



Newpark Resources
And Its Subsidiaries

**Corporate Compliance And
Business Ethics Manual**

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FOREWORD

Integrity is never to be sacrificed for the sake of results. This is the guiding principle for the employees of Newpark Resources. Our reputation for integrity is critical to the Company's success. There is no more important issue than the lawful and ethical conduct of employees in their relationships with customers, industry, governments and others. This is true in all countries and communities in which we operate.

This manual summarizes the business ethics policies and the code of conduct which the Company expects all its employees to follow. Read this manual carefully and understand it fully. If you have any questions about these policies contact your supervisor or Human Resources representative.

A single employee's conduct can do much to damage a hard-earned reputation. Violation of the policies in this manual may expose both the Company and the individual employee to fines, imprisonment, and lawsuits for damages. In addition, employees who violate these policies are subject to appropriate disciplinary action by the Company, including possible termination.

If you are a supervisor or manager, your responsibilities include ensuring that the employees you supervise understand and follow these policies.

Paul Howes

Chief Executive Officer

INTRODUCTION

The following policies apply to the employees of Newpark Resources, its subsidiaries, affiliated companies and joint venture arrangements in which Newpark has a controlling interest or for which Newpark has operating responsibility. Use of the term “Newpark” in the following policies includes the subsidiaries, affiliated companies and joint ventures described in the preceding sentence.

References to “Divisional President” in the following policies shall mean the Presidents of the Drilling Fluids Division, Excalibar, the Environmental Services Division and the Mat and Integrated Services Division, and such other divisions as may from time to time be designated by the Chief Executive Officer of Newpark Resources, Inc.



BUSINESS CONDUCT

It is the policy of Newpark to act on all occasions in an honest and ethical manner. Newpark employees must achieve their commercial and company objectives in a manner consistent with the applicable laws and regulations of each country in which we do business.

In accordance with the foregoing:

- Unlawful or unethical business behavior, whether or not such activity is intended to achieve a business or financial objective, will not be tolerated.
- The use of the funds or assets of the company for any unlawful or unethical purpose, including any political or commercial bribery, is prohibited. No payment shall be offered, made or authorized to a government official, political party, candidate, customer or vendor or any of their employees, or other person in a position of trust with the intent or desired effect of causing that individual to violate his or her duties.
- No payment on behalf of the company shall be offered, made or authorized, directly or through an agent or third party, with the intention that any part of it is to be used for any unlawful purpose or a purpose other than that described by the records supporting the payment.
- No person will use his or her position in Newpark to advantage resulting in personal gain.
- Subterfuge of any kind, including the making of payments and discounts to agents or other third parties for questionable activities, is strictly forbidden and will not be tolerated.

Gifts to Customers or from Vendors

On certain occasions, such as in connection with the holiday season or to commemorate an important event, it may be customary to give a gift to a customer or receive such a gift from a vendor. No set of rules can replace the exercise of prudent good judgment by the company's representatives in determining what is an appropriate gift under the circumstances. However, below are some general guidelines regarding giving gifts to customers or receiving gifts from vendors:

- The amount of the gift and the manner of its presentation to the customer or vendor should be in keeping with reasonable business practices.
- A gift should never be given to a customer or received from a vendor in exchange for the award of business or favorable terms of sale or purchase.
- Cash or cash equivalents should never be given or received as a gift.
- The customer's or vendor's rules and practices regarding gifts must be respected.
- Any gift (given or received) with a value in excess of \$200 must be approved by the Divisional President.

Distributors Sales Agreements and Consultants

Commission or fee arrangements may be made only with firms or persons serving as legitimate commercial sales representatives, distributors or consultants ("representatives"). These arrangements may not be entered into with any firm in which a government official or employee is known or believed to have an interest if Newpark conducts or may seek to conduct business with the government agency to which the official or employee is connected. All business units, with the assistance and guidance of the office of the **General Counsel** must investigate the character and reputation of each proposed representative to determine their appropriateness prior to the engagement. Any new agency and distributor agreement and renewals

of any existing such agreements must be submitted, in advance, for review by the office of the **General Counsel** or his designee.

