional potential dilution was calculated by dividing the requested increase to the share reserve of 1,800,000 by: (i) the total number of shares available for issuance under the 2015 Plan prior to its amendment, (ii) all unvested shares and unexercised stock options previously awarded and outstanding under the 2015 Plan and any prior plan, and (iii) the total number of shares of outstanding common stock of the Company as of March 18, 2016.<sup>1</sup>

In considering this proposal, the stockholders should also be aware that the average number of shares granted under all long-term incentive plans over the last 3 fiscal years, divided by the number of shares outstanding, is approximately 2.1%. Given market volatility and challenging industry conditions, it is difficult to estimate how many years of grants will be provided by the shares remaining after plan approval. We believe that the requested allocation is critical over the next twelve months to ensuring our ability to attract and retain key talent and to provide competitive reward opportunities that are aligned with our shareholders' interests.

---

<sup>1</sup> The share amounts set forth above represents the actual number of shares and do not reflect the fungible share counting methodology referenced above and in the "Shares Available for Awards" section. Additionally, unvested shares and unexercised stock options were counted assuming such shares will become vested and such stock options will become exercised.

Table Of Contents

**Summary of the Proposed Amendments to the 2015 Plan**

If approved by our stockholders, the 2015 Plan, as amended by the proposed amendments (the “Amended 2015 Plan”), will be set forth in Amendment No. 1 to the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan (the “Amendment”) attached hereto as **Appendix A**. The following is a summary of the proposed amendments to the 2015 Plan.

**Summary of the Amended 2015 Plan**

The following description of the Amended 2015 Plan is only a summary of certain provisions thereof and is qualified in its entirety by reference to its full text, a copy of which is attached as **Appendix B** to this Proxy Statement and the Amendment is set forth in **Appendix A** hereto, and should be read in conjunction with the following summary. In the event the proposed Amendment is not approved, the 2015 Plan as it currently exists will remain in effect.

*Purpose.* The purpose of the Amended 2015 Plan is to assist the Company in attracting, retaining and motivating designated employees of the Company and its subsidiaries, and to increase their interest in the success of the Company in order to promote the creation of long-term value for our stockholders by closely aligning the interests of such employees with those of our stockholders.

*Administration.* The Amended 2015 Plan is administered by the Compensation Committee, all of whose members are “non-employee directors” as that term is defined in Rule 16b-3 promulgated under the Exchange Act, “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code and “independent directors” under the corporate governance rules of the NYSE. The members of the Compensation Committee, as of the date of this Proxy Statement are Anthony J. Best (Chairman), G. Stephen Finley, Roderick A. Larson, James W. McFarland, PhD and Gary L. Warren. Members of the Compensation Committee are not eligible to receive awards under the Amended 2015 Plan. The Compensation Committee has complete authority, subject to the express provisions of the Amended 2015 Plan, to, among other things, (i) approve granting awards to our employees and the employees of our subsidiaries, (ii) determine the number of shares subject to awards to be granted to employees, (iii) set the terms and conditions of the awards, (iv) grant waivers of conditions and remove or adjust any restrictions and conditions upon the awards or otherwise amend or terminate an outstanding award, subject, in certain circumstances, to the award holder’s consent, (v) interpret and administer the Amended 2015 Plan, (vi) adopt, amend, modify or rescind rules, regulations, procedures and forms related to the Amended 2015 Plan, (vii) interpret, administer, correct any defect, supply any omission or reconcile any inconsistency in the Amended 2015 Plan or any award agreement or related instrument or agreement thereunder, (viii) determine whether an award has been earned, (ix) authorize any person to execute, on behalf of the company, any agreement or document required to carry out the purposes of the plan, and (x) make all other determinations, deemed necessary or desirable for the administration of the Amended 2015 Plan.

Any of the powers and responsibilities of the Compensation Committee may be delegated to a subcommittee. These powers and responsibilities also may be delegated, subject to the provisions of the Amended 2015 Plan and to the extent permitted by applicable law, to a committee consisting of one or more members of the Board of Directors or one or more officers of the Company, subject to terms that the Compensation Committee shall determine in any delegating resolutions.

The Compensation Committee will maintain ultimate responsibility for, and control of the operation of the Amended 2015 Plan. At least annually, the Compensation Committee, in conjunction with the Audit Committee, will conduct or cause the conduct of an audit of the operation of the Amended 2015 Plan to verify that it has been operated and awards have been documented and maintained by our officers in accordance with the directions of the Compensation Committee.

*Eligibility.* Only our employees and the employees of our subsidiaries are eligible to participate in the Amended 2015 Plan. Non-employee directors and consultants are not eligible to receive awards under the Amended 2015 Plan. In selecting participants in the Amended 2015 Plan, consideration is given to factors such as employment position, duties and responsibilities, ability, productivity, length of service, morale, interest in the company and supervisor recommendations, for both existing and future employees as applicable. Awards may be granted to the same employee on more than one occasion. Each award will be evidenced by an agreement in a form (which may be written or electronic) approved by the Compensation Committee.

Table Of Contents

*Shares Available for Awards.* Subject to certain adjustments set forth in the Amended 2015 Plan, the maximum number of shares of common stock that may be issued or awarded under the Amended 2015 Plan will be 7,800,000 if the Amendment proposed herein is approved by the stockholders. As of March 18, 2016, grants totaling 6,210,848 shares were outstanding under the 2015 Plan.

For purposes of implementing the limitation on the maximum number of shares of common stock that may be covered by awards granted under the Amended 2015 Plan, an award of an option or a stock appreciation right in respect of one share of common stock is deemed to be an award of one share of common stock on the date of grant. Any other award granted under the Amended 2015 Plan that is settled by the issuance of common stock is considered a “full value award” under the provisions of the Amended 2015 Plan and is counted against the number of shares available for awards under the plan as follows:

An award of one share of restricted stock, a restricted stock unit or other stock-based award is deemed to be an award of the 1.78 shares of common stock for every one share granted on the date of the grant.

With respect to a performance award that is to be settled in shares of common stock, the value of the maximum benefits that may be paid under the performance awards is divided by the fair market value per share of common stock as of the date of grant of the performance award, and each share resulting from such computation is deemed to be an award of 1.78 shares of common stock on the date of grant.

To the extent shares cease to be issuable under an award made under the Amended 2015 Plan other than because of the exercise of the award or the vesting of a restricted stock award or similar award, such shares become available under the Amended 2015 Plan for the grant of additional awards in the same amount as they were counted against the limit on the date of grant. Shares that are issued or delivered upon the exercise or settlement of an award or that cease to be restricted stock upon the vesting of an award of restricted stock, shall no longer be subject to any further grant under the Amended 2015 Plan. As provided in the Amended 2015 Plan, the following shares shall be considered to have been issued under the Amended 2015 Plan and may not again be made available for issuance as awards under the Amended 2015 Plan: (a) shares not issued or delivered as a result of the net settlement of an outstanding stock option or stock appreciation right; (b) shares withheld in satisfaction of the grant or exercise price or tax withholding requirements, from shares that would otherwise have been delivered pursuant to a stock option or stock appreciation right; or (c) shares repurchased on the open market with the proceeds of the stock option exercise price. All shares subject to a stock appreciation right, to the extent exercised, are considered issued regardless of the actual number of shares issued to the participant. In addition, shares subject to awards issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of business combination of the company or any of our subsidiaries do not reduce the number of shares available for issuance under the Amended 2015 Plan. Shares issued under the Amended 2015 Plan may be either authorized and unissued shares or treasury shares.



*Amendment and Termination.* Except with respect to awards then outstanding, if not sooner terminated, the Amended 2015 Plan will terminate on, and no further awards may be made, after April 6, 2025. The Board of Directors may at any time suspend, amend or terminate the Amended 2015 Plan. Stockholder approval is required, however, to increase the number of shares of common stock which may be issued (except for adjustments under anti-dilution clauses) or to effectuate a change for which stockholder approval is required: (i) for the Amended 2015 Plan to continue to qualify under Section 422 of the Internal Revenue Code; (ii) under the corporate governance standards of any national securities exchange or automated quotation system applicable to the Company; or (iii) for awards to be eligible for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code. The Amended 2015 Plan authorizes the Compensation Committee to include in awards provisions which permit the acceleration of vesting under certain circumstances.

*Repricing.* Except in connection with a corporate transaction (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding stock options or stock appreciation rights or cancel outstanding stock options or stock appreciation rights in exchange for cash, other awards or stock options or stock appreciation rights with an exercise price that is less than the exercise price of the original stock options or stock appreciation rights without stockholder approval.

Table Of Contents

*Delivery and Execution of Electronic Documents.* To the extent permitted by applicable law, the Company may: (a) deliver by email or other electronic means (including posting on a Web site maintained by the Company or by a third party under contract with the Company) all documents relating to the Amended 2015 Plan or any award thereunder (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements), and (b) permit participants to electronically execute applicable plan documents (including award agreements and any required notices under the Amended 2015 Plan) in a manner prescribed by the Committee.

**Types and Maximum Number of Awards**

Awards under the Amended 2015 Plan may be in the form of stock options (which may be incentive stock options or non-qualified stock options), restricted stock, restricted stock units, stock appreciation rights, and other stock-based awards. The Amended 2015 Plan imposes individual limitations on the number of shares that may be covered by awards in order to comply with Section 162(m) of the Internal Revenue Code. The maximum number of shares that may be granted in the form of stock options and stock appreciation rights under the Amended 2015 Plan to any one participant in any calendar year is 1,000,000 shares. In addition, the terms of awards (other than options and stock appreciation rights) that are intended to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code shall be such that the maximum amount of compensation that may be recognized under such awards by any participant in any calendar year, ignoring for this purpose any acceleration resulting from the participant's death or disability or from a change in control, may not exceed 1,000,000 shares, if such awards are settled in shares, or the fair market value of that same number of shares if such awards are settled in cash.

*Stock Options.* Stock options granted under the Amended 2015 Plan may be either incentive stock options or non-qualified stock options. The exercise price of each stock option must be at least equal to the fair market value of the common stock on the date the stock option is granted. The determination of fair market value of the common stock is based on the closing price for our common stock on the principal exchange or over-the-counter market on which such shares are trading. The stock option term is for a period of 10 years from the date of grant or such shorter period as is determined by the Compensation Committee. Each stock option may provide that it is exercisable in full or in periodic installments or upon the satisfaction of such performance criteria as the Compensation Committee may determine, and each stock option is exercisable from the date of grant or any later date specified in the option, all as determined by the Compensation Committee. The Compensation Committee's authority to take certain actions under the Amended 2015 Plan includes authority to accelerate vesting schedules and to otherwise waive or adjust restrictions applicable to the exercise of stock options.

Each stock option may be exercised in whole or in part (but not as to fractional shares) by delivering a notice of exercise to us, together with payment of the exercise price. The exercise price may be paid in cash, by cashier's or certified check or, if the Compensation Committee permits, by surrender of shares of common stock owned by the

holder of the option, by cashless exercise, or by a combination thereof.

Except as otherwise disclosed below or determined by the Compensation Committee either at the time of grant or thereafter, an optionee may not exercise a stock option unless from the grant date to the exercise date the optionee remains continuously in our employ. If the optionee's employment terminates by reason of death or disability, the stock options then currently exercisable remain exercisable for 12 months after termination of employment, subject to earlier expiration at the end of their fixed term. If the optionee's employment terminates by reason other than death or disability, or a termination for cause, the stock options then currently exercisable remain exercisable for 90 days after termination of employment (except that the 90-day period is extended to 12 months if the optionee dies during this 90-day period), subject to earlier expiration at the end of their fixed term. If the optionee's employment is terminated for cause, the stock options held by the optionee, whether vested or not, will terminate concurrently with the first discovery by us of any reason for the optionee's termination for cause and will not be exercisable thereafter.

An employee may receive incentive stock options covering shares of common stock of any value, provided that the value of all such option shares subject to one or more incentive stock options which are first exercisable in any one calendar year may not exceed the maximum amount permitted under Section 422 of the Internal Revenue Code (currently \$100,000). In addition, in the case of incentive stock options granted to employees owning more than ten percent (10%) of the total combined voting power of the company and its affiliates, the exercise price at which such option shares may be purchased upon the exercise of such incentive stock options shall be equal to one hundred ten percent (110%) of the fair market value per share of common stock at the time of grant, and such incentive stock option may not be exercised later than five years after the date of grant.

Table Of Contents

*Restricted Stock.* The Compensation Committee may grant to any participant common stock, which we refer to as restricted stock, subject to forfeiture and vesting restrictions, restrictions on transferability and other restrictions that will apply to the award of restricted stock. Each participant who is awarded restricted stock will be required to enter into an agreement with us, in a form specified by the Compensation Committee, agreeing to the terms, conditions and restrictions of the grant and other matters consistent with the Amended 2015 Plan as the Compensation Committee determines appropriate. Generally, the restrictions on restricted stock will lapse over a period of time, which we refer to as the restriction period, as specified by the Compensation Committee and set forth in the award agreement. The Compensation Committee's authority to take certain actions under the Amended 2015 Plan includes authority to accelerate vesting and to otherwise waive or adjust restrictions applicable to awards of restricted stock.

The Compensation Committee will determine the manner in which the restricted stock granted under the Amended 2015 Plan will be evidenced. If certificates representing restricted stock are registered in the name of the participant, the Compensation Committee may require that those certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to the restricted stock, that we retain physical possession of the certificates, and that the participant deliver a stock power to us, endorsed in blank, relating to the restricted stock. Any uncertificated shares of restricted stock will be held at the Company's transfer agent in book entry form or held for the benefit of the participant by a broker engaged by the Company to provide such services for the Amended 2015 Plan.

Unless otherwise set forth in the award agreement, a participant holding restricted stock shall be entitled to receive (i) any regular cash distributions declared and paid with respect to shares subject to an award of restricted stock, and (ii) any shares distributed in connection with a stock split or stock dividend, and any other cash and property (including our securities and securities of other issuers) distributed as a dividend, with respect to shares subject to a restricted stock award. In the case of restricted stock, the vesting of which is conditioned only upon the continuous employment of, or provision of services by, the participant for a specified future period, such dividends and distributions shall be paid to the participant at the same time they are paid to our stockholders unless otherwise provided in the award agreement; provided that, if any such dividends or distributions are paid in shares or other securities, such shares or other securities shall be subject to the same restrictions and forfeiture conditions to the same extent as the restricted stock with respect to which such shares or other securities have been distributed. In the case of restricted stock, the vesting of which is conditioned on the achievement of performance criteria, such dividends and distributions shall be withheld by us and shall vest and be paid only if and to the extent, and at the time, the underlying shares of restricted stock shall vest. To the extent dividends or distributions are withheld with respect to shares of restricted stock that are forfeited, the dividends and distributions shall also be forfeited.

The Compensation Committee generally may provide any other terms, conditions and restrictions with regard to the restricted stock that it deems appropriate and that are not inconsistent with the terms of the Amended 2015 Plan.

*Restricted Stock Units.* The Compensation Committee may make awards of restricted stock units in amounts, at times and to such designated employees as the Compensation Committee may determine. A participant granted restricted stock units shall not have any of the rights of a stockholder with respect to the shares subject to the award of restricted stock units, including any right to vote or to receive other distributions on the shares, until the shares subject to the award are issued in the participant's name in accordance with the terms of the applicable award agreement.

At the time of grant of each award of restricted stock units, the Compensation Committee will determine the restriction period that will apply to the award and will specify the maturity date applicable to each grant of restricted stock units. During the restriction period, restricted stock units will be subject to restrictions on transferability, risk of forfeiture and other restrictions as the Compensation Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance criteria or future service requirements or both), in installments or otherwise as the Compensation Committee may determine in its discretion. If the terms and conditions specified in the award agreement have not been satisfied by the end of the restriction period, the restricted stock units subject to the restriction period will become null and void, and the participant will forfeit all rights with respect to the award.

Table Of Contents

Subject to the terms of the Amended 2015 Plan and award agreement, on the maturity date, we will deliver to the participant one share of common stock for each restricted stock unit scheduled to be issued on that date and not previously forfeited.