Newpark pays its representatives by above-board means. Payments must never be made in cash, and they must be made to the representative's business office in the country in which it is located (and not to a foreign office or foreign bank account). Any proposed exception to this must be submitted by the Divisional President for approval by the **General Counsel** and the Chief Financial Officer.

COMPETITION LAWS

Antitrust laws and other general competition laws are intended to protect the competitive process by prohibiting certain anti-competitive conduct. Newpark's policy is to comply strictly with all Competition Laws that apply to our activities.

Nearly all countries in which Newpark does business have Competition Laws. Although no two Competition Law systems are identical, most of them share many features.

WHAT IS PROHIBITED

- **AGREEMENTS AMONG COMPETITORS.** Almost all Competition Laws prohibit competitors from agreeing with each other on the following:
 - Prices they charge their customers;
 - Other price-related terms, including credit terms, terms of sale and transportation costs;
 - Bids in a customer bidding situation;
 - Production volumes or production capacity, including whether to close or add capacity;
 - Territories where either company will sell or not sell;
 - Customers to whom either company will sell or not sell; or
 - Whether to boycott or otherwise refuse to deal with certain customers, suppliers or other competitors.

The term "agree" is interpreted very liberally in this context and includes not only formal contracts but also oral agreements and even tacit understandings. Thus, the safest course of conduct is to avoid any discussion with competitors regarding these topics.

Of course, some agreements with competitors are lawful. For example, Newpark both buys from and sells to our competitors. In the course of negotiating and performing those agreements, Newpark legitimately may disclose to our competitors limited information regarding prices, costs, production and other competitively sensitive matters. However, the information exchanged must be solely for the purpose of negotiating or performing the agreement and limited to only such information as is necessary for that purpose. Before engaging in any discussion with competitors on the topics listed above in any context, however, you should review the situation with the **General Counsel**.

- **MONOPOLIZATION.** Most Competition Laws also prohibit a company from unlawfully obtaining or maintaining a dominant market position. Gaining or maintaining a leading market share by selling better products, providing better service or operating more efficiently is lawful and appropriate behavior. Where Newpark has or is likely to achieve a dominant market position some activities may become unlawful if they help achieve or entrench that market position. In particular, where we have a dominant market position, the **General Counsel** should be consulted before engaging in any of the following activities:
 - Pricing below cost (the appropriate measure of cost may vary based on the particular situation)
 - Linking the sale of our product or service to the purchase or sale of another product or service
 - Refusing to deal with a customer, supplier or distributor if such refusal will materially injure the other party's ability to do business

- Any activity designed to drive a competitor out of business.
- **RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS.** Many Competition Laws do not permit a business to limit a customer's or a supplier's competitive freedom if there is injury to competition, a competitor, or consumers. The **General Counsel** should be consulted before engaging in any of the following activities:
 - Entering into exclusive supply or purchase (often called "requirements") agreements;
 - Entering into exclusive distribution agreements for a particular territory;
 - Requiring customers or distributors to resell our products only within specific territories or only to certain customers or classes of customers;
 - Discriminating in price, terms, or services between comparable customers buying the same products for the same end use market;
 - Refusing to supply one product or service to a customer unless the customer also purchases another product or service; or
 - Requiring a customer or distributor not to sell products below-or above-certain prices.

Many countries have laws outlawing fraud and improper interference with a competitor, customer or supplier's business relationships through false disparagement or other means. Newpark complies with all such laws.

THE CONSEQUENCES OF A VIOLATION

The consequences of violating Competition Laws are serious:

- In the United States, Canada and certain other countries, violations may be criminal – resulting in heavy fines and prison terms for individuals;
- Heavy civil penalties may be imposed and private companies can bring lawsuits to recover damages in many countries (for three times the amount of the loss in the United States); and
- Violations may also result in court or administrative orders that limit how a company can operate.

Government fines in the United States and the EU have exceeded \$100 million in some cases, and individuals in the United States have served prison terms. Damages in private lawsuits also have exceeded \$100 million.

Even if no violation of the Competition Laws ultimately is charged or proved, the investigation itself often is very disruptive for the company and for the individuals caught up in the proceeds. The competition authorities in most countries will be entitled to search files, premises, computers and any other thing or place in the course of investigating anti-competitive behavior or allegations thereof. These searches may be instigated without prior warning. The searches often begin outside normal office hours. In the course of such searches, the competition officials may take copies of documents and may interview personnel.

Newpark personnel should seek legal advice from the office of the **General Counsel** whenever a question arises as to the possible applications of Competition Laws to ongoing or proposed conduct and be guided by the advice they receive.

CONFIDENTIAL INFORMATION

Non-public, confidential and proprietary company information is a valuable asset that relates to Newpark's present or planned business, including its suppliers, vendors, competitors, and customers ("Confidential Information"). "Trade secrets" and "know-how" are types of Confidential Information, but the general category is broader. Confidential Information includes, but is not limited to:

- Computer software, systems, databases, documentation and all data therein;
- Financial data (including investments, profits, pricing, costs, and accounting);
- Procurement plans, vendor lists or purchase prices;
- Technical information relating to processes and techniques;
- Marketing, advertising and sales programs and strategies;
- Information relating to acquisition or divestiture activity;
- Personnel information (including compensation, recruiting and training);
- Strategic business plans;
- Customer and supplier lists;
- Systems, programs, or procedures; and
- Non-public information that might be of use to Newpark's competitors, or harmful to Newpark or its customers, if disclosed.

Officers and employees must maintain and protect the confidentiality of all Confidential Information, whether obtained from or relating to Newpark and/or its suppliers, vendors, customers or other third parties having a confidentiality agreement with Newpark, except when disclosure is authorized by the Chief Executive Officer or the office of the **General Counsel**. Employees should not disclose or use any Confidential Information for any purpose other than on a "need to know" basis within the Company. Similarly, employees should not attempt to obtain or learn Confidential Information that they do not need to know to perform their own employment duties. This obligation lasts during the entire term of one's employment with Newpark and at all times thereafter.

If an Employee believes it is appropriate for business reasons, or required by law or regulation, to disclose or use Confidential Information outside the Company, the office of the **General Counsel** must be contacted before the disclosure or use to discuss the proper protective measures.

All companies regard their confidential information as extremely valuable. Employees should not attempt to obtain confidential information from any third parties – suppliers, vendors, customers or competitors – without contacting the office of the **General Counsel** in advance.

CONFLICTS OF INTEREST

Newpark expects its employees to be free from any influence which might interfere with the proper and efficient discharge of their duties or which is inconsistent with their obligation of loyalty to Newpark. Newpark also expects its employees not to use their position with Newpark for personal advantage or gain.

In general, employee's primary duty is to act at all times in the best interest of Newpark. Accordingly, employees must avoid obligations to or relationships with any person or entity that does business or competes with Newpark that might create a conflict of interest for the employee. Examples of situations and conditions that could create a conflict of interest and which employees are to avoid are:

- The employee or a close relative has a financial interest in a competitor, customer, supplier or contractor of Newpark. Normally, a conflict of interest is unlikely if the financial interest consists of holding less than 1 percent of any class of securities in a widely-held corporation listed on a recognized stock exchange or regularly traded on an over-the-counter market or if Newpark's transactions with the entity would not tend to materially affect either the earnings of the entity or the value of its securities. However, even under these circumstances a conflict of interest may exist if the employee is in a position to control or influence Newpark's decisions or actions with respect to such entity.
- The employee or a close relative engage in transactions with a competitor, customer, supplier or contractor of Newpark. Normally, a conflict would not exist in cases of routine personal purchases, sales or leases made in the ordinary course of business, from or to a large established company, such as for the employee's personal household needs. Again, a conflict might exist, however, if the employee is in a position to control or influence Newpark's decision or actions with respect to such entity.

- The employee works for, serves as a director or officer for or acts as a consultant to a competitor, customer, supplier or contractor of Newpark.
- The employee accepts payments, loans (other than from established banking or financial institutions), services, or any gift, gratuity or entertainment of more than nominal value from a competitor, customer, supplier, distributor, agent or contractor of Newpark.
- The employee uses or discloses to a third party confidential information on decisions, plans, competitive bids or any other information of a confidential nature concerning the Company.
- The employee or a close relative participates in a venture or transaction involving any existing or potential business activity or opportunity in which Newpark has expressed an interest. An example of this type of situation is if the employee or a close relative acquires or leases real or personal property, which the employee knows Newpark has an interest in acquiring or leasing.
- The employee or a close relative engages in a business transaction with Newpark. All transactions between an employee or a close relative of an employee and Newpark must be disclosed and cleared in advance in accordance with the procedure described below.