If the award agreement so provides, a participant holding restricted stock units shall be entitled to receive, but only if, to the extent, and at the time that the restricted stock units vest and are settled, (i) any regular cash distributions declared and paid with respect to shares subject to a restricted stock unit, and (ii) any shares distributed in connection with a stock split or stock dividend, and any other cash and property (including our securities and securities of other issuers) distributed as a dividend, with respect to shares subject to an award of restricted stock. In the case of restricted stock units, the vesting of which is conditioned on the achievement of performance criteria, any such dividends or distributions shall be withheld and shall vest and be paid, without interest, only if and to the extent, and at the time, the restricted stock units shall vest. Dividends or distributions relating to any forfeited restricted stock units shall also be forfeited.

The Compensation Committee generally may provide any other terms, conditions and restrictions with regard to the restricted stock units that it deems appropriate and that are not inconsistent with the terms of the Amended 2015 Plan.

*Stock Appreciation Rights.* The Compensation Committee may make awards of stock appreciation rights in amounts, at times and to such designated employees as the Compensation Committee may determine. A stock appreciation right confers on the participant the right to receive in shares of common stock, cash or a combination thereof the value equal to the excess of the fair market value of one share of common stock on the date of exercise over the exercise price for the stock appreciation right, with respect to every share for which the stock appreciation right is granted. We refer to this value as the SAR settlement value. At the time of grant, the stock appreciation right must be designated by the Compensation Committee as either a tandem stock appreciation right or a stand-alone stock appreciation right. If not so designated, it will be deemed to be a stand-alone stock appreciation right. A tandem stock appreciation right is a stock appreciation right that is granted in tandem with a stock option and only may be granted at the same time as the stock option to which it relates. The exercise of a tandem stock appreciation right will cancel the related stock option for a like number of shares, and the exercise of the related stock option similarly will cancel the tandem stock appreciation right for a like number of shares. Except as specifically set forth in the Amended 2015 Plan or in the applicable award agreement, tandem stock appreciation rights will be subject to the same terms and conditions as apply to the related stock option. Except as specifically set forth in the Amended 2015 Plan or in the applicable award agreement, stand-alone stock appreciation rights will be subject to the same terms and conditions generally applicable to non-qualified stock options as set forth in the Amended 2015 Plan.

The exercise price of each stock appreciation right will be determined by the Compensation Committee, but will not be less than the fair market value of the common stock on the date of grant. The term of each stock appreciation right is for a period of 10 years from the date of grant or such shorter period as is determined by the Compensation

Committee. The Compensation Committee also determines the circumstances under which a stock appreciation right may be exercised, the method of exercise and settlement, and the form of consideration payable in settlement. Each stock appreciation right may be exercised in whole or in part (but not as to fractional shares) by delivering an executed notice of exercise (which maybe in electronic format) to us. The Compensation Committee may provide for stock appreciation rights to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the satisfaction of performance criteria), as to such number of shares or percentage of the shares subject to the stock appreciation right as the Compensation Committee determines. Upon exercise, the participant will be entitled to receive the SAR settlement value for each share as to which the stock appreciation right has been exercised. We will pay the SAR settlement value in shares, in cash or a combination thereof, as determined by the Compensation Committee and the terms of the award.

The Compensation Committee generally may provide any other terms, conditions and restrictions with regard to the stock appreciation rights that it deems appropriate and that are not inconsistent with the terms of the Amended 2015 Plan.

Table Of Contents

*Other Stock-Based Awards.* The Compensation Committee may grant to eligible employees equity-based or equity-related awards not otherwise described in the Amended 2015 Plan, alone or in tandem with other awards, in such amounts and subject to such terms and conditions as the Compensation Committee shall determine. These other stock-based awards may (i) involve the transfer of restricted or unrestricted shares of common stock to participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of shares of common stock, (ii) be subject to performance-based or service-based vesting requirements, (iii) be granted as, or in payment of, a bonus, or to provide incentives or recognize special achievements or contributions, (iv) be designed to comply with applicable laws of jurisdictions other than the United States, and (v) be designed to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code; provided, that each such stock-based award must be denominated in, or have a value determined by reference to, a number of shares of common stock that is specified in the award agreement. In the case of other stock-based awards, the vesting of which is conditioned on the achievement of performance criteria, if the award agreement provides participants with dividend rights, any dividends or distributions shall be withheld and shall vest and be paid, without interest, only if and to the extent, and at the time, the other stock-based awards shall vest. Dividends or distributions relating to any forfeited other stock-based awards shall also be forfeited.

*Performance-Based Awards.* The Compensation Committee may make an award pursuant to the Amended 2015 Plan conditioned upon the attainment of performance goals relating to one or more business criteria. At the beginning of the award period, the Compensation Committee will set forth the performance criteria based upon our business and financial objectives during the award period and a schedule describing the relationship between the achievement of such performance goals and the awards granted to participants.

For purposes of awards that are intended to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code, the performance criteria will (i) be objective business criteria and otherwise meet the requirements of Section 162(m), including the requirement that the level or levels of performance targeted by the Compensation Committee result in the achievement of performance goals being “substantially uncertain” as of the date of the grant, and (ii) relate to one or more of the following performance measures:

revenues or net sales;

earnings  
before or  
after  
deduction for  
all or any  
portion of  
interest,  
taxes,



depreciation,  
amortization  
or other  
items,  
whether or  
not on a  
continuing  
operations or  
an aggregate  
or per share  
basis;

return on  
equity,  
investment,  
capital or  
assets;

margins;

one or  
more  
operating  
ratios;

borrowing  
levels,  
leverage  
ratios or  
credit  
ratings;

market  
share;

capital  
expenditures;

cash flow;

stock price, growth in stockholder value relative to one or more stock indices or total stockholder return;

budget and expense management;

working capital turnover and targets;

sales of particular products or services, market penetration, geographic expansion or new concept development;

customer acquisition, expansion and retention;

acquisitions and divestitures (in whole or in part), joint ventures, strategic alliances, spin-offs, split-ups and the like;

reorganizations, recapitalizations, restructurings and financings (debt or equity);

transactions that would constitute a “change in control”; or

any combination of the foregoing.

Table Of Contents

Performance criteria measures, and targets with respect thereto, determined by the Compensation Committee need not be based upon an increase, a positive or improved result or avoidance of loss. Any performance criteria may be used to measure the performance of the Company as a whole or with respect to any business unit, subsidiary or business segment of the company, either individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous period results or to a designated comparison group, in each case as specified by the Compensation Committee in the award. During the award period, the Compensation Committee may adjust the performance goals as it deems appropriate to compensate for, or reflect, certain situations which are set forth in the Amended 2015 Plan.

*Adjustments Upon Certain Events.* In the event the Compensation Committee determines that any stock dividend, stock split, combination of shares, extraordinary dividend of cash or assets, merger, consolidation, spin-off, recapitalization (other than the conversion of convertible securities according to their terms), reorganization, liquidation, dissolution or other similar corporate change, or any other increase, decrease or change in our common stock without receipt or payment of consideration, affects the common stock, then the Compensation Committee will adjust, as it deems to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits made available under the Amended 2015 Plan, any or all of (i) the number and kind of shares of common stock, or other securities, with respect to which an award may be granted under the Amended 2015 Plan; (ii) the number and kind of shares of common stock subject to outstanding awards; (iii) the grant, exercise or other purchase price per share under any outstanding awards; and (iv) the terms and conditions of any outstanding awards. No such adjustments may change the value of the benefits available under a previously granted award (i) if the effect would be to increase the value of the benefits available under such award, without the approval of the stockholders if such is required by the Amended 2015 Plan or applicable laws, or (ii) if the effect would be to materially and adversely affect the value of the benefits available under such awards, without the participant's consent to that adjustment.

If a change in control occurs, unless otherwise provided in the award agreement or other employment, severance or change in control agreement approved by the Compensation Committee to which the participant is a party, in which case such agreement shall control, the outstanding awards under the Amended 2015 Plan must be assumed or replaced by the successor entity in connection with the change in control. If the outstanding awards are assumed or replaced, then the vesting schedule will remain the same, subject to full acceleration if the employee's employment after the change in control is terminated by the successor entity without "cause" or by the employee for "good reason" within 24 months from consummation of the change in control. However, if the outstanding awards under the Plan are not assumed or replaced by the successor entity in the change in control, then the Compensation Committee has the discretion to either partially or wholly accelerate the vesting of the awards or cancel the awards in exchange for a cash payment to the employee equal to the then fair market value of the award, less any purchase or exercise price, except that for performance-based awards the Compensation Committee only has discretion to accelerate vesting to the extent the performance criteria are actually achieved, and if achievement is not determinable, then at target.

A change in control in the Amended 2015 Plan is defined to include any of the following:

any election of directors takes place and a majority of the directors in office following such election are individuals who were not nominated by a vote of two-thirds of the members of the Board of Directors or its nominating committee immediately preceding such election;

Table Of Contents

the Company effectuates a complete liquidation or a sale or disposition of all or substantially all of its assets unless immediately following any such sale or disposition of all or substantially all of its assets the individuals who were members of the Board of Directors of the Company immediately prior to such transaction continue to constitute a majority of the Board of Directors or other governing body of the surviving corporation or entity (or, in the case of an acquisition involving a holding company, constitute a majority of the Board of Directors or other governing body of the holding company) for a period of not less than twelve (12) months following the closing of such transaction;

one or more occurrences or events as a result of which any "person" becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of our then outstanding securities; or

a merger or consolidation of the Company with, or an acquisition by the Company of the equity interests or all or substantially all of the assets of, any other corporation or entity, other than a merger, consolidation or acquisition in which the individuals who were members of the Board of Directors of the Company immediately prior to such transaction continue to constitute a majority of the Board of Directors or other governing body of the surviving corporation or entity (or, in the case of an acquisition involving a holding company, constitute a majority of the Board of Directors or other governing body of the holding company) for a period of not less than twelve (12) months following the closing of such transaction.

Notwithstanding the foregoing, with respect to any award subject to Section 409A of the Internal Revenue Code and payable upon a change in control, the term "change in control" shall mean any such event described above but only if it also constitutes a "change in control event" within the meaning of the applicable Treasury Regulations promulgated under Section 409A.

For purposes of the above change in control discussion, and pursuant to Amendment No. 1 to the Amended 2015 Plan, the terms:

"Cause" generally means any of the following: (i) the employee's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for, an act on the employee's part constituting a felony, dishonesty, willful misconduct or material neglect by the employee of his or her employment obligations to the Company that results in material injury to the Company; (ii) appropriation (or an overt act attempting to appropriate) of a material business opportunity of the Company by the employee; (iii) theft, embezzlement or other similar misappropriation of funds or property of the Company by the employee; or (iv) the failure of the employee to follow the reasonable and lawful written instructions or policy of the Company with respect to the services to be rendered and the manner of rendering such services by the employee, provided the employee has been given reasonable and specific written notice of such failure and opportunity to cure and no cure has been effected or initiated within a reasonable period of time, but not less than 90 days, after such notice.

“Good reason” generally means any of the following: (i) the Company (or its successor) adversely changes the employee’s title or changes in any material respect the responsibilities, authority or status of the employee without prior notice and acceptance; (ii) the substantial or material failure of the Company (or its successor) to comply with its obligations under the Plan or any other agreement that may be in effect that is not remedied within a reasonable time after specific written notice thereof by the employee to the Company; (iii) the diminution of the employee’s base salary; and (iv) requiring the employee to relocate more than 50 miles from his or her location of employment immediately prior to the change in control. However, “good reason” shall only exist in the prior (i) through (iv) if the employee has given reasonable and specific written notice to the Chief Executive Officer of such failure, the Company has been given a reasonable opportunity to cure, and no cure has been effected or initiated within a reasonable time after such notice.

*Transferability.* Except as otherwise provided in the Amended 2015 Plan, no award and no right under the Amended 2015 Plan may be transferred other than by will or by the laws of descent and distribution, and during a participant’s lifetime, an award requiring exercise may be exercised only by such participant (or in the event of a disability, on behalf of such participant). Awards, other than incentive stock options and stock appreciation rights granted in tandem therewith, may be transferred to one or more transferees during the lifetime of the participant, and may be exercised by such transferee, only if and to the extent the transfers are permitted by the Compensation Committee in its sole discretion. Any attempted transfer of an award in violation of the Amended 2015 Plan is prohibited and will be ineffective.

Table Of Contents

**New Plan Benefits**

The actual amount of awards to be granted under the Amendment is not determinable in advance because the size and type of awards to be made in any year is determined at the discretion of the Compensation Committee. In addition, the specific performance criteria and targets are selected each year by the Compensation Committee.

**Summary of Federal Income Tax Consequences**

The following summary is intended as a general guide to the U.S. federal income tax consequences under current law for certain awards under the Amended 2015 Plan, and does not attempt to describe all possible federal or other tax consequences of participation in the Amended 2015 Plan or tax consequences based on particular circumstances.

***Tax Consequences to Participants***

*Incentive Stock Options.* Stock options granted under the Amended 2015 Plan are intended to qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code, if so designated on the date of grant. Stock options that are not designated or do not qualify as incentive stock options are non-qualified stock options and are not eligible for the tax benefits applicable to incentive stock options.

An optionee recognizes no gross income for federal income tax purposes (“taxable income”) upon the grant of an incentive stock option. In addition, the optionee will not recognize taxable income at the time of exercise of an incentive stock option if the optionee has been in our employ at all times during the period beginning on the date of grant and ending on the date three months before the date of exercise (longer if the optionee dies or becomes disabled), unless the alternative minimum tax rules apply. Upon the exercise of an incentive stock option, an amount equal to the excess of the fair market value of the option shares at the exercise date over the exercise price may be treated as alternative minimum taxable income for purposes of the alternative minimum tax.

Gain recognized upon a disposition of the option shares generally will be treated as long-term capital gain as long as the shares are not disposed of within (i) two years after the date of grant of the incentive stock option and (ii) one year after the exercise date. If both of these conditions are not satisfied, the disposition is a “disqualifying disposition.” In that event, gain equal to the excess of the fair market value of the option shares at the exercise date over the exercise price generally will be taxed as ordinary income and any further gain will be taxed as long-term capital gain if the shares are held more than 12 months. Different rules apply if an optionee exercises an incentive stock option by surrendering shares of common stock which were previously acquired upon the exercise of an incentive stock option

and with respect to which the optionee did not satisfy certain holding periods.

Shares of common stock acquired upon the exercise of an incentive stock option by the payment of cash will have a basis equal to the exercise price of the stock option, plus any amount the participant is required to include as ordinary income from a disqualifying disposition of stock. Different rules apply if an optionee exercises an incentive stock option by surrendering previously owned shares of common stock.

Incentive stock options exercised by an optionee who has not satisfied the applicable requirements as to continuous employment do not qualify for the tax treatment discussed above. Instead, the exercise of such options will be subject to the rules which apply to the exercise of non-qualified stock options.

*Non-Qualified Stock Options.* An optionee recognizes no taxable income upon the grant of a non-qualified stock option. In general, upon the exercise of a non-qualified stock option, the optionee will recognize ordinary income in an amount equal to the excess of the fair market value of the option shares on the exercise date over the exercise price.



Table Of Contents

Shares of common stock acquired upon the exercise of a non-qualified stock option by the payment of cash will have a basis equal to the exercise price of the stock option. Different rules apply if an optionee exercises a non-qualified stock option by surrendering previously owned shares of common stock.

The optionee will be subject to income tax withholding at the time the optionee recognizes ordinary income (i.e., the exercise date). Generally, we will be entitled to a tax deduction at the same time the optionee recognizes income and in the same amount.

*Restricted Stock.* The tax consequences of a grant of restricted stock depend upon whether or not the participant elects under Section 83(b) of the Internal Revenue Code to be taxed at the time of the grant.

If no election is made under Section 83(b), the participant will not recognize taxable income at the time of the grant of the restricted stock. Instead, if the restrictions on the restricted stock lapse, the participant will recognize compensation taxable as ordinary income on the date the restrictions lapse in an amount equal to the fair market value of the underlying stock as of the same date, less the purchase price, if any, paid by the participant.

If an election is made under Section 83(b), the participant will recognize compensation taxable as ordinary income at the time of the grant in an amount equal to the fair market value of the underlying stock (determined without regard to any of the restrictions) on the date of the grant, less the purchase price, if any, paid by the participant. If the restricted stock is forfeited before the restrictions lapse, the participant will generally not be entitled to a deduction.

Restricted stock granted under the Amended 2015 Plan may or may not include rights to dividends payable on the underlying shares. In the case of restricted stock that includes this right, dividends are generally treated as ordinary income recognized at the time of their receipt.