It is not possible to describe all situations or conditions where an actual or potential conflict of interest may exist. The above examples are intended only to be illustrative of commonly encountered situations that create potential conflicts of interest. Your best guide in avoiding a conflict of interest situation is common sense and your own conscience.

If a possible or potential conflict of interest situation exists or is thought to exist, the employee should promptly report the situation, in writing, to his or her manager. The employee's manager, in turn, should promptly

report the situation in writing to the Human Resources representative or **General Counsel** for review and action.

OUTSIDE BUSINESS ACTIVITIES

In addition to the Conflicts of Interest policy, the following specific limitations apply to designated management employees with respect to outside business and management activities. For purposes of this policy, designated management employees are managers and certain other professionals employed by the company. The company previously has notified these individuals that they are considered designated management employees. If employees are unsure whether they qualify as a designated management employee they should discuss this matter with their supervisor.

OUTSIDE BUSINESS ACTIVITIES. Designated management employees are expected to devote their entire working time to the performance of their duties for Newpark. They should avoid outside business or consulting activities that would divert their time, interest or talents from Newpark business. Prior approval, in writing, by a designated management employee's manager is required before a designated management employee enters into any such outside business or consulting activity. Approval will not be granted without the written concurrence of the Divisional President or Corporate Officer most directly responsible for the affected employee. Approval for Divisional Presidents and Corporate Officers will not be granted without the written concurrence of the Chief Executive Officer.

OUTSIDE OFFICES AND DIRECTORSHIPS. Except with respect to employees serving at the company's request as directors or officers of companies in which Newpark has an ownership interest, designated management employees may not serve as officers or directors of any other commercial enterprise unless it is pursuant to an exception approved in writing. The term "commercial enterprise" includes business corporations, banks, trust companies, other financial institutions and similar organizations. Approval for serving as an officer or director in an unrelated entity will be handled in the same manner as approval for

engaging in outside business activities. In the case of banks and other financial institutions, prior approval will be solicited from the chief financial officer. Fees earned for serving at the company's request as directors or officers of companies in which Newpark has an ownership interest should be paid to the company.

HONORARIA. Employees are encouraged to participate in appropriate outside professional activities but honoraria must be returned to the company.

APPLICATION OF POLICIES

The policy on Conflicts of Interest applies to all employees of Newpark. The policy on Outside Business Activities applies to all designated management employees of Newpark, its subsidiaries, affiliates and joint venture arrangements in which Newpark has a controlling interest or for which Newpark has operating responsibility.

All existing conflicts of interest or potential conflicts of interest, including those situations where the company has properly approved the employee's participation, must be reported each year on the annual Compliance Survey. Where approval has been granted, that fact should also be noted on each annual Survey.

These policies are generally directed only to interests of a business or financial nature. They are not intended to cover political, civic or charitable activities, or professional organizations, in which employees are encouraged to participate. Approval of the employee's manager should be secured in advance if there is a possibility that participation in political, civic, or charitable activities or professional organizations might interfere with normal duties and responsibilities to the company.

FOREIGN CORRUPT PRACTICES ACT

All employees or affiliates of Newpark and its subsidiaries who have any management, operational, or sales responsibilities for activities outside of the United States, and all accounting personnel throughout Newpark, must be aware of the Foreign Corrupt Practices Act (“FCPA”) and its potential impact on Newpark operations.

The FCPA specifically prohibits United States companies and individuals acting on their behalf from paying or offering to pay “any money ... gift ... or anything of value” to any foreign official, political party official, or candidate for political office in order to influence a business decision or to gain an improper business advantage.

The FCPA also requires companies to maintain books and records that accurately and fairly reflect corporate transactions and also requires that companies establish systems of internal accounting controls to provide reasonable assurance to management of the type of financial transactions undertaken by the companies and their employees.

In order to assure that Newpark and its employees and agents comply with the FCPA, Newpark has issued the following policy guidelines relating to FCPA compliance:

- Newpark’s relationship with all foreign governmental agencies and their officials and personnel in the United States and in each foreign country in which business is conducted shall be in all respects such that public disclosure of the full details thereof will not impugn Newpark’s integrity and reputation. Accordingly, payments, regardless of amount, to foreign governmental officials and personnel for obtaining, maintaining or directing Company business, including gifts of substantial value or lavish entertainment, shall not be permitted.

- The foregoing prohibition applies to the use of corporate as well as personal funds or assets. It also applies with equal force to indirect contributions, payments or gifts made through any medium, such as through consultants, advisors, suppliers, customers or other third parties.
- Newpark employees and agents are to conduct company business in compliance with the written laws of all countries in which Newpark does business.
- The use of Newpark funds or assets for any unlawful, improper or unethical purpose is prohibited.
- No undisclosed or unrecorded funds or assets of Newpark are to be established for any purpose (i.e., scrap funds, vending machine funds, etc.).
- False, inflated or artificial entries are not to be made in Newpark’s books and records for any reason, and no employee shall engage in any arrangement that results in such entries.
- No accounting record or document relating to any transaction shall be falsified in any manner that may obscure or disguise the true nature of the transaction.
- No payment on behalf of Newpark shall be approved without adequate supporting documentation or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.
- Compliance with local statutory regulations and generally accepted accounting principles and established internal controls and procedures shall be required at all times.

- Newpark employees and agents shall not become involved in any arrangement or activities that result in any of the previously stated prohibited acts.
- Employees responsible for the management of any agency relationship outside of the United States shall obtain from such agents a signed certification pledging FCPA compliance in the form provided by the office of the **General Counsel**, on a yearly basis. Executed copies of the certification shall be forwarded to the office of the **General Counsel** by January 31 of each year.
- As with other laws, it is Newpark's policy to comply with not only the letter but the spirit of the law. All employees or agents of Newpark and its subsidiaries shall refrain from any acts that are prohibited by the FCPA. Compliance with the provisions and requirements of the FCPA will be evaluated by the **General Counsel**.

Although the FCPA's anti-bribery section prohibits payments to international government officials, the Act makes an exception for "grease" or facilitative payments. These are small payments to government officials to expedite routine, non-discretionary functions. Even though grease or facilitating payments are legal under U.S. law, they are almost always illegal under the laws of the countries in which the payments are made. For example, grease payments are actually illegal in countries like Mexico and Nigeria. Moreover, any grease or facilitative payment must be recorded accurately in the books and records of Newpark at the time the payment is made.

Because:

- It is difficult to distinguish a grease payment that is "legal" under the FCPA from an illegal bribe; and,
- Each grease or facilitative payment made creates an opportunity for an error in the books and records of Newpark; and

- Grease or facilitative payments are frequently illegal in the countries in which the payments are being made; therefore

Newpark has elected to prohibit grease or facilitative payments entirely, except in circumstances involving an imminent threat to the health, safety or welfare of any employee or a member of his or her family. If a payment is made under these emergency situations, it must be reported immediately to the CFO and **General Counsel**. Any such payments must be recorded in the Company's books and records accurately as a grease or facilitative payment.

Recording such payments in any way which would conceal their true nature constitutes an independent violation of FCPA accounting standards.

If doubt exists as to the propriety of any planned payment to a foreign official, or the accuracy of financial reporting with respect to any transaction, the matter must be referred to the **General Counsel** and the CFO before making any such payment or recording such financial information.

Employees should also keep in mind that many things we can legally provide for our customers (such as paying for travel) violate the FCPA when provided to an employee of a national oil company (such as PEMEX). Any travel expenses for foreign government officials (including employees of national oil companies) must be approved by the **General Counsel**.

This policy statement is not designed to make any employee or agent an expert in the requirements of the FCPA, but rather, is designed to help you recognize situations and payments that might raise legal issues under the FCPA. It is important that each person with responsibilities that might give rise to potential FCPA liabilities comply with the procedures contained in this policy and also work closely with the **General Counsel** to assure FCPA compliance.