The participant will be subject to income tax withholding at the time when ordinary income (including any dividends taxed as ordinary income, other than dividends on restricted stock with respect to which an election was made under Section 83(b)) is recognized. Subject to the restrictions under Section 162(m) of the Internal Revenue Code, discussed below, generally we will be entitled to a tax deduction at the same time the participant recognizes ordinary income and in the same amount (excluding any dividends on restricted stock with respect to which an election was made under Section 83(b)).

Gain or loss recognized on a disposition of the shares of common stock generally will qualify as long-term capital gain or loss if the shares have a holding period of more than 12 months. In the case of restricted stock, the holding period begins when the restrictions lapse if the participant did not make an election under Section 83(b) or, if the participant did make such an election, on the date of the grant of restricted stock.

*Restricted Stock Units.* A participant will not recognize taxable income upon the grant of a restricted stock unit. Instead, if the restrictions under the restricted stock unit lapse, the participant will recognize compensation taxable as ordinary income on the date the underlying shares of stock are issued in settlement of the vested award, and the amount of such ordinary income will be equal to the fair market value of the underlying shares as of the same date

The participant will be subject to income tax withholding at the time when the ordinary income is recognized. Subject to the Section 162(m) restrictions discussed below, generally the Company will be entitled to a tax deduction at the same time the participant recognizes ordinary income and in the same amount.

Gain or loss recognized on a disposition of the shares of common stock generally will qualify as long-term capital gain or loss if the shares have a holding period of more than 12 months. The holding period for shares from restricted stock units begins upon receipt of the shares after the restrictions on the restricted stock units have lapsed.

*Stock Appreciation Rights.* A participant does not recognize taxable income upon the grant of a stock appreciation right. When a stock appreciation right is exercised, in general, the participant will recognize compensation taxable as ordinary income in an amount equal to the excess of the fair market value of the underlying shares of common stock on the exercise date over the exercise price.

Table Of Contents

The participant will be subject to income tax withholding at the time when ordinary income is recognized. Generally, we will be entitled to a tax deduction at the same time the participant recognizes ordinary income and in the same amount.

*Other Stock-Based Awards.* The timing of taxable income to a participant who is granted other stock-based awards depends on the individual award and whether any restrictions or conditions are placed upon the award when granted.

*Performance Based Awards.* A participant will not recognize taxable income upon the grant of a performance based award. Rather, taxation will be postponed until the performance based award becomes payable, generally upon the participant's attainment of performance criteria. At that time, the participant will recognize compensation taxable as ordinary income in an amount equal to the value of the amount payable.

The participant will be subject to income tax withholding when ordinary income is recognized and, generally, we will be entitled to a tax deduction at the same time and in the amount of the income recognized.

*Withholding.* A participant will be required to pay to us, or make arrangements satisfactory to us, to satisfy all federal, state and other withholding tax requirements related to awards under the Amended 2015 Plan. We may permit or require a participant to satisfy tax withholding obligation by paying cash, by withholding an amount from the participant's cash compensation, by withholding shares from shares of common stock issued or that vest under the award, or by any other method deemed appropriate by the Compensation Committee. The use of our shares of common stock to satisfy any withholding requirement will be treated, for federal income tax purposes, as a sale of those shares for an amount equal to the fair market value of the stock on the date when the amount of taxes to be withheld is determined.

*Section 409A.* Section 409A of the Internal Revenue Code governs the taxation of certain types of compensation, including compensation from certain awards authorized under the Amended 2015 Plan. Failure to comply with the requirements of Section 409A can result in adverse income tax consequences to a participant in the Amended 2015 Plan, including the accelerated recognition and taxation of noncompliant compensation, the imposition of an additional 20 percent tax on such noncompliant compensation, and the imposition of interest on those taxes. The Compensation Committee and Board of Directors have taken steps to help ensure compliance with Section 409A and the regulations thereunder.

*Minimum Vesting for Awards to Employees.* Except as otherwise provided in an award agreement in connection with a change in control or a participant's death or disability, (i) no performance-based vesting condition shall be based on performance over a period of less than one year, and (ii) no service-based vesting condition shall lapse more quickly than one year from the date of grant of the award (which vesting period may lapse on a pro-rated, graded, or cliff basis as specified in the award agreement).

*Excess Parachute Payments.* If any award under the Amended 2015 Plan is granted or modified in connection with a change in control, or if the vesting or payment of an award under the Amended 2015 Plan is accelerated, directly or indirectly, by or in connection with a change in control, the award may be deemed to give rise to an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code, which would result in the imposition of a 20 percent nondeductible excise tax on the participant.

### ***Tax Consequences to the Company***

In general, under Section 162(m) of the Internal Revenue Code, compensation paid by a public corporation to its chief executive officer or generally any of its three most highly compensated executive officers (excluding the chief executive officer and chief financial officer) who are employed on the last day of any given year is not deductible to the extent it exceeds one million dollars for any year. Compensation resulting from awards under the Amended 2015 Plan may be subject to this deduction limit. Under Section 162(m), however, qualifying performance-based compensation, including income from stock options and other performance-based awards that are made under stockholder approved plans and that meet certain other requirements, is exempt from the deduction limitation. Based on current interpretive authority, we generally intend for compensation generated in connection with the exercise of options and stock appreciation rights, as well as lapse of restrictions by the attainment of performance goals for performance based awards granted under the Amended 2015 Plan should qualify as performance-based compensation and should not be limited by Section 162(m). To the extent the total salary, other compensation and compensation recognized from awards under the Amended 2015 Plan to any applicable executive officers exceed one million dollars in any year and do not qualify as performance-based compensation, the limitation on deductibility under Section 162(m) will apply. As a result, we may from time to time in the future, make award payments under the Amended 2015 Plan to executive officers that are not deductible.

Table Of Contents

In addition, if any award is granted under the Amended 2015 Plan or modified in connection with a change in control, or if the vesting or payment of an award under the Amended 2015 Plan is accelerated, directly or indirectly, by a change in control, all or a portion of the compensation from that award may be treated as an “excess parachute payment” under Section 280G of the Internal Revenue Code, which would cause that compensation to be non-deductible by us.

**Interests of Certain Persons in the Proposal**

To the extent our executive officers may in the future receive awards under the Amended 2015 Plan, they may be deemed to have an interest in the Amended 2015 Plan.

**The Board of Directors unanimously recommends that you vote “FOR” approval of the Amendment No. 1 to the 2015 Employee Equity Incentive Plan.**

**PROPOSAL NO. 4  
AMENDMENT TO THE NEWPARK RESOURCES, INC.  
RESTATED CERTIFICATE OF INCORPORATION**

**Introduction**

On March 22, 2016, our Board of Directors adopted resolutions (i) approving an amendment to our Restated Certificate of Incorporation, as amended, to allow for the removal of any director, with or without cause, by the stockholders, and (ii) directing that a proposal to approve the amendment be submitted to our stockholders. Assuming the resolution is approved by our stockholders, the change to Article SEVENTH will become effective upon the filing of an amendment to our Restated Certificate of Incorporation, as amended, with the Secretary of State of the State of Delaware.

The form of the proposed amendment to our Restated Certificate of Incorporation, as amended, is attached to this proxy statement as Appendix C. Addition of new text is indicated by underlining and deletion of existing text is

indicated by a strikethrough. We currently plan to file the amendment as soon as reasonably practicable after receiving approval from our stockholders at the 2016 Annual Meeting.

### **Reasons for the Amendment**

Article SEVENTH of our Restated Certificate of Incorporation, as amended, provides that the Company's stockholders may remove directors from office only for cause. Section 141(k) of the Delaware General Corporation Law, as applicable to corporations without a classified board of directors (such as the Company at this time), requires that stockholders be afforded the right to remove directors from office with or without cause. The Delaware Chancery Court recently ruled (in a case not involving the Company) that a provision similar to Article SEVENTH of our Restated Certificate of Incorporation was invalid because it was not consistent with Section 141(k) of the Delaware General Code. The proposed amendment to the Restated Certificate of Incorporation, as amended, is intended to conform the Restated Certificate of Incorporation, as amended, to the applicable requirements under Delaware law.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THIS PROPOSAL TO AMEND OUR RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED, TO ALLOW FOR REMOVAL OF A DIRECTOR FROM OFFICE, WITH OR WITHOUT CAUSE.**

Table Of Contents

**PROPOSAL NO. 5  
RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected the accounting firm of Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the “Deloitte Entities”) to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2016. One or more representatives of the Deloitte Entities are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from the stockholders.

The Audit Committee is directly responsible for selecting and retaining our independent registered public accounting firm. Although action by the stockholders is not required for the appointment, given the critical role played by the independent registered public accounting firm, we are providing stockholders the opportunity to express their views on this matter. If the stockholders fail to ratify the appointment of the Deloitte Entities, the Audit Committee will reconsider the appointment, but the Audit Committee may elect to retain the firm. Even if the appointment is ratified, the Audit Committee in its discretion may appoint a different independent auditing firm at any time during the year if the Audit Committee determines that a change in auditors would be in the best interests of our Company and our stockholders.

**The Board of Directors recommends that the stockholders vote “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.**

**Independent Registered Public Accounting Firm Fees**

The Deloitte Entities were appointed to serve as our independent registered public accounting firm for the fiscal years ended December 31, 2014 and 2015. The following table sets forth the fees billed to us for professional services rendered by the Deloitte Entities for the years ended December 31, 2014 and December 31, 2015.

	<b>2014</b>	<b>2015</b>
Audit Fees(1)	\$1,591,000	\$1,474,000
Audit-Related Fees(2)	\$94,000	\$21,000
Tax Fees(3)	\$50,000	\$3,000
All Other Fees(4)	\$–	\$–
Total	\$1,735,000	\$1,498,000

Audit fees consist primarily of fees for (i) the audit of our annual financial statements, (ii) review of financial statements in our quarterly reports on Form 10-Qs, (iii) the audit of the effectiveness of our internal control over financial reporting, and (iv) for services that are provided by the independent registered public accounting firm in connection with statutory and regulatory filings.

Audit-related fees consist primarily of fees for professional services rendered in connection with the application of financial accounting and reporting standards, review of registration statement and proxy related materials and access to an online research tool.

(3) Tax fees consist of fees for tax compliance, tax planning and tax advice.

(4) All Other Fees are fees for any service not included in the first three categories.

### **Pre-Approval Policies Regarding Audit and Non-Audit Fees**

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services.

Prior to performing any audit services, the independent registered public accounting firm will provide the Audit Committee with an engagement letter outlining the scope of the audit services proposed to be performed during the fiscal year and the expected fees for those services. If the engagement letter is approved, the Audit Committee will engage the independent registered public accounting firm to perform the audit.



Table Of Contents

For non-audit services, our management will submit to the Audit Committee for approval the list of non-audit services recommended by management which the Audit Committee should engage the independent registered public accounting firm to provide for the fiscal year. Prior to the performance of any of these services, our management and the independent registered public accounting firm each will confirm to the Audit Committee that each non-audit service on the list is permissible under all applicable legal requirements. Pre-approval generally is provided for up to one year and any pre-approval is detailed as to the particular service or category of service and generally is subject to a specific budget. The Audit Committee also may pre-approve particular services on a case-by-case basis. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval process and the fees for services performed to date.

As permitted by statute, the Audit Committee has delegated pre-approval authority to the Chairman of the Audit Committee to provide for the prompt handling of unexpected matters. The Chairman will report any action taken pursuant to this delegated authority to the Audit Committee at or before the next Audit Committee meeting.

All services performed by our independent registered public accounting firm in 2014 and 2015 were approved in accordance with the Audit Committee's pre-approval policies.

## **AUDIT COMMITTEE REPORT**

This report is submitted by the Audit Committee of the Board of Directors. The Audit Committee is composed of five independent directors who satisfy the requirements of independence established by NYSE listing standards and the SEC. The Board of Directors has determined that all of the members of the Audit Committee are "financially literate" under applicable SEC rules and NYSE listing rules, and that each of Mr. Finley and Dr. McFarland is an "audit committee financial expert" as defined by applicable SEC rules.

The Audit Committee operates under a written charter adopted by the Board of Directors, 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.

Management has primary responsibility for our financial statements and financial reporting processes and for the maintenance of internal controls and procedures designed to ensure compliance with applicable accounting standards, laws and regulations and ethical business standards. Our independent registered public accounting firm, the Deloitte Entities, is responsible for expressing an opinion on whether the Company's consolidated financial statements present fairly, in all material respects, the financial position of the Company in accordance with accounting principles generally accepted in the United States. Additionally, the Deloitte Entities are responsible for expressing an opinion regarding the effectiveness of the Company's internal controls over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes on behalf of the Board of Directors. The Audit Committee also is responsible for the engagement, compensation and oversight of the independent registered public accounting firm.

In keeping with that responsibility, the Audit Committee meets regularly with management and the independent registered public accounting firm. Meetings with the independent registered public accounting firm are held both with and without management present, and the independent registered public accounting firm has direct access to the Audit Committee to discuss the scope and results of its work and its comments on the adequacy of internal controls and the quality of financial reporting. The Audit Committee met nine (9) times during the year ended December 31, 2015.

The Audit Committee reviewed, with the independent registered public accounting firm, the overall scope and plans for its audits. The Audit Committee has also reviewed and discussed the Company's audited consolidated financial statements as of and for the year ended 2015 and internal controls over financial reporting with management and the independent registered public accounting firm. The Audit Committee also has discussed with the independent registered public accounting firm the matters required to be discussed in accordance with professional standards.

In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm pursuant to the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm their independence from our Company and our management. The Audit Committee also reviewed the non-audit services provided by the independent registered public accounting firm and concluded that the provision of those services is compatible with its independence.

Table Of Contents

We filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which we refer to as the 2015 Annual Report, in a timely fashion with the SEC in 2016. Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the 2015 Annual Report. The Audit Committee also engaged the Deloitte Entities as our independent registered public accounting firm for the 2016 fiscal year. See above under the heading “Ratification of Appointment of Registered Public Accounting Firm” for additional information on the decision to again appoint the Deloitte Entities as our independent registered public accounting firm.

Audit Committee:

G. Stephen Finley, Chairman

Anthony J. Best

Roderick A. Larson

James W. McFarland, Ph.D.

Gary L. Warren

**STOCKHOLDER PROPOSALS**

Stockholder proposals intended to be considered for inclusion in our proxy materials for the 2017 Annual Meeting of Stockholders must be received by us by December 6, 2016. Proposals should be directed to the attention of the Corporate Secretary, Newpark Resources, Inc., 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381. Any proposals will be subject to the requirements of the proxy rules adopted under the Exchange Act as well as the procedures in our bylaws, and must include a brief description and text of the proposal, the name and address of the stockholder submitting the proposal, the class and number of shares of stock owned by that stockholder, and any material interest of the stockholder in the proposal.

For proposals not intended to be submitted in next year's proxy statement, but sought to be presented at our 2017 Annual Meeting of Stockholders, our bylaws provide that stockholder proposals, including director nominations, must be received at our principal executive offices no later than ninety (90) days prior to the date of our annual meeting; provided, that if the date of the annual meeting was not publicly announced more than one hundred (100) days prior to the date of the annual meeting, the notice by the stockholder will be timely if delivered to our principal executive offices no later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was communicated to the stockholders. In addition, proxies to be solicited by the Board for the 2017 Annual Meeting of Stockholders will confer discretionary authority to vote on any stockholder proposal presented at that meeting, unless we received notice of such proposal not later than February 20, 2017. A copy of our bylaws may be obtained upon written request to our Corporate Secretary at our principal executive offices, 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381.

SEC rules and regulations provide that if the date of our 2017 Annual Meeting is advanced or delayed more than 30 days from the anniversary date of the 2016 Annual Meeting, stockholder proposals intended to be included in the proxy materials for the 2017 Annual Meeting must be received by us within a reasonable time before we begin to print and mail the proxy materials for the 2017 Annual Meeting. Upon determination by us that the date of the 2017 Annual Meeting will be advanced or delayed by more than 30 days from the anniversary date of the 2016 Annual Meeting, we will disclose that change in the earliest possible Quarterly Report on Form 10-Q or as otherwise permitted by the Exchange Act.

Table Of Contents

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based solely on a review of the copies of those reports furnished to us and written representations from our executive officers and directors, we believe that our officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements in 2015, except that Messrs. Howes, Piontek, Airola, Juergens, Smith and White had one delinquent filing on Form 4 related to shares withheld for payment of taxes upon the vesting of restricted stock, which filing was due on June 3, 2015 and subsequently filed on June 9, 2015.

**DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS**

All stockholders of record as of the record date will receive a copy of our Notice of Internet Availability of Proxy Materials. Stockholders residing in the same household who hold their shares in the name of a bank, broker or other holder of record may receive only one Notice of Internet Availability of Proxy Materials. This process, by which only one Notice of Internet Availability of Proxy Materials is delivered to multiple security holders sharing an address, unless contrary instructions are received from one or more of the security holders, is called "householding." Householding may provide convenience for stockholders and cost savings for companies. Once begun, householding may continue unless instructions to the contrary are received from one or more of the stockholders within the household.

Street name stockholders in a single household who received only one copy of the Notice of Internet Availability of Proxy Materials may request to receive separate copies in the future by following the instructions provided on the voting instruction form sent to them by their bank, broker or other holder of record. Similarly, street name stockholders who are receiving multiple copies may request that only a single set of materials be sent to them in the future by checking the appropriate box on the voting instruction form. Otherwise, street name stockholders should contact their bank, broker, or other holder.

COPIES OF THIS PROXY STATEMENT AND THE 2015 ANNUAL REPORT ON FORM 10-K, INCLUDING THE FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND EXHIBITS, ARE AVAILABLE PROMPTLY WITHOUT CHARGE BY CALLING (281) 362-6800, OR BY WRITING TO CORPORATE SECRETARY, NEWPARK RESOURCES, INC., 9320 LAKESIDE BOULEVARD, SUITE 100, THE WOODLANDS, TEXAS 77381. If you are receiving multiple copies of the Notice of Internet Availability of

Proxy Materials, you also may request orally or in writing to receive a single copy by calling (281) 362-6800, or writing to Corporate Secretary, Newpark Resources, Inc., 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381. However, if you wish to receive a paper proxy and voting instruction form or other proxy materials for participation and voting in this year's annual meeting, follow the instructions included in the Notice of Internet Availability of Proxy Materials sent to you.

## **OTHER MATTERS**

We do not presently know of any matters other than those described above that may be presented for stockholder action at the Annual Meeting. However, if any other matters are properly presented at the Annual Meeting, it is the intention of the persons named as proxies to vote in accordance with their judgment on these matters, subject to direction by the Board of Directors.

Table Of Contents

**APPENDIX A**

**NEWPARK RESOURCES, INC.**

**2015 EMPLOYEE EQUITY INCENTIVE PLAN**

Amendment No. 1

THIS AMENDMENT NO. 1 (this "**Amendment**") to the 2015 Employee Equity Incentive Plan (the "**Plan**") is made by Newpark Resources, Inc. (the "**Company**") pursuant to the Plan, as follows:

**WHEREAS**, the Company previously adopted the Plan for the benefit of its eligible participants;

**WHEREAS**, pursuant to Section 17 of the Plan, the Board of Directors (the "**Board**") has the power and authority to amend the terms of the Plan; and

**WHEREAS**, the Board desires to increase the maximum number of shares of common stock that may be issued in connection with awards granted under the Plan, and to effectuate such other amendments the Board deems to be in the best interests of the Company's stockholders.

**NOW, THEREFORE**, pursuant to the Plan, the Board hereby amends the Plan in the following respects:

1. Shares Subject to the Plan. Section 4.1 of the Plan is hereby amended to increase the number of Shares that may be issued in connection with awards under the Plan from 6,000,000 to 7,800,000.

2. Fungible Share Counting Ratio. Applicable for grants of equity made on or after May 19, 2016, the fungible share counting ratio (*i.e.*, the ratio that limits the amount of full-value equity awards that may be granted from the share reserve) shall be downward adjusted to 1.78. To that end, Sections 4.1(b) and (c) of the Plan are hereby amended by deleting "1.85" each place it appears and replacing it with "1.78".

3. Change in Control. Section 15.2 of the Plan is hereby deleted in its entirety and shall be replaced with the following:

15.2 Change in Control. Effective upon the consummation of a Change in Control of the Company, and except as otherwise provided in an individual Award Agreement, all outstanding Awards under the Plan shall terminate to the extent they are not assumed or replaced in connection with the Change in Control.

(a) For each portion of an Award that is assumed or replaced, then such portion shall become fully vested, exercisable and payable, and be released from any forfeiture rights, immediately upon termination of the Participant's employment with the Company (or its successor) within 24 months after the Change in Control, but only if such termination of employment is triggered by the Company (or its successor) without Cause or by the Participant for Good Reason.

---



Table Of Contents

(b) For each portion of an Award that is neither assumed nor replaced, the Compensation Committee has the discretion to effectuate either of the following immediately prior to consummation of the Change in Control, provided that the Participant's employment has not terminated prior to such date: (x) such outstanding Awards (or portion thereof) shall become partially or fully vested and exercisable (and partially or fully released from any forfeiture rights), with performance-based Awards under Section 12 of the Plan vesting based upon actual performance or, if the Compensation Committee determines that actual performance is not determinable, then at target; or (y) such outstanding Awards (or portion thereof) shall be cancelled and terminated for an amount of cash, securities or other property equal to the excess, if any, of the Fair Market Value of the vested and/or unvested (as determined by the Committee in its sole discretion) shares of Common Stock subject to any such Award immediately prior to the occurrence of the Change in Control over the aggregate exercise or other purchase price (if any) of such shares. For performance-based Awards under Section 12 of the Plan, the number of shares of Common Stock subject to subsection 15.2(b)(y) shall be calculated based upon actual performance or, if the Compensation Committee determines that actual performance is not determinable, then at target. For avoidance of doubt, if an Award is an Option or Stock Appreciation Right and no positive spread exists pursuant to the foregoing, then (y) may be unilaterally effectuated by the Company with no cash payment to the Participant holding such an Award.

Notwithstanding anything herein to the contrary, an Award that vests, is earned, or is paid-out upon the satisfaction of one or more performance goals shall not be considered "assumed" or "replaced" if the Company (or its successor) modifies any of the performance goals without the Participant's consent; provided, however, that a modification to the performance goals only to reflect the successor corporation's post-Change in Control corporate structure shall not be deemed to invalidate an otherwise valid assumption or replacement of an Award.

This Section 15.2 of the Plan was amended effective May 19, 2016. As a result, the terms of Award Agreements that were in effect prior to such date shall prevail to the extent such terms are more favorable to a Participant.

Table Of Contents

4. Defining the Term Cause. The definition of Cause in Exhibit A to the Plan shall be deleted in its entirety and replaced with the following:

"Cause" means, with respect to any Participant, any of the following: (i) the Participant's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for, an act on the Participant's part constituting a felony, dishonesty, willful misconduct or material neglect by the Participant of his or her employment obligations to the Company that results in material injury to the Company; (ii) appropriation (or an overt act attempting to appropriate) of a material business opportunity of the Company by the Participant; (iii) theft, embezzlement or other similar misappropriation of funds or property of the Company by the Participant; or (iv) the failure of the Participant to follow the reasonable and lawful written instructions or policy of the Company with respect to the services to be rendered and the manner of rendering such services by the Participant, provided the Participant has been given reasonable and specific written notice of such failure and opportunity to cure and no cure has been effected or initiated within a reasonable period of time, but not less than 90 days, after such notice.

5. Defining the Term Good Reason. Exhibit A to the Plan shall be amended to add a defined term for Good Reason as follows:

"Good Reason" means any of the following: (i) the Company (or its successor) adversely changes the Participant's title or changes in any material respect the responsibilities, authority or status of the Participant without prior notice and acceptance; (ii) the substantial or material failure of the Company (or its successor) to comply with its obligations under the Plan or any other agreement that may be in effect that is not remedied within a reasonable time after specific written notice thereof by the Participant to the Company; (iii) the diminution of the Participant's base salary; and (iv) requiring the Participant to relocate more than 50 miles from his or her location of employment immediately prior to the Change in Control. However, Good Reason shall only exist in the prior (i) through (iv) if the Participant has given reasonable and specific written notice to the Chief Executive Officer of such failure, the Company has been given a reasonable opportunity to cure, and no cure has been effected or initiated within a reasonable time after such notice.

Table Of Contents

6. Full Force and Effect. Except as otherwise set forth in this Amendment, the Plan shall remain in full force and effect.

Effectiveness Subject to Stockholder Approval. This Amendment shall not become effective unless the  
7. stockholders of the Company approve the increase to the share reserve of the Plan, as set forth in 1, above, and if approved, then this Amendment shall become effective as of such meeting.

[SIGNATURE ON NEXT PAGE]

Table Of Contents

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Amendment on this \_\_ day of \_\_ 2016.

**NEWPARK RESOURCES, INC.**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Table Of Contents

**APPENDIX B**

**NEWPARK RESOURCES, INC.**

**2015 EMPLOYEE EQUITY INCENTIVE PLAN**



Table Of Contents

**TABLE OF CONTENTS**

1.	Purpose.	1
2.	Definitions.	1
3.	Administration of the Plan.	1
4.	Number of Shares Issuable in Connection with Awards.	4
5.	Eligibility and Participation.	5
6.	Award Agreements.	6
7.	Options.	6
8.	Restricted Stock.	9
9.	Restricted Stock Units.	11
10.	Stock Appreciation Rights.	12
11.	Other Stock-Based Awards.	14
12.	Performance Based Awards.	14
13.	Restrictions on Transfer.	16
14.	Withholding and Other Tax Provisions.	17
15.	Effect of Certain Corporate Changes and Changes in Control.	18
16.	Regulatory Compliance.	20
17.	Amendment or Termination of the Plan.	21
18.	Term of the Plan.	22
19.	No Right to Awards or Continued Employment.	22
20.	Effect of Plan Upon Other Awards and Compensation Plans.	22
21.	General Provisions.	22





Table Of Contents

**NEWPARK RESOURCES, INC.  
2015 EMPLOYEE EQUITY INCENTIVE PLAN**

*1. Purpose.*

This Newpark Resources, Inc. 2015 Employee Equity Incentive Plan is intended to assist Newpark Resources, Inc., a Delaware corporation (the “Company”), in attracting, retaining and motivating designated Employees of the Company and its Subsidiaries and to increase their interest in the success of the Company in order to promote the creation of long-term value for the Company’s stockholders by closely aligning the interests of Employees with those of the Company’s stockholders. The Plan is designed to meet this intent by providing eligible Employees with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company.

*2. Definitions.*

In addition to the terms defined elsewhere in the Plan, Exhibit A, which is incorporated by reference, defined terms used in the Plan and sets forth certain operational rules related to those terms.

*3. Administration of the Plan.*

3.1 *General.* The Plan shall be administered by the Compensation Committee. Each member of the Compensation Committee shall be a “non-employee director” as that term is defined in Rule 16b-3, an “outside director” within the meaning of Section 162(m) and an “independent director” under the corporate governance rules of any stock exchange or similar regulatory authority on which the Common Stock is then listed, but no action of the Compensation Committee shall be invalid if this requirement is not met. The Compensation Committee shall select one of its members as chairman and shall act by vote of a majority of the members present at a meeting at which a quorum is present or by unanimous written consent. A majority of the members of the Compensation Committee shall constitute a quorum. The Compensation Committee shall be governed by the provisions of the Company’s bylaws and of Delaware law applicable to the Board of Directors, except as otherwise provided herein or determined by the Board of Directors. The Compensation Committee’s decisions and determinations under the Plan need not be uniform and may be made selectively among Participants, whether or not the Participants are similarly situated.

3.2 *Authority of the Compensation Committee.* The Compensation Committee shall have full discretionary power and authority, subject to the general purposes, terms and conditions of the Plan, to implement, carry out and administer the Plan. Without limiting the generality of the foregoing, the Compensation Committee shall have the

authority to:

- (a) interpret and administrator the Plan, any Award Agreement and any other agreement or document executed pursuant to the Plan;
-

Table Of Contents

- (b) adopt, amend, modify or rescind rules, procedures and forms relating to the Plan;
- (c) select, subject to the limitations set forth in this Plan, persons to receive Awards;
- (d) determine the number of Shares subject to Awards, the Fair Market Value of a Share of Common Stock and the other terms and conditions of each Award (which need not be uniform), including, without limitation, the type of Award to be granted, vesting requirements, forfeiture restrictions and other terms and conditions relating to the exercisability of Awards, and all other provisions of each Award Agreement;
- (e) determine whether Awards will be granted singly, in combination, or in tandem with, in replacement of, or as alternatives to, other Awards under the Plan or any other incentive or compensation plan of the Company or any Subsidiary;
- (f) grant waivers of Plan or Award conditions and remove or adjust any restrictions or conditions upon Awards, including accelerating or otherwise modifying the date or conditions upon which any Award becomes vested, exercisable or transferable and extending the term of any Award (subject to the maximum term limitations set forth in the Plan), including extending the period following the termination of a Participant's employment during which any Award may continue to vest, remain outstanding or be exercised (but not beyond the original maximum term of such Award);
- (g) amend any outstanding Award Agreement, including for the purpose of modifying the time, manner or conditions of vesting, exercise or settlement; provided, however, that if any provision of any such amendment would materially and adversely affect the rights of the Participant under the affected Award, the amendment shall not be effective without the Participant's consent to that provision; and provided further that no Option or Stock Appreciation Right may be amended or terminated to reduce the exercise price of such Option or Stock Appreciation Right except in accordance with Section 21.4;
- (h) interpret, administer, correct any defect, supply any omission and reconcile any inconsistency in the Plan, any Award, any Award Agreement or any related instrument or agreement;
- (i) determine whether an Award has been earned;

(j) to authorize any person to execute, on behalf of the Company, any agreement or document required to carry out the purposes of the Plan; and

(k) make any other determination and take any other action that the Compensation Committee deems necessary or desirable for administration of the Plan.

-2-

---

Table Of Contents

All decisions, determinations and other actions of the Compensation Committee made or taken in accordance with the terms of the Plan shall be final and conclusive and binding upon all parties having an interest therein.

3.3 *Delegation of Authority.* Any of the powers and responsibilities of the Compensation Committee may be delegated to any subcommittee, in which case the acts of the subcommittee shall be deemed to be acts of the Compensation Committee hereunder. In addition, the Compensation Committee may, subject to the following provisions and to the extent permitted by Applicable Law, delegate some or all of its authority and powers under the Plan, including the authority to grant Awards under the Plan, to a committee consisting of one or more members of the Board of Directors or one or more officers of the Company; provided, however, that (a) the Committee may not delegate its authority to (i) make awards to any Employee (A) who is, or is expected to become a Section 16 Insider, or (B) whose compensation for such fiscal year may be subject to the limit on deductible compensation pursuant to Section 162(m), (ii) interpret the Plan or any Award, or (iii) amend any Award or accelerate the vesting or lapse of any restrictions on any Award, and (b) any delegation of authority to an officer of the Company shall be subject to the provisions of Section 157 of the Delaware General Corporation Law. Any action taken by any such subcommittee, committee of the Board of Directors or officer within the scope of the authority delegated by the Compensation Committee shall be deemed for all purposes to have been taken by the Compensation Committee, and, to the extent consistent with the terms and limitations of such delegation, references in the Plan to the Compensation Committee shall include any such officer or Employee. In addition, the Compensation Committee may delegate to one or more officers or Employees, subject to such terms as the Compensation Committee may determine, the authority to perform such administrative functions as determined necessary or appropriate by the Compensation Committee. Any delegation hereunder shall be subject to such other restrictions and limitations that the Compensation Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Compensation Committee to delegate authority as herein provided and the Compensation Committee may at any time rescind the authority delegated hereunder.

3.4 *Monitoring Awards.* Notwithstanding any delegation of authority by the Compensation Committee pursuant to Section 3.3, it shall maintain ultimate responsibility for, and control of, the operation of the Plan. At least annually, the Compensation Committee, in conjunction with the Audit Committee of the Board of Directors of the Company, shall conduct or cause the conduct of an audit of the operation of the Plan to verify that the Plan has been operated and Awards have been documented and maintained by the officers of the Company in accordance with the directions of the Compensation Committee. Without limiting the generality of the foregoing, one of the purposes of such an audit will be to determine that the final Award Agreements are consistent with the Awards made by the Compensation Committee and properly reflect the names of the Participants to whom such Awards were granted, the applicable Dates of Grant, vesting provisions and expiration dates, the type and quantity of Awards granted to each Participant and, if applicable, the applicable exercise prices.