INTERNATIONAL TRADE

The United States and many other countries maintain laws and regulations that restrict exports and imports of certain products, services and technologies or restrict doing business with certain countries or buyers. Compliance with these laws is important for Newpark's ability to continue to do business on a worldwide basis. Many of the laws and regulations are enforceable through the imposition of severe criminal and civil penalties on both companies found to violate the laws and the individuals responsible for the companies' conduct. Employees who are responsible for Newpark's international trade activities must adhere strictly to applicable laws and regulations.

EXPORT CONTROL LAWS

The U.S. government maintains strict controls on the export of goods, services and technical data from the United States and re-exports from other countries. Restrictions range from an almost total ban on the sales of any items by U.S. companies or their subsidiaries to certain embargoed countries (as is currently the case for North Korea, Iran and Cuba) to prohibitions on selling certain items to specified individuals or organizations. U.S. law requires government pre-approval of all items to be exported.

U.S. laws restricting exports and imports may apply to many seemingly innocuous items, and many chemical and equipment exports are subject to licensing requirements and export controls. Similarly, an export of technology can occur through a plant visit by a foreign national, an international telephone conversation or an electronic mail message. The severity of the controls varies greatly, depending on the nature of the goods and data and their ultimate destination. The rules change frequently as the policies of the United States and its allies evolve.

Operations outside the U.S. may be subject to similar restrictions. If you are uncertain regarding the application of U.S. or foreign export control laws to any activities for which you are responsible, you should contact the **General Counsel** for clarification.

SECONDARY BOYCOTTS

In compliance with U.S. laws and regulations, Newpark will not participate in secondary boycotts that are against U.S. policy. Newpark will report every request to participate in such boycotts, construed very broadly to include both oral discussions and preprinted business forms, to the **General Counsel** and then to the U.S. Department of Commerce. This policy applies to Newpark's foreign subsidiaries and affiliates if the subject transaction involves U.S. commerce in even a minimal fashion.

In practice, the boycott that most commonly presents problems is the policy of certain Arab countries that not only prohibits the importation of goods from Israel but also affects commerce with companies that do business with Israel. Any business request asking whether Newpark sells to or conducts business in Israel must be reported to the **General Counsel**. Please be aware that these requests can be contained in numerous routine documents, such as letters of credit, applications for licenses or permits to operate, or as a condition to submitting a bid.

The laws governing foreign boycotts are complex, and requests for compliance with a foreign boycott or certification of compliance must be reported, even if the law permits compliance with the foreign boycott. Some actions that are permitted by law – including certain actions by non-U.S. subsidiaries – nevertheless have adverse U.S. tax consequences. If there is any doubt about the effect of a particular request or contract provision, consult the **General Counsel**.

EXPORT LICENSES AND PRODUCT CLASSIFICATION

Shipments of regulated products should be made with a proper license when required. Correct product classifications are essential to an accurate assessment of duties and fees. Country of origin designations affect NAFTA certifications as well as the amount of duties. Proper documentation of imports and exports is required, and employees should provide to the export/import specialist complete and correct information pertaining to any international trade activity. It is the responsibility of each business unit to know the proper classification of the products that it exports. Many times the freight forwarder used by

the Company can assist with the classification, but ultimately it is the Company's obligation to ensure that the classification is correct. If you have any questions or concerns about the classification or export restrictions related to a particular product please contact the **General Counsel**.

SECURITIES TRADES BY EMPLOYEES

PURPOSE OF POLICY STATEMENT

Buying and selling securities of Newpark while aware of material nonpublic information about us or our operations, or disclosing material nonpublic information to others who trade in our securities, is prohibited by the federal securities laws. Our employees who trade on inside information, or those with whom they share this information, could be subject to penalties including:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine of up to \$1,000,000 (no matter how small the profit or loss avoided); and
- A jail term of up to ten years.

Someone who tips information, known as a "tipper," to another person who then trades in our securities is subject to the same penalties as the "tippee," even if the tipper did not trade and did not profit from the tippee's trading.

STATEMENT OF POLICY

GENERAL. It is our policy that no employee who is aware of material nonpublic information about us or our operations may, directly or through family members or other persons or entities:

- (a) buy or sell any of our securities or engage in any other action to take personal advantage of that information;
- (b) buy or sell the securities of any target of an acquisition or merger involving Newpark; or
- (c) pass that information on to others outside Newpark, including family and friends, or even to others within Newpark who wouldn't normally have access to that information.