Table Of Contents

3.5 Limitation on Liability.

3.5.1 The Compensation Committee may employ attorneys, consultants, accountants, agents and other persons, and the Compensation Committee shall be entitled, in good faith, to rely and act upon the advice, opinions and valuations of any such persons. In addition, the Compensation Committee shall be entitled, in good faith, to rely and act upon any report or other information furnished to it by any officer, director or Employee of the Company.

3.5.2 No member of the Compensation Committee, nor any person acting pursuant to authority delegated by the Compensation Committee, nor any officer, director or Employee of the Company acting at the direction or on behalf of the Compensation Committee, shall be liable for any action, omission or determination relating to the Plan, and the Company shall, to the fullest extent permitted by law, indemnify and hold harmless each member of the Compensation Committee, each person acting pursuant to authority delegated by the Compensation Committee, and each other officer, director or Employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost, expense (including counsel fees), liability or other pecuniary loss (including any sum paid in settlement of a claim with the approval of the Compensation Committee) arising out of any action, omission or determination relating to the Plan.

4. Number of Shares Issuable in Connection with Awards.

4.1 Shares Subject to the Plan. The maximum number of Shares that may be issued in connection with Awards granted under the Plan is 6,000,000, and the number of Shares that are subject to Awards outstanding at any one time under the Plan may not exceed the number of Shares that then remain available for issuance under the Plan. The maximum number of Shares that may be issued in connection with Incentive Stock Options granted under the Plan is 6,000,000. The Company at all times shall reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares issued under the Plan may be either authorized and unissued shares or treasury shares. Solely for the purposes of implementing the limitations on the number of Shares that may be issued under the Plan as set forth in this Section 4.1: (a) an Award of an Option or a Stock Appreciation Right in respect of one Share shall be deemed to be an Award of, and shall count against the Share limit set forth in this Section 4.1 as, one Share on the Date of Grant; (b) an Award of a share of Restricted Stock or a Restricted Stock Unit or an Other Stock-Based Award shall be deemed to be an Award of, and shall count against the share limit set forth in this Section 4.1 as, 1.85 Shares for every one Share granted on the Date of Grant; and (c) with respect to any performance-based Award granted pursuant to Section 12 that is to be settled in Shares, the value of the maximum benefit that may be paid under such Award shall be divided by the Fair Market Value of one Share as of the Date of Grant of such Award and each Share resulting from such computation shall be deemed to be an Award of 1.85 Shares for purposes of implementing the limitations on the number of Shares that may be issued in this Section 4.1.





Table Of Contents

4.2 Share Counting Rules. For purposes of Section 4.1, if any Shares subject to an Award granted under the Plan are forfeited or such Award is settled in cash or otherwise terminates without the delivery of such Shares, the Shares subject to such Award, to the extent of such forfeiture, settlement or termination, shall again be available for the grant of additional Awards under the Plan in the same amount as such Shares were counted against the limit set forth in Section 4.1. Shares that are issued or delivered upon the settlement of an Award or that ceased to be Restricted Stock upon the vesting of an Award of Restricted Stock, shall no longer be subject to any further grant under the Plan. Notwithstanding the immediately preceding sentence, the following Shares shall be considered to have been issued under the Plan and may not again be made available for issuance as Awards under the Plan: (a) Shares not issued or delivered as a result of the net settlement of an outstanding Option or Stock Appreciation Right; (b) Shares withheld by the Company, in satisfaction of the grant or exercise price or tax withholding requirements, from Shares that would otherwise have been delivered pursuant to an Option or Stock Appreciation Right; or (c) Shares repurchased on the open market with the proceeds of the Option exercise price. With respect to Stock Appreciation Rights, when a Stock Appreciation Right is exercised, the Shares subject to such Stock Appreciation Right shall be counted against the Shares available for issuance under the Plan as one Share for every Share subject to such Stock Appreciation Right, even if the number of Shares used to settle the Stock Appreciation Right upon exercise is less than the number of Shares subject to such Stock Appreciation Right upon its grant. To the extent permitted by Applicable Laws, Shares subject to Awards issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of business combination by the Company or any of its Subsidiaries shall not be counted against the Shares available for issuance pursuant to the Plan.

4.3 Individual Award Limits. The maximum number of Shares that may be covered by Options and Stock Appreciation Rights (in the aggregate) granted under the Plan to any single Participant in any calendar year shall not exceed 1,000,000, and the maximum number of Shares that may be covered by all other Awards (in the aggregate) granted under the Plan to any single Participant in any calendar year shall not exceed 1,000,000. These limitations shall be applied and construed consistently with Section 162(m).

4.4 Adjustments. The limits provided for in this Section 4 shall be subject to adjustment as provided in Section 15.

5. Eligibility and Participation.

The Compensation Committee will select Participants from among those Employees who, in the opinion of the Compensation Committee, are in a position to make significant contributions to the long-term performance and growth of the Company and its Subsidiaries. In addition, the Compensation Committee may grant Awards in connection with the engagement of an Employee who is expected to make significant contributions to the long-term performance and growth of the Company, provided that a prospective Employee may not receive any payment or exercise any right relating to an Award until such person's employment with the Company has commenced. An Employee on leave of absence may be considered as still in the employ of the Company for purposes of eligibility for participation in the Plan, if so determined by the Compensation Committee. Directors of the Company and its

Subsidiaries who are not also Employees of the Company or a Subsidiary shall not be eligible to receive Awards under the Plan.

-5-

---

Table Of Contents

6. Award Agreements.

Each Award granted under the Plan shall be evidenced by an Award Agreement in a form approved by the Compensation Committee. Each Award Agreement shall be subject to all applicable terms and conditions of the Plan, shall include such terms and conditions as the Compensation Committee deems appropriate, consistent with the provisions of the Plan, and shall be executed or approved by the Participant and an officer of the Company or other person designated by the Compensation Committee. An Award Agreement and any required signatures thereon or authorization or acceptance thereof may be in electronic format.

7. Options.

7.1 Grant of Options. The Compensation Committee may grant Options in such amounts, at such times and to such Employees as the Compensation Committee, in its discretion, may determine in accordance with the eligibility criteria set forth in Section 5. The Compensation Committee shall designate at the time of grant whether the Option is intended to constitute an Incentive Stock Option or a Non-Qualified Option.

7.2 Option Price. The Option Price of the Shares subject to each Option shall be determined by the Compensation Committee, but shall not be less than the Fair Market Value of the Common Stock on the Date of Grant, except in the case of replacement or substitute Options issued by the Company in connection with an acquisition or other corporate transaction.

7.3 Option Period. The Award Agreement shall specify the term of each Option. The term shall commence on the Date of Grant and shall be ten (10) years or such shorter period as is determined by the Compensation Committee. Each Option shall provide that it is exercisable over its term from the Date of Grant or over time in such periodic installments, or based on the satisfaction of such criteria (including, without limitation, upon the satisfaction of Performance Criteria), as the Compensation Committee in its discretion may determine. The vesting provisions for Options granted under the Plan need not be uniform. Unless the Compensation Committee specifies otherwise in the applicable Award Agreement, if an Option is subject to vesting and becomes exercisable in periodic installments and a Participant shall not in any period purchase all of the Shares that the Participant is entitled to purchase in such period, the Participant may purchase all or any part of such Shares as to which the Option has become exercisable at any time prior to the expiration or other termination of the Option.

7.4 Exercise of Options. Each Option may be exercised in whole or in part (but not as to fractional shares) by the delivery of an executed notice ("Notice of Exercise") in the form prescribed from time to time by the Compensation Committee, which may be in written or electronic form, accompanied by payment of the Option Price and any

amounts required to be withheld for tax purposes under Section 14. If an Option is exercised by any person other than the Participant, the Compensation Committee may require satisfactory evidence that the person exercising the Option has the right to do so. The Compensation Committee may require any partial exercise of an Option to equal or exceed a specified minimum number of Shares.

Table Of Contents

7.5 *Payment of Exercise Price.* The Option Price shall be paid in full in cash or by check acceptable to the Compensation Committee or, if and to the extent permitted by the Compensation Committee, (a) through the delivery of Shares which have been outstanding for at least six months or such other minimum period as may be required by applicable accounting rules to avoid a charge to the Company's earnings for financial reporting purposes (unless the Compensation Committee approves a shorter period) and which have a Fair Market Value on the date the Option is exercised equal to the Option Price due for the number of Shares being acquired, (b) to the extent permitted by Applicable Laws, by a Cashless Exercise, or (c) by any combination of the foregoing permissible forms of payment.

7.6 *Employment Requirements.* Unless otherwise provided by the Compensation Committee, either at the time of the grant of the Award or thereafter, and except as otherwise provided in Section 7.7, an Option may not be exercised unless from the Date of Grant to the date of exercise the Participant remains continuously in the employ of the Company. The Compensation Committee shall determine, in its discretion in the particular case and subject to any requirements of Applicable Laws, whether and to what the extent the period of continuous employment shall be deemed to include any period in which the Participant is on leave of absence with the consent of the Company. Unless the Compensation Committee expressly provides otherwise, a Participant's service as an Employee with the Company will be deemed to have ceased upon termination of the Participant's employment with the Company and its Subsidiaries (whether or not the Participant continues in the service of the Company or its Subsidiaries in some capacity other than that of an Employee).

7.7 *Exercise of Options on Termination of Employment.*

7.7.1 Unless otherwise provided by the Compensation Committee, either at the time of the grant of the Award or thereafter, upon the termination of a Participant's employment with the Company and its Subsidiaries by reason of death or Disability, (a) all Options then held by the Participant, to the extent exercisable on the date of termination of employment, shall remain in full force and effect and may be exercised pursuant to the provisions thereof at any time until the earlier of the end of the fixed term thereof and the expiration of 12 months following termination of the Participant's employment, and (b) all Options then held by the Participant, to the extent not then presently exercisable, shall terminate as of the date of such termination of employment and shall not be exercisable thereafter.

7.7.2 Unless otherwise provided by the Compensation Committee, either at the time of the grant of the Award or thereafter, upon the termination of the Participant's employment with the Company and its Subsidiaries for any reason other than the reasons set forth in Section 7.7.1 or a termination for Cause, (a) all Options then held by the Participant, to the extent exercisable on the date of termination of employment, shall remain in full force and effect and may be exercised pursuant to the provisions thereof at any time until the earlier of the end of the fixed term thereof and the expiration of 90 days following termination of the Participant's employment (except that the 90-day period shall be extended to 12 months from the date of termination if the Participant shall die during such 90-day period), and (b) all Options then held by the Participant, to the extent not then presently exercisable, shall terminate as of the date of such

termination of employment and shall not be exercisable thereafter.

-7-

---

Table Of Contents

7.7.3 Unless otherwise provided by the Compensation Committee, either at the time of the grant of the Award or thereafter, in the event of a Participant's termination for Cause, all Options held by the Participant, whether vested or not, shall terminate concurrently with the first discovery by the Company of any reason for the Participant's termination for Cause and shall not be exercisable thereafter. If an Participant's employment with the Company or any Subsidiary is suspended pending an investigation of whether there shall be a termination for Cause, all of the Participant's rights under any Options then held by the Participant, including, without limitation, the right to exercise such Options, shall likewise be suspended during such period of investigation.

7.8 Incentive Stock Options. Incentive Stock Options shall be subject to the following additional provisions:

7.8.1 The aggregate Fair Market Value (determined as of the Date of Grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any individual Participant during any one calendar year (under all plans of the Company and any parent or Subsidiary) may not exceed the maximum amount permitted under Section 422 of the Code (currently \$100,000). To the extent any Incentive Stock Option would exceed this limit, the portion of the Option in excess of such limit shall be treated as a Non-Qualified Stock Option for all purposes. The provisions of this Section 7.8.1 shall be construed and applied in accordance with Section 422(d) of the Code and the regulations promulgated thereunder.

7.8.2 No Incentive Stock Option may be granted to a Participant if, at the time of the proposed grant, the Participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any parent or Subsidiary of the Company, unless (a) the Option Price is at least 110% of the Fair Market Value of a share of Common Stock on the Date of Grant, and (b) the Incentive Stock Option is not exercisable after the expiration of five (5) years from the Date of Grant.

7.8.3 If a Participant sells or otherwise disposes of any Shares acquired pursuant to the exercise of an Incentive Stock Option on or before the later of (a) the date two (2) years after the Date of Grant of the Incentive Stock Option, and (b) the date one (1) year after the exercise of the Incentive Stock Option (in either case, a "Disqualifying Disposition"), the Participant shall notify the Company, either in writing or electronically, of the Disqualifying Disposition within ten (10) days of the date thereof. In the event of a Disqualifying Disposition, the Option will not qualify for incentive stock option treatment.

7.8.4 If the Compensation Committee exercises its discretion to permit an Incentive Stock Option to be exercised by a Participant more than three months after the termination of a Participant's employment for any reason other than death or Disability, the Incentive Stock Option will thereafter be treated as a Non-Qualified Stock Option for all purposes. For purposes of this Section 7.8.4, a Participant's employment will be treated as continuing uninterrupted

during any period that the Participant is on military leave, sick leave or another approved leave of absence if the period of leave does not exceed 90 consecutive days, unless reemployment on the expiration of such leave is guaranteed by statute or by contract.



Table Of Contents

7.8.5 Any Option which is designated by the Compensation Committee as an Incentive Stock Option but fails, for any reason, to meet the requirements for Incentive Stock Option treatment shall be treated for tax purposes as a Non-Qualified Stock Option.

7.9 Additional Terms and Conditions. Each Option, and any Shares of Common Stock issued in connection with an Option, shall be subject to such additional terms and conditions not inconsistent with the Plan as are determined by the Compensation Committee and set forth in the applicable Award Agreement or other agreement, plan or policy approved by the Compensation Committee.

8. Restricted Stock.

8.1 Grant of Restricted Stock. The Compensation Committee may grant Awards of Restricted Stock in such amounts, at such times and to such Employees as the Compensation Committee, in its discretion, may determine in accordance with the eligibility criteria set forth in Section 5.

8.2 Award Agreement; Acceptance by Participant. Promptly following the grant of each Award of Restricted Stock, the Compensation Committee shall cause to be delivered to the applicable Participant an Award Agreement that evidences the Award. The Participant shall accept the Award by signing and delivering to the Company his or her Award Agreement (which may be in electronic format).

8.3 Restrictions. At the time of grant of each Award of Restricted Stock, the Compensation Committee shall determine the Restriction Period that will apply to the Award and the forfeiture and vesting restrictions, restrictions on transferability and other restrictions (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on Restricted Stock) that will apply to the Award during the Restriction Period. These restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of Performance Criteria or future service requirements or both), in such installments or otherwise, as the Compensation Committee may determine in its discretion.

8.4 Forfeiture. Except as otherwise determined by the Compensation Committee, either at the time of the grant of the Award or thereafter, upon termination of the Participant's employment during the applicable Restriction Period, Restricted Stock that is at that time subject to restrictions shall be forfeited to and reacquired by the Company for no consideration to the Participant, unless otherwise specified in the Award Agreement; provided, however, that, the Compensation Committee, in its discretion, may (a) provide in any Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from

specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

-9-

---

Table Of Contents

8.5 Evidence of Stock Ownership. Unless otherwise determined by the Compensation Committee, until such time as all conditions or restrictions applicable to Shares of Restricted Stock have been satisfied or lapse, (a) all certificates representing Shares of Restricted Stock, together with duly endorsed stock powers in blank, will be held in custody by the Company or its transfer agent, (b) any uncertificated Shares of Restricted Stock will be held at the Company's transfer agent in book entry form in the name of the Participant or (c) such Shares of Restricted Stock will be held for the benefit of the Participant in nominee name by the broker engaged by the Company to provide such services for the Plan, in each case with appropriate restrictions relating to the transfer of such Shares of Restricted Stock.

8.6 Dividend Rights. Unless otherwise set forth in the Award Agreement, a Participant holding Restricted Stock shall be entitled to receive (a) any regular cash distributions declared and paid with respect to Shares subject to an Award of Restricted Stock, and (b) any Shares distributed in connection with a stock split or stock dividend, and any other cash and property (including securities of the Company and other issuers) distributed as a dividend, with respect to Shares subject to an Award of Restricted Stock. In the case of Restricted Stock, the vesting of which is conditioned only upon the continuous employment of, or provision of services by, Participant for a specified future period, such dividends and distributions shall be paid to the Participant at the same time they are paid to all other stockholders of the Company unless otherwise provided in the Award Agreement; provided that, if any such dividends or distributions are paid in Shares or other securities, such Shares or other securities shall be subject to the same restrictions and forfeiture conditions to the same extent as the Restricted Stock with respect to which such Shares or other securities have been distributed, and all references to Restricted Stock in the Plan or the applicable Award Agreement shall be deemed to include such Shares or other securities. In the case of Restricted Stock, the vesting of which is conditioned on the achievement of Performance Criteria, such dividends and distributions shall be withheld by the Company and shall vest and be paid, without interest, only if and to the extent, and at the time, the underlying Shares of Restricted Stock shall vest. To the extent dividends or distributions are withheld with respect to Shares of Restricted Stock that are forfeited, the dividends and distributions shall also be forfeited.

8.7 Voting Rights. Unless otherwise set forth in the Award Agreement, all voting rights appurtenant to the Shares subject to an Award of Restricted Stock shall be exercised by the Participant.

8.8 Termination of the Restriction Period. Upon satisfaction of the terms and conditions specified in the Award Agreement that apply to a Restriction Period, (a) the Participant shall be entitled to have the legend referred to in Section 8.5 removed from his or her Shares of Restricted Stock after the last day of the Restriction Period, and (b) if the Shares of Restricted Stock are evidenced by physical certificates and the Company has retained possession of the certificates representing the Shares of Restricted Stock, the Company shall promptly deliver such certificates to the Participant. If the terms and conditions specified in the Award Agreement that apply to a Restriction Period have not been satisfied, the Restricted Stock subject to the Award shall be forfeited to and reacquired by the Company for no consideration to the Participant, unless otherwise specified in the Award Agreement.



Table Of Contents

8.9 Additional Terms and Conditions. Each Award of Restricted Stock, and all Shares of Restricted Stock granted or offered for sale hereunder, shall be subject to such additional terms and conditions not inconsistent with the Plan as are prescribed by the Compensation Committee and set forth in the applicable Award Agreement or other agreement, plan or policy as approved by the Compensation Committee.

9. Restricted Stock Units.

9.1 Grant of Restricted Stock Units. The Compensation Committee may make Awards of Restricted Stock Units in such amounts, at such times and to such Employees as the Compensation Committee, in its discretion, may determine in accordance with the eligibility criteria set forth in Section 5. Unless the Award Agreement provides otherwise with respect to the right to receive dividends or other distributions, a Participant granted Restricted Stock Units shall not have any of the rights of a stockholder with respect to the Shares subject to an Award of Restricted Stock Units, including any right to vote, until the Shares subject to the Award shall have been issued in the Participant's name in accordance with the terms of the applicable Award Agreement.

9.2 Vesting and Other Terms. At the time of grant of each Award of Restricted Stock Units, the Compensation Committee shall determine the Restriction Period that will apply to the Award. During the Restriction Period, Restricted Stock Units shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions as the Compensation Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of Performance Criteria or future service requirements or both), in such installments or otherwise as the Compensation Committee may determine in its discretion. If the terms and conditions specified in the Award Agreement have not been satisfied by the end of the Restriction Period, the Restricted Stock Units subject to the Restriction Period shall become null and void, and the Participant shall forfeit all rights with respect to such Award.

9.3 Termination of Employment. Except as otherwise determined by the Compensation Committee, either at the time of the grant of the Award or thereafter, upon termination of the Participant's employment during the applicable Restriction Period, Restricted Stock Units that are at that time subject to restrictions shall be null and void, and the Participant shall forfeit all rights with respect to such Awards.

9.4 Settlement. On the vesting date or dates of the Award, the Company shall, subject to the terms of the Plan and the Award Agreement, transfer to the Participant one Share for each Restricted Stock Unit scheduled to be issued on such date and not previously forfeited.



Table Of Contents

9.5 Additional Terms and Conditions. Each Award of Restricted Stock Units, and all Shares issued in settlement of Restricted Stock Units, shall be subject to such additional terms and conditions not inconsistent with the Plan as are prescribed by the Compensation Committee and set forth in the applicable Award Agreement or other agreement, plan or policy as approved by the Compensation Committee.

9.6 Dividend Rights. If the Award Agreement so provides, a Participant holding Restricted Stock Units shall be entitled to receive, but only if, to the extent, and at the time that the Restricted Stock Units vest and are settled, (i) any regular cash distributions declared and paid with respect to Shares subject to a Restricted Stock Unit, and (ii) any Shares distributed in connection with a stock split or stock dividend, and any other cash and property (including securities of the Company and other issuers) distributed as a dividend, with respect to Shares subject to an Award of Restricted Stock. In the case of Restricted Stock Units, the vesting of which is conditioned on the achievement of Performance Criteria, any such dividends or distributions (if provided for in the Award Agreement) shall be withheld by the Company and shall vest and be paid, without interest, only if and to the extent, and at the time, the Restricted Stock Units shall vest. Dividends or distributions relating to any forfeited Restricted Stock Units shall also be forfeited.

10. Stock Appreciation Rights.

10.1 Grant of Stock Appreciation Rights. The Compensation Committee may make Awards of Stock Appreciation Rights in such amounts, at such times and to such Employees as the Compensation Committee, in its discretion, may determine in accordance with the eligibility criteria set forth in Section 5. If a Stock Appreciation Right is granted to a Section 16(b) Insider, the Award Agreement shall incorporate all the terms and conditions at the time necessary to assure that the subsequent exercise of the Stock Appreciation Right shall qualify for the safe-harbor exemption from short-swing profit liability provided by Rule 16b-3.

10.2 General Terms. A Stock Appreciation Right shall confer on the Participant the right to receive in Shares, cash or a combination thereof (as may be determined by the Compensation Committee in its discretion) the value equal to the excess of the Fair Market Value of one Share on the date of exercise over the exercise price for the Stock Appreciation Right, with respect to every Share for which the Stock Appreciation Right is granted (the "SAR Settlement Value"). At the time of grant, the Stock Appreciation Right must be designated by the Compensation Committee as either a tandem Stock Appreciation Right or a stand-alone Stock Appreciation Right and, if not so designated, shall be deemed to be a stand-alone Stock Appreciation Right. A tandem Stock Appreciation Right is a Stock Appreciation Right that is granted in tandem with an Option and only may be granted at the same time as the Option to which it relates. The exercise of a tandem Stock Appreciation Right shall cancel the related Option for a like number of Shares, and the exercise of the related Option similarly shall cancel the tandem Stock Appreciation Right for a like number of Shares. Tandem Stock Appreciation Rights shall, except as specifically set forth in this Section 10 or in the applicable Award Agreement, be subject to the same terms and conditions as apply to the related Option. Stand-alone Stock Appreciation Rights shall, except as specifically set forth in this Section 10 or in the applicable

Award Agreement, be subject to the same terms and conditions generally applicable to Non-Qualified Stock Options as set forth in Section 7.



Table Of Contents

10.3 *Exercise Price.* The exercise price of each Stock Appreciation Right shall be determined by the Compensation Committee, but shall not be less than the Fair Market Value of the Common Stock on the Date of Grant.

10.4 *Other Terms.* The Compensation Committee shall determine the term of each Stock Appreciation Right. The term shall commence on the Date of Grant and shall be ten (10) years or such shorter period as is determined by the Compensation Committee. The Compensation Committee also shall determine the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part, the method of exercise, the method of settlement and the form of consideration payable in settlement. The Compensation Committee may provide for Stock Appreciation Rights to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the satisfaction of Performance Criteria), as to such number of Shares or percentage of the Shares subject to the Stock Appreciation Right as the Compensation Committee determines.

10.5 *Exercise.* Each Stock Appreciation Right may be exercised in whole or in part (but not as to fractional shares) by the delivery of an executed Notice of Exercise (which may be in electronic format) in the form prescribed from time to time by the Compensation Committee, accompanied by payment of any amounts required to be withheld for tax purposes under Section 14. If a Stock Appreciation Right is exercised by any person other than the Participant, the Compensation Committee may require satisfactory evidence that the person exercising the Stock Appreciation Right has the right to do so. Upon the exercise of a Stock Appreciation Right, the Participant shall be entitled to receive the SAR Settlement Value from the Company for each Share as to which the Stock Appreciation Right has been exercised. The Company shall pay the SAR Settlement Value in Shares valued at Fair Market Value on the exercise date, in cash or any combination thereof, as determined by the Compensation Committee. The Compensation Committee may permit a Participant to elect to defer receipt of payment of all or part of the SAR Settlement Value pursuant to such rules and regulations as may be adopted by the Compensation Committee or as may be specified in the applicable Award Agreement.

10.6 *Additional Terms and Conditions.* Each Award of Stock Appreciation Rights, and all Shares issued in settlement of Stock Appreciation Rights, shall be subject to such additional terms and conditions not inconsistent with the Plan as are prescribed by the Compensation Committee and set forth in the applicable Award Agreement.

Table Of Contents

*11. Other Stock-Based Awards.*

The Compensation Committee may grant to Employees equity-based or equity-related Awards not otherwise described herein, alone or in tandem with other Awards, in such amounts and subject to such terms and conditions as the Compensation Committee shall determine from time to time in its sole discretion (“Other Stock-Based Awards”). Without limiting the generality of the foregoing, Other Stock-Based Awards may (a) involve the transfer of restricted or unrestricted Shares of Common Stock to Participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Shares of Common Stock, (b) be subject to performance-based or service-based vesting requirements, (c) be granted as, or in payment of, a bonus, or to provide incentives or recognize special achievements or contributions, (d) be designed to comply with Applicable Laws of jurisdictions other than the United States, and (e) be designed to qualify for the performance-based compensation exception under Section 162(m); provided, that each Other Stock-Based Award shall be denominated in, or shall have a value determined by reference to, a number of Shares that is specified in the Award Agreement. In the case of Other Stock-Based Awards, the vesting of which is conditioned on the achievement of Performance Criteria, if the Award Agreement provides Participants with dividend rights, any dividends or distributions shall be withheld by the Company and shall vest and be paid, without interest, only if and to the extent, and at the time, the Other Stock-Based Awards shall vest. Dividends or distributions relating to any forfeited Other Stock-Based Awards shall also be forfeited.

*12. Performance Based Awards.*

12.1 *Performance Criteria.* Awards made pursuant to the Plan may be made subject to the attainment of performance goals relating to one or more business criteria (“Performance Criteria”). For purposes of Awards that are intended to qualify for the performance-based compensation exception under Section 162(m), the Performance Criteria shall (a) be objective business criteria and otherwise meet the requirements of Section 162(m), including the requirement that the level or levels of performance targeted by the Compensation Committee result in the achievement of performance goals being “substantially uncertain” as of the Date of Grant, and (b) relate to one or more of the following performance measures: (i) revenues or net sales; (ii) earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or other items, whether or not on a continuing operations or an aggregate or per share basis; (iii) return on equity, investment, capital or assets; (iv) margins; (v) one or more operating ratios; (vi) borrowing levels, leverage ratios or credit ratings; (vii) market share; (viii) capital expenditures; (ix) cash flow; (x) stock price, growth in stockholder value relative to one or more stock indices or total stockholder return; (xi) budget and expense management; (xii) working capital turnover and targets; (xiii) sales of particular products or services, market penetration, geographic expansion or new concept development; (xiv) customer acquisition, expansion and retention; (xv) acquisitions and divestitures (in whole or in part), joint ventures, strategic alliances, spin-offs, split-ups and the like; (xvi) reorganizations, recapitalizations, restructurings and financings (debt or equity); (xvii) transactions that would constitute a Change in Control; or (xviii) any combination of the foregoing. Performance Criteria measures, and targets with respect thereto, determined by the Compensation Committee need not be based upon an increase, a positive or improved result or avoidance of loss.



Table Of Contents

12.2 Additional Provisions Applicable to Performance Criteria. Any Performance Criteria may be used to measure the performance of the Company as a whole or with respect to any business unit, Subsidiary or business segment of the Company, either individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous period results or to a designated comparison group, in each case as specified by the Compensation Committee in the Award. To the extent required by Section 162(m), prior to the payment of any compensation under an Award intended to qualify as performance-based compensation under Section 162(m), the Compensation Committee shall certify the extent to which any such Performance Criteria and any other material terms under such Award have been satisfied (other than in cases where such Performance Criteria relate solely to the increase in the value of the Common Stock). To the extent Section 162(m) is applicable, the Compensation Committee may not in any event increase the amount of compensation payable to a Participant subject to Section 162(m) upon the satisfaction of any Performance Criteria.

12.3 Adjustments to Performance Criteria. The Compensation Committee may, with respect to any Performance Period, make such adjustments to Performance Criteria as it may deem appropriate to compensate for, or reflect, (a) asset write-downs or write-ups; (b) litigation, claims, judgments or settlements; (c) the effect of changes in tax law, accounting principles or other laws or provisions affecting reported results; (d) discontinued operations and divestitures; (e) mergers, acquisitions and accruals for reorganization and restructuring programs; and (f) extraordinary or other unusual or non-recurring item; provided, however, with respect to Awards intended to qualify as performance-based compensation under Section 162(m), such adjustments shall be made only to the extent that the Compensation Committee determines that such adjustments may be made without a loss of deductibility of the compensation includible with respect to the Awards under Section 162(m).

12.4 Performance Periods. The attainment of Performance Criteria shall be measured over performance periods of one (1) year or more ("Performance Periods"), as may be established by the Compensation Committee. Performance Criteria for any Performance Period shall be established not later than the earlier of (a) 90 days after the beginning of the Performance Period, or (b) the time 25% of the Performance Period has elapsed.

12.5 Right of Recapture. If, at any time after the date on which a Participant has been granted or becomes vested in or paid an Award pursuant to the achievement of Performance Criteria, the Compensation Committee determines that the earlier determination as to the achievement of the Performance Criteria was based on incorrect data and that in fact the Performance Criteria had not been achieved or had been achieved to a lesser extent than originally determined and a portion of the Award would not have been granted, vested or paid given the correct data, then (a) any portion of the Award that was so granted shall be forfeited and any related Shares (or, if such Shares were disposed of, the cash equivalent) shall be returned to the Company, (b) any portion of the Award that became so vested shall be deemed to be not vested and any related Shares (or, if such Shares were disposed of, the cash equivalent) shall be returned to the Company, and (c) any portion of the Award so paid to the Participant shall be repaid by the Participant to the Company upon notice from the Company, in each case as and to the extent provided by the Compensation Committee.



Table Of Contents

12.6 Section 162(m). Notwithstanding any provision contained in this Plan to the contrary, the terms of Awards (excluding any Options and Stock Appreciation Rights) that are intended to qualify for the performance-based compensation exception under Section 162(m) granted to any one Participant shall be such that the maximum amount of compensation recognized under such Awards by such Participant in any calendar year, ignoring for this purpose any acceleration resulting from the Participant's death or Disability or from a Change in Control, may not exceed 1,000,000 Shares, if such Awards are settled in Shares, or the Fair Market Value of that same number of Shares if such Awards are settled in cash. Furthermore, in the case of an Award intended to be eligible for the performance-based compensation exception under Section 162(m), the Plan and such Award shall be construed to the maximum extent permitted by law in a manner consistent with qualifying the Award for such exception.

13. Restrictions on Transfer.

13.1 Restrictions on Transfer. Subject to the further provisions of this Section 13.1, Awards may not be transferred other than by will or by the laws of descent and distribution, and during a Participant's lifetime an Award requiring exercise may be exercised only by the Participant (or in the event of the Participant's incapacity, the person or persons legally appointed to act on the Participant's behalf). No Award or any interest therein shall be subject to attachment, execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process. The foregoing notwithstanding, Awards (other than Incentive Stock Options and Stock Appreciation Rights granted in tandem therewith) may be transferred to one or more transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Compensation Committee in its discretion, subject to any terms and conditions which the Compensation Committee may impose thereon. If a transfer is approved by the Compensation Committee, the transfer shall only be effective upon notice in writing or electronically to the Company given in such form and manner as may be prescribed by the Compensation Committee. Anything herein to the contrary notwithstanding, transfers of an Award by a Participant for consideration are prohibited.