DISCLOSING INFORMATION TO OTHERS. We have established procedures for releasing material nonpublic information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. Therefore, you may not disclose information to anyone outside Newpark, including family members and friends, other than in accordance with those procedures, and may not discuss anything about us or our business in an internet “chat room” or similar internet-based forum. You also should not discuss this information with others within Newpark if those persons would not normally have access to that type of information.

TRANSACTIONS BY FAMILY MEMBERS. The policy also applies to family members or anyone else who resides with you, and to any family members who do not live in your household but whose transactions in our securities are directed by you or are subject to your influence or control. This includes parents or children who consult with you before they trade in our securities. You are responsible for the transactions of these other persons and, therefore, should make them aware of the need to confer with you before they trade in our securities.

TRANSACTIONS UNDER NEWPARK’S PLANS

STOCK OPTION EXERCISES. The policy does not apply to your exercise of an employee stock option, but it does apply to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

EMPLOYEE STOCK PURCHASE PLAN. The policy does not apply to purchases of our common stock in the employee stock purchase plan resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. The policy does apply to your sales of our common stock purchased under the plan.

ADDITIONAL PROHIBITED OR LIMITED TRANSACTIONS. It is improper and inappropriate for any of our employees to engage in

short-term or speculative transactions in our securities. It therefore is our policy that our employees may not engage in any of the following transactions: (a) short-term trading; (b) short sales; (c) transactions in puts, calls or other derivative securities; and (d) hedging transactions. Purchasing our securities on margin also is strongly discouraged.

POST-TERMINATION TRANSACTIONS. The policy continues to apply to your transactions in our securities even after your employment has terminated. If you are in possession of material nonpublic information when your employment terminates, you may not trade in our securities until that information has become public or is no longer material.

QUESTIONS: Any questions about this policy should be directed to the **General Counsel.**

REPORTING, COOPERATING WITH INVESTIGATIONS & DISCIPLINE IN CONNECTION WITH POLICY VIOLATIONS

POLICY:

Unless otherwise specified in this manual, an employee who becomes aware of an apparent violation of the Newpark's policies regarding legal or ethical business conduct must report the violation. This includes violations of policies set forth in the manual, or other manuals or guides distributed by Newpark.

COOPERATING WITH COMPANY INVESTIGATIONS

Every employee has an obligation to cooperate in Company investigations. You are expected to provide information and documentation, if requested, as well as participate in interviews conducted by Newpark officials or representatives retained by the Company to conduct an investigation. Failure to cooperate in a Company investigation may result in disciplinary action being taken against the employee, up to and including termination.

SAFEGUARDS AGAINST RETALIATION

No employee will be adversely affected in employment with Newpark as a result of reporting a violation of Newpark policy or providing further information during an investigation. When appropriate, safeguards will be applied in an effort to keep the matter confidential.

PENALTIES

Departure from the required standards of conduct according to Company policy and the law will result in appropriate disciplinary action by the Company. This may include termination of employment. Employees who violate the law may be subject to criminal prosecution and may be held liable for damages incurred by the Company as a result of such violation.

An employee who fails to report violations or provide further information about a violation will be appropriately disciplined. Disciplinary actions include possible termination of employment.

Any employee who makes false allegations of violations shall be subject to the same disciplinary action as one who fails to report or provide information about a violation.

REPORTING

To report evidence of improper activity, contact your immediate supervisor or the supervisor's manager. If it would not be appropriate to report concerns to your supervisor or the supervisor's manager (such as when the conduct involves those individuals), contact on the following:

FOR ACCOUNTING, INTERNAL ACCOUNTING CONTROLS OR AUDITING MATTERS:

The Chief Financial Officer; Internal Audit representatives; or the *General Counsel*

FOR EMPLOYMENT-RELATED MATTERS:

Human Resources representatives or the *General Counsel*

FOR ALL OTHER MATTERS:

The Chief Financial Officer, the Internal Audit representatives or the *General Counsel*

Anonymous reports can be submitted using the Company's Hotline which can be located on the Company's web-site at www.newpark.com or accessed directly at:

<http://newpark.silentwhistle.com/ethfeedback/index.jsp>

or

877-483-7164