13.2 Designation and Change of Beneficiary. Each Participant may file in writing or electronically with the Compensation Committee a designation of one or more persons as the beneficiary who shall be entitled to receive the rights or amounts payable with respect to an Award due under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change his or her beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Compensation Committee. The last such designation received by the Compensation Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Compensation Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by the Participant, the beneficiary shall be deemed to be the Participant's estate.



Table Of Contents

13.3 Provisions Applicable to Transferees. A beneficiary, transferee or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement or other document applicable to the Participant, except as otherwise determined by the Compensation Committee, and to any additional terms and conditions deemed necessary or appropriate by the Compensation Committee. The Compensation Committee shall have full and exclusive authority to interpret and apply the provisions of the Plan to transferees to the extent not specifically addressed herein.

14. Withholding and Other Tax Provisions.

14.1 Withholding. The Company may require the Participant to pay to the Company the amount of any taxes that the Company is required by applicable federal, state, foreign, local or other law to withhold with respect to the grant, vesting, exercise or settlement of an Award and, where applicable, the payment of dividends or other distributions with respect to Shares subject to an Award. The Company shall not be required to issue any Shares under the Plan until such obligations are satisfied in full. The Compensation Committee may, in its sole and absolute discretion in the particular case, permit or require a Participant to satisfy his or her tax withholding obligations by any of the following means (or a combination of any of the following means): (a) by paying cash to the Company, (b) by having the Company withhold a number of Shares that would otherwise be issued to the Participant (or become vested in the case of Restricted Shares) having a Fair Market Value equal to the tax withholding obligations, (c) surrendering a number of Shares the Participant already owns having a Fair Market Value equal to the tax withholding obligations, or (d) entering into such other arrangement as is acceptable to the Compensation Committee in its sole discretion. The value of any Shares withheld or surrendered may not exceed the employer's minimum tax withholding obligation and, to the extent such Shares were acquired by the Participant from the Company as compensation, the Shares must have been held for the minimum period required by applicable accounting rules to avoid a charge to the Company's earnings for financial reporting purposes. The Company shall also have the right to deduct from any and all cash payments otherwise owed to a Participant any federal, state, foreign, local or other taxes required to be withheld with respect to the Participant's participation in the Plan.

14.2 Required Consent to and Notification of Section 83(b) Election. No election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code) or under a similar provision of the laws of a jurisdiction outside the United States may be made in connection with an Award unless expressly permitted by the terms of the Award Agreement or by action of the Compensation Committee in writing prior to the making of such election. In any case in which a Participant is so permitted to make such an election, the Participant shall notify the Company of such election within ten (10) days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code or other applicable provisions of any tax law.





Table Of Contents

14.3 No Guarantee of Tax Consequences. None of the Board of Directors, the Company nor the Compensation Committee makes any commitment or guarantee that any federal, state or local tax treatment will apply or be available to any person participating or eligible to participate hereunder.

15. Effect of Certain Corporate Changes and Changes in Control.

15.1 Basic Adjustment Provisions. In the event the Compensation Committee determines that any stock dividend, stock split, combination of shares, extraordinary dividend of cash or assets, merger, consolidation, spin-off, recapitalization (other than the conversion of convertible securities according to their terms), reorganization, liquidation, dissolution or other similar corporate change, or any other increase, decrease or change in the Common Stock without receipt or payment of consideration by the Company, in the Compensation Committee's sole discretion, affects the Common Stock such that an adjustment to the Awards or the Plan is determined by the Compensation Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then the Compensation Committee shall, in such manner as it may deem equitable, adjust any or all of:

- (a) The number and kind of Shares of Common Stock (or other securities or property) with respect to which an Award may be granted under the Plan (including, but not limited to, adjustments of the limitations in Section 4.1 on the maximum number and kind of Shares which may be issued under the Plan, the ratio set forth in Section 4.1 for the purpose of determining the number of Shares issued under the Plan, and the limitations in Section 4.3 on the maximum number of Shares that may be covered by Awards granted under the Plan to any single Participant in any calendar year);
- (b) The number and kind of Shares of Common Stock (or other securities or property) subject to outstanding Awards;
- (c) The grant, exercise or other purchase price per Share under any outstanding Awards; and
- (d) The terms and conditions of any outstanding Awards (including, without limitation, any applicable Performance Criteria specified in an Award Agreement).

Notwithstanding the foregoing, (x) with respect to Incentive Stock Options, any such adjustments shall be made in accordance with Section 424(h) of the Code, (y) the Compensation Committee shall consider the impact of Section 409A of the Code on any such adjustments, and (z) no such adjustments may change the value of benefits available to a Participant under a previously granted Award, (i) if the effect would be to increase the value of the benefits available under such Award, without the approval of the stockholders if such is required by the Plan or Applicable Laws, or (ii) if the effect would be to materially and adversely affect the value of the benefits available under such Award, without the Participant's consent to that adjustment.

Table Of Contents

15.2 *Change in Control*. Unless otherwise provided in the Award Agreement or other employment, severance or change in control agreement approved by the Compensation Committee to which a Participant is a party, in which case such agreement shall control, the Compensation Committee may provide with respect to any transaction that results in a Change in Control, either at the time an Award is granted or by action taken prior to the occurrence of the Change in Control, that a Change in Control shall have such effect as is specified by the Compensation Committee, or no effect, as the Compensation Committee in its sole discretion may provide. Without limiting the foregoing, the Compensation Committee may provide, either at the time an Award is granted or by action taken prior to the occurrence of the Change in Control, and without the consent or approval of any Participant, for one or more of the following actions or combination of actions with respect to some or all outstanding Awards (which actions may vary among individual Participants and may be subject to such terms and conditions as the Compensation Committee deems appropriate):

- (a) Acceleration of the time at which Awards then outstanding vest and (as applicable) may be exercised in full for a limited period of time on or before a specified date fixed by the Compensation Committee (which will permit the Participant to participate with the Common Stock received upon exercise of an Award in the Change in Control transaction), after which specified date all unexercised Awards and all rights of Participants thereunder shall terminate;
- (b) Acceleration of the time at which Awards then outstanding vest (and, in the case of Options, Stock Appreciation Rights and other applicable Awards, may be exercised so that such Options, Stock Appreciation Rights and other applicable Awards may be exercised in full for their then remaining term);
- (c) The assumption of Awards (or any portion thereof) by the successor or survivor corporation, or a parent or Subsidiary thereof, or the substitution of awards covering the stock of the successor or survivor corporation, or a parent or Subsidiary thereof, for then outstanding Awards that have been issued under the Plan, with appropriate adjustments as to the number and kind of shares and grant, exercise or other purchase prices;
- (d) The mandatory surrender to the Company for cancellation of any outstanding Awards and the purchase of the surrendered Awards for an amount of cash, securities or other property equal to the excess of the Fair Market Value of the vested shares of Common Stock subject to any such Award immediately prior to the occurrence of the Change in Control (and such additional portion of the Award as the Compensation Committee may determine) over the aggregate exercise or other purchase price (if any) of such shares; and
- (e) The termination of any Award (or any portion thereof) concurrently with the closing or other consummation of the Change in Control transaction. If the Compensation Committee provides that an Award shall terminate

concurrently with the closing or other consummation of the Change in Control transaction, each Participant shall have the right up to the closing or other consummation of the transaction to exercise all or any part of the Participant's vested Awards.

Table Of Contents

15.3 Determination of Adjustments. All determinations of the Compensation Committee pursuant to this Section 15 shall be conclusive and binding on all persons for all purposes of the Plan.

15.4 No Restriction on Right of Company to Effect Corporate Changes. The Plan shall not affect in any way the right or power of the Company to make or authorize any adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, any merger or consolidation, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or that are convertible into or exchangeable for Common Stock, the dissolution or liquidation of the Company, any sale or transfer of all or any part of the assets or business of the Company or any of its Subsidiaries, or any other corporate act or proceeding, whether of a similar character or otherwise. Except as specifically provided in this Section 15 and authorized by the Compensation Committee, a Participant shall have no rights by reason of any such corporate act or proceeding, and no adjustment by reason thereof shall be made with respect to any outstanding Award or the Plan.

16. Regulatory Compliance.

16.1 Conditions to Obligations of the Company. The Company may, to the extent deemed necessary or advisable by the Compensation Committee, postpone the issuance or delivery of Shares or the payment of other benefits under any Award until:

(a) The completion of any registration or other qualification of such Shares under any state or federal securities law or under the rules and regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Compensation Committee shall, in its sole discretion, deem necessary or advisable;

(b) The admission to listing of, or other required action with respect to, such Shares on any and all stock exchanges or automated quotation systems upon which the Common Stock or other securities of the Company are then listed or quoted; and

(c) The compliance with all other requirements of Applicable Laws, as the Compensation Committee shall, in its sole discretion, deem necessary or advisable;

The Compensation Committee also may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as the Compensation Committee shall, in its sole discretion, deem necessary or advisable to comply with any requirements of Applicable Laws in connection with the grant of any Award or the issuance or delivery of Shares or the payment of other benefits under any Award. Without limiting the generality of the foregoing, if the Shares offered for sale or sold under the Plan are offered or sold pursuant to an exemption from registration under federal, state or foreign securities laws, (x) the Company may require the Participant to represent and agree at the time of grant or exercise, as the case may be, that such Shares are being acquired for investment, and not with a view to the sale or distribution thereof, and to make such other representations as are deemed necessary or appropriate by the Company and its counsel, and (y) the Company may restrict the transfer of such Shares, issue stop-transfer instructions and legend the certificates representing such Shares, in each case in such manner as it deems advisable to ensure the availability of any such exemption.

Table Of Contents

16.2 *Limitation on Company Obligations.* The inability of the Company (after reasonable efforts) to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance or sale of any Awards or Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Awards or Shares as to which such requisite authority shall not have been obtained. Nothing contained herein shall be construed to impose on the Company any obligation to register for offering or resale under the Securities Act, or to register or qualify under any other state, federal or foreign securities laws, any Shares, securities or interests in a security paid or issued under, or created by, the Plan, or to continue in effect any such registrations or qualifications if made, and the Company shall have no liability for any inability or failure to do so.

16.3 *Provisions Applicable to a Change in Control.* Anything in this Section 16 to the contrary notwithstanding, in connection with a Change in Control, the Company shall not take or cause to be taken any action, and shall not undertake or permit to arise any legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Shares or the payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the 90th day preceding the effective date of the Change in Control.

16.4 *Exchange Act.* Notwithstanding anything contained in the Plan or any Award Agreement to the contrary, if the consummation of any transaction under the Plan would result in the possible imposition of liability on a Participant pursuant to Section 16(b) of the Exchange Act, the Compensation Committee shall have the right, in its sole discretion, but shall not be obligated, to defer such transaction to the extent necessary to avoid such liability.

*17. Amendment or Termination of the Plan.*

The Board of Directors may at any time and from time to time amend, suspend or terminate the Plan in whole or in part; provided that no such amendment may, without the approval of the stockholders of the Company, increase the number of Shares that may be issued under the Plan (except for adjustments pursuant to Section 15) or effectuate a change for which stockholder approval is required: (a) in order for the Plan to continue to qualify under Section 422 of the Code; (b) under the corporate governance standards of any national securities exchange or automated quotation system applicable to the Company; or (c) for Awards to be eligible for the performance-based compensation exception under Section 162(m). In addition, no termination or amendment of the Plan shall materially and adversely affect the rights of any Participant in any outstanding Awards, without the consent of the Participant to whom the Awards have been granted.





Table Of Contents

*18. Term of the Plan.*

The Plan shall continue until terminated by the Board of Directors pursuant to Section 17 or as otherwise set forth in the Plan, and no further Awards shall be made hereunder after the date of such termination. Unless earlier terminated, the Plan shall terminate ten (10) years after the initial approval of the 2015 Employee Equity Incentive Plan by the Board of Directors (provided that Awards granted before termination shall continue in accordance with their terms).

*19. No Right to Awards or Continued Employment.*

No person shall have any claim or right to receive grants of Awards under the Plan, and neither the Plan nor any action taken or omitted to be taken hereunder shall create or confer on any Participant the right to continued employment with the Company or its Subsidiaries or interfere with or to limit in any way the right of the Company or its Subsidiaries to terminate the employment of any Participant at any time or for any reason. The loss of any existing or potential profit in Awards shall not constitute an element of damages in the event of the termination of the employment of any Participant for any reason, even if the termination is in violation of an obligation of the Company or its Subsidiaries to the Participant. No Participant shall have any rights as a stockholder with respect to any Shares covered by or relating to any Award until the date of the issuance of a stock certificate with respect to such Shares.

*20. Effect of Plan Upon Other Awards and Compensation Plans.*

Nothing in the Plan shall be construed to limit the right of the Company or any of its Subsidiaries (a) to establish any other forms of incentives or compensation for Employees, or (b) to grant or assume options, restricted stock or other equity-based awards otherwise than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options, restricted stock or other awards in connection with the acquisition of the business, securities or assets of any corporation, firm or business. Except as provided below, the adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any of its Subsidiaries, and no payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan. Upon stockholder approval of the Plan, no further awards may be granted under the Company's Amended and Restated 2006 Equity Incentive Plan (the "Prior Plan"); provided that all awards granted by the Company prior to the stockholder approval of the Plan shall remain in full force and effect and shall continue to be governed by the terms of the Prior Plan and related award agreement.

*21. General Provisions.*

21.1 *Other Documents*. All documents prepared, executed or delivered in connection with the Plan shall be, in substance and form, as established and modified by the Compensation Committee or by persons under its direction and supervision; provided, however, that all such documents shall be subject in every respect to the provisions of the Plan, and in the event of any conflict between the terms of any such document and the Plan, the provisions of the Plan shall prevail.

Table Of Contents

21.2 No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Compensation Committee shall determine whether cash or other property shall be issued or paid in lieu of fractional shares of Common Stock or whether such fractional shares of Common Stock and any rights thereto shall be forfeited or otherwise eliminated (including by rounding to the nearest whole Share).

21.3 Payments in the Event of Forfeitures. Unless otherwise determined by the Compensation Committee or otherwise specified in the applicable Award Agreement, in the event of the forfeiture of an Award with respect to which a Participant paid cash consideration, the Participant shall be repaid the amount of such cash consideration within ten (10) days of the date of forfeiture or as soon thereafter as practicable.

21.4 Limitation on Repricing. The Compensation Committee shall not, without the approval of the stockholders of the Company, amend or replace previously granted Options or Stock Appreciation Rights in a transaction that constitutes a “repricing,” as such term is defined in Section 303A.08 of the Listed Company Manual of the New York Stock Exchange or the rules and regulations of the Securities and Exchange Commission. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other awards or Options or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Options or Stock Appreciation Rights without stockholder approval.

21.5 Minimum Vesting for Awards to Employees. Subject to Sections 3.2(f) and 15.2 of the Plan, or as otherwise provided in the related Award Agreement in connection with a Change in Control or a Participant’s death or disability, (i) no condition on vesting of an Award granted to an Employee that is based solely upon the achievement of Performance Criteria shall be based on performance over a period of less than one year, and (ii) no condition on vesting of an Award granted to an Employee that is based solely upon continued employment or service shall provide for vesting in full of such Award more quickly than one year from the Date of Grant of the Award (which vesting period may lapse on a pro-rated, graded, or cliff basis as specified in the Award Agreement).

21.6 Misconduct of a Participant. Notwithstanding any other provision of the Plan or an Award Agreement, if a Participant commits fraud or dishonesty toward the Company or wrongfully uses or discloses any trade secret, confidential data or other information proprietary to the Company, or intentionally takes any other action materially inimical to the best interests of the Company, as determined by the Compensation Committee, in its sole and absolute discretion, such Participant shall forfeit all rights and benefits under the Plan and any outstanding Awards.



Table Of Contents

21.7 Restrictive Legends. Any certificates for Shares, any uncertificated Shares issued in book entry form, and any Shares deposited with any broker that the Company has engaged to provide services for the Plan on behalf of a Participant may be subject to such restrictions, legends and stop-transfer instructions as the Compensation Committee deems appropriate to reflect any restrictions on the Shares.

21.8 Uncertificated Shares. To the extent that this Plan provides for the issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated or book entry basis or in nominee name, to the extent permitted by Applicable Law or the rules of any applicable stock exchange.

21.9 Successors in Interest. The provisions of the Plan, the terms and conditions of any Award and the actions of the Compensation Committee shall be binding upon the successors and assigns of the Company and permitted successors and assigns, heirs, executors, administrators and other legal representatives of Participants.

21.10 Severability. If any provision of the Plan or any Award is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any Award under any law deemed applicable by the Compensation Committee, such provision shall be construed or deemed amended to conform to Applicable Laws, or, if it cannot be so construed or deemed amended without, in the Compensation Committee's determination, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

21.11 Headings. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

21.12 Governing Law. To the extent not preempted by federal law, the Plan and all rights hereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to rules relating to conflicts of law.

21.13 Compliance With Section 162(m). If any provision of the Plan or any Award Agreement relating to an Award that is designated as intended to comply with Section 162(m) does not comply or is inconsistent with the requirements of Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

21.14 Compliance With Section 409A. Awards under the Plan are intended either to provide compensation that is exempt from Section 409A of the Code, or that satisfies the requirements of Section 409A of the Code so that Participants will not be liable for the payment of additional tax or interest thereunder, and the Plan and all Awards shall be construed accordingly. If and to the extent any amount of compensation under an Award is determined by the Compensation Committee to constitute deferred compensation that is not exempt from Section 409A of the Code and that is to be paid, settled or provided by reason of a Participant's termination of employment, then (a) such compensation shall be paid, settled or provided by reason of a Participant's termination of employment only if that termination also constitutes a "separation from service" within the meaning of that term under Section 409A of the Code, and (b) if the Participant is determined by the Compensation Committee to be a "specified employee" within the meaning of Section 409A of Code, all payments or provisions compensation that would otherwise be paid, settled or provided before the first day of the seventh calendar month beginning after the date the Participant's separation from service (or, if earlier, the Participant's date of death) shall be withheld and accumulated and paid or provided without interest on or as soon as practicable after the first day of the seventh calendar month beginning after the date the Participant's separation from service (or, if earlier, the Participant's date of death). Each payment or provision of compensation under an Award shall be treated as a separate payment for purposes of Section 409A of the Code. References to termination of employment and similar concepts in the Plan and Awards Agreements shall be interpreted and applied in accordance with the foregoing provisions. To the extent necessary to comply with Section 409A of the Code, no Award that is a Non-Qualified Option or a Stock Appreciation Right shall contain or be amended to contain a "deferral feature" or an "additional deferral feature" within the meaning and usage of those terms under Section 409A of the Code and the administrative guidance thereunder.

Table Of Contents

21.15 *Delivery and Execution of Electronic Documents.* To the extent permitted by Applicable Law, the Company may: (a) deliver by email or other electronic means (including posting on a Web site maintained by the Company or by a third party under contract with the Company) all documents relating to the Plan or any Award thereunder (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements), and (b) permit Participants to electronically execute applicable Plan documents (including Award Agreements and any required notices under the Plan) in a manner prescribed by the Committee.

21.16 *Administration of the Plan in Foreign Countries.* The Compensation Committee may take any action consistent with the terms of the Plan, either before or after an Award has been granted, which the Compensation Committee deems necessary or advisable in order for the administration of the Plan and the grant of Awards thereunder to comply with the Applicable Laws of any foreign country, including but not limited to, modifying or amending the terms and conditions governing any Awards, modifying exercise procedures and other terms and procedures and establishing local country plans as sub-plans to the Plan.

21.17 *Effective Date.* The Plan shall become effective as of the Effective Date, but only if it has been approved by the stockholders of the Company within twelve (12) months before or after the date the on which it is adopted by the Board of Directors.

21.18 *Clawback/Recoupment Policy.* Notwithstanding any provisions in the Plan or any Award Agreement to the contrary, all Awards and/or amounts payable thereunder, whether in the form of cash or otherwise, shall be subject to potential cancellation, rescission, clawback and recoupment (i) to the extent necessary to comply with the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any regulations or listing requirements promulgated thereunder, and/or (ii) as may be required in accordance with the terms of any clawback/recoupment policy as may be adopted by the Company to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and any regulations or listing requirements promulgated thereunder, as such policy may be amended from time to time.



Table Of Contents

**Exhibit A**

**DEFINITIONS**

The following terms, when used in the Plan, shall have the meanings, and shall be subject to the provisions, set forth below:

“*Audit Committee*” means the Audit Committee of the Board of Directors.

“*Award*” means an award containing any one or more of the following: Option(s), Restricted Stock, Restricted Stock Unit(s) or Stock Appreciation Right(s) granted to a Participant pursuant to the Plan.

“*Award Agreement*” means either: (a) a written or electronic agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under the Plan, including any amendment or modification thereof, or (b) a written or electronic statement issued by the Company to a Participant describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, Internet, or other non-paper Award Agreements, and the use of electronic, Internet, or other non-paper means for the acceptance thereof and actions thereunder by a Participant.

“*Applicable Laws*” means the requirements relating to the administration, enforcement and taxation of Awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country, as determined in accordance with Section 21.12.

“*Board of Directors*” means the Board of Directors of the Company.

“*Cashless Exercise*” means the exercise of an Option through (a) the delivery of irrevocable instructions to a broker (i) to make a sale of a number of Shares issuable upon the exercise of the Option that results in proceeds in the amount required to pay the aggregate Option Price for all the shares as to which the Option is being exercised (and any

required withholding tax, if authorized by the Compensation Committee) and (ii) to deliver such proceeds to the Company in satisfaction of such aggregate Option Price (and withholding tax obligation, if applicable), or (b) any other surrender to the Company of Shares issuable upon the exercise of the Option or vested Options in satisfaction of such aggregate Option Price (and withholding tax obligation, if applicable).

“Cause” means, with respect to any Participant, (a) “cause” as defined in an employment or consulting agreement applicable to the Participant, or (b) in the case of a Participant who does not have an employment or consulting agreement that defines “cause”: (i) any act or omission that constitutes a material breach by the Participant of any of his or her obligations under any agreement with the Company or any of its Subsidiaries; (ii) the willful and continued failure or refusal of the Participant substantially to perform the duties required of him or her as an Employee, or performance significantly below the level required or expected of the Participant, as determined by the Compensation Committee; (iii) the Participant’s willful misconduct, gross negligence or breach of fiduciary duty that, in each case or in the aggregate, results in material harm to the Company or any of its Subsidiaries; (iv) any willful violation by the Participant of any federal, state or foreign law or regulation applicable to the business of the Company or any of its Subsidiaries, or the Participant’s commission of any felony or other crime involving moral turpitude, or the Participant’s commission of an act of fraud, embezzlement or misappropriation; or (v) any other misconduct by the Participant that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any of its Subsidiaries. The Compensation Committee shall determine whether there has been a termination of employment for Cause, and each Participant shall agree, by acceptance of the grant of an Award and the execution of an Award Agreement, that the Compensation Committee’s determination is conclusive and binding on all persons for all purposes of the Plan.

Table Of Contents

“*Change in Control*” shall mean the occurrence of any one of the following: (i) a “Takeover Transaction” (as defined below); or (ii) any election of directors of the Company takes place (whether by the directors then in office or by the stockholders at a meeting or by written consent) and a majority of the directors in the office following such election are individuals who were not nominated by a vote of two-thirds of the members of the Board of Directors or its nominating committee immediately preceding such election; or (iii) the Company effectuates a complete liquidation or a sale or disposition of all or substantially all of its assets unless immediately following any such sale or disposition of all or substantially all of its assets the individuals who were members of the Board of Directors of the Company immediately prior to such transaction continue to constitute a majority of the Board of Directors or other governing body of the surviving corporation or entity (or, in the case of an acquisition involving a holding company, constitute a majority of the Board of Directors or other governing body of the holding company) for a period of not less than twelve (12) months following the closing of such transaction. A “Takeover Transaction” shall mean (i) a merger or consolidation of the Company with, or an acquisition by the Company of the equity interests or all or substantially all of the assets of, any other corporation or entity, other than a merger, consolidation or acquisition in which the individuals who were members of the Board of Directors of the Company immediately prior to such transaction continue to constitute a majority of the Board of Directors or other governing body of the surviving corporation or entity (or, in the case of an acquisition involving a holding company, constitute a majority of the Board of Directors or other governing body of the holding company) for a period of not less than twelve (12) months following the closing of such transaction, or (ii) one or more occurrences or events as a result of which any individual, entity or group (as such term is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) becomes the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Company’s then outstanding securities.

Notwithstanding the foregoing, solely with respect to any Award that is subject to Section 409A of the Code and payable upon a Change in Control, the term “Change in Control” shall mean an event described in one or more of the foregoing provisions of this definition, but only if it also constitutes a “change in control event” within the meaning of Treas. Reg. 1.409A-3(i)(5).

“*Code*” means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated thereunder.

Table Of Contents

“*Common Stock*” means shares of Common Stock, par value \$0.01 per share, of the Company and any other equity securities of the Company that may be substituted or resubstituted for such Common Stock pursuant to Section 15.

“*Company*” means Newpark Resources, Inc., a Delaware corporation, and any successor.

“*Compensation Committee*” means the Compensation Committee of the Board of Directors.

“*Date of Grant*” means the date of grant of an Award as set forth in the applicable Award Agreement.

“*Disqualifying Disposition*” has the meaning set forth in Section 7.8.3.

“*Disability*” means, with respect to any Participant who has an employment or consulting agreement that defines such term or a similar term, “disability” as defined in such agreement or, in the case of a Participant who does not have an employment or consulting agreement that defines such term or a similar term, the inability of the Participant to perform substantially all his duties as an Employee by reason of illness or incapacity for a period of more than six months, or six months in the aggregate during any 12-month period, established by medical evidence reasonably satisfactory to the Compensation Committee; provided, however, that in the case of any Award that provides for compensation that is exempt from, or compliant with, Section 409A of the Code, or would be so exempt or compliant if the term “Disability” met the requirements of Treas. Reg. §1.409A-3(i)(4), the term “Disability” shall mean a condition in which the Participant, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is: (a) unable to engage in any substantial gainful activity; or (b) is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company and its Subsidiaries.

“*Effective Date*” shall mean April 6, 2015, the date on which this Plan was adopted by the Board of Directors.

“*Employee*” means any person who is employed by the Company or one of its Subsidiaries, provided, however, that the term “Employee” does not include a non-employee director of the Company or an individual performing services for the Company or a Subsidiary who is treated for tax purposes as an independent contractor at the time of performance of the services, whether such person is so employed at the time this Plan is adopted or becomes so employed subsequent to the adoption of this Plan. For purposes of awards of Incentive Stock Options, “Employee” means any person,

including an officer, who is so employed by the Company or any “parent corporation” or “subsidiary corporation” of the Company as defined in Sections 424(e) and 424(f) of the Code, respectively. An Employee shall not cease to be an Employee in the case of (a) any leave of absence approved by the Company, or (b) transfers between locations of the Company or between the Company, any of its Subsidiaries or any successor.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

A-3

---

Table Of Contents

“*Fair Market Value*” means, as of any given date, the value of a share of Common Stock determined as follows:

(a) If the Common Stock is listed on an established stock exchange or a national market system, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported), as quoted on the principal exchange or system on which the Common Stock is then traded and as reported in The Wall Street Journal or such other source as the Compensation Committee deems reliable, on such date or, if such date is not a trading day, on the trading day immediately preceding such date;

(b) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock, as reported in The Wall Street Journal or such other source as the Compensation Committee deems reliable, on such date or, if such date is not a trading day, on the trading day immediately preceding such date; or

(c) In all other cases, the “fair market value” as determined by the Compensation Committee in good faith and using such financial sources as it deems relevant and reliable (but in any event not less than fair market value within the meaning of Section 409A of the Code).

“*Incentive Stock Option*” means an Option which qualifies as an “incentive stock option” under Section 422 of the Code and is designated as an Incentive Stock Option by the Compensation Committee. For avoidance of doubt, no Option awarded under the Plan will be an Incentive Stock Option unless the Compensation Committee expressly provides for Incentive Stock Option treatment in the applicable Award Agreement.

“*Non-Qualified Stock Option*” means an Option which is not an “incentive stock option” under Section 422 of the Code and includes any Option which is not designated as an Incentive Stock Option by the Compensation Committee.

“*Option*” means a right to purchase Shares upon payment of the Option Price.

“*Option Price*” means the purchase price per Share deliverable upon the exercise of an Option in order for the Option (or applicable portion thereof) to be exchanged for Shares.

“*Other Stock-Based Awards*” has the meaning set forth in Section 11.

“*Participant*” means any Employee who has been granted an Award.

“*Performance Criteria*” has the meaning set forth in Section 12.1 of the Plan.

“*Performance Period*” has the meaning set forth in Section 12.4 of the Plan.

“*Plan*” means the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan.

Table Of Contents

“*Restricted Stock*” means Shares awarded to a Participant under Section 8, the rights of ownership of which are subject to restrictions prescribed by the Compensation Committee.

“*Restricted Stock Unit*” means a right granted to a Participant under Section 9 to receive Shares upon the satisfaction of Performance Criteria or other criteria specified by the Compensation Committee, such as continuous service, at the end of a specified Restriction Period.

“*Restriction Period*” means the period or periods during which any forfeiture or vesting restrictions, restrictions on transferability or other restrictions shall apply to any Award, as determined by the Compensation Committee in its discretion, consistent with the provisions of the Plan.

“*Rule 16b-3*” means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

“*SAR Settlement Value*” has the meaning set forth in Section 10.2.

“*Section 16(b) Insider*” means an officer or director of the Company or any other person whose transactions in the Company’s Common Stock are subject to Section 16 of the Exchange Act.

“*Section 162(m)*” means Section 162(m) of the Code and the regulations promulgated thereunder.

“*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“*Shares*” means shares of the Company’s Common Stock reserved for issuance under the Plan, as adjusted pursuant to Section 15, and any successor security.



“*Stock Appreciation Right*” means a right granted to a Participant under Section 10 that entitles the Participant to receive a payment in Shares, cash or a combination thereof measured by the increase in the Fair Market Value of a Share over the exercise price of the Stock Appreciation Right, as established by the Compensation Committee on the Date of Grant.

“*Subsidiary*” means any “subsidiary” within the meaning of Rule 405 under the Securities Act; provided, however, for purposes of Awards of Incentive Stock Options, “Subsidiary” means any entity that is a subsidiary of the Company within the meaning of Section 424(f) of the Code, and for purposes of Awards of Non-Qualified Options, “Subsidiary” means a corporation or other entity in an chain of corporations and/or other entities in which the Company has a “controlling interest” within the meaning of Treas. Reg. 1.414(c)-2(b)(2)(i), but using the threshold of 50% ownership wherever 80% appears.

A-5

---

Table Of Contents

**APPENDIX C**

**CERTIFICATE OF AMENDMENT**

**TO THE**

**RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**NEWPARK RESOURCES, INC.**

Newpark Resources, Inc. (the “Corporation”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “DGCL”), hereby certifies as follows:

**FIRST:** The name of the Corporation is Newpark Resources, Inc. The Restated Certificate of Incorporation of the Corporation was filed with the Delaware Secretary of State’s Office on November 5, 1998.

**SECOND:** This Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation was duly adopted in accordance with Section 242 of the DGCL. The Board of Directors duly adopted resolutions setting forth and declaring advisable this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation and directed that the proposed amendment be considered by the stockholders of the Corporation. The proposed amendment was considered at the annual meeting of stockholders duly called upon notice in accordance with Section 222 of the DGCL and held on May 19, 2016, at which meeting the necessary number of shares were voted in favor of the proposed amendment. The stockholders of the Corporation duly adopted this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation.

**THIRD:** Article SEVENTH of the Restated Certificate of Incorporation is hereby amended by deleting all of Paragraph B of Article SEVENTH and replacing it with the following in substitution therefor:

“B. ~~No~~ Any director may be removed from office except for cause, and except with or without cause, only upon the vote or written consent of stockholders representing not less than two-thirds (2/3) of the issued and outstanding capital stock of each class then entitled to vote in elections of directors.”

**FOURTH:** This Certificate of Amendment to the Restated Certificate of Incorporation shall become effective on the date this Certificate of Amendment to the Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware.

---

Table Of Contents

**IN WITNESS WHEREOF**, this Certificate of Amendment to the Restated Certificate of Incorporation has been executed for and on behalf of the Corporation by an officer thereunto duly authorized and attested to as of \_\_\_\_\_, 2016.

NEWPARK  
RESOURCES,  
INC.

By:  
Name:  
Title:

---











