NABORS INDUSTRIES LTD
Form PRE 14A
April 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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 under §240.14a-12

NABORS INDUSTRIES LTD.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Crown House

4 Par-la-Ville Road

Second Floor

Hamilton, HM 08 Bermuda

April 26, 2012

Fellow shareholder:

We cordially invite you to attend Nabors Industries Ltd. s 2012 annual general meeting of shareholders to:

1. Elect three directors for a one-year term, or a three-year term if the Bye-law amendment in Item 3 is not approved;

2. Approve and appoint PricewaterhouseCoopers LLP as our independent auditor for the year ending December 31, 2012 and authorize the Audit Committee of the Board of Directors to set the auditor s remuneration;

3. Approve certain amendments to the Company s Amended and Restated Bye-laws, including: (a) an amendment to declassify the Board of Directors (Item 3), (b) adoption of a bye-law relating to certain business combinations (Item 4) and (c) technical amendments to the Bye-laws (Item 5);

4. Approve the Company s 2012 Incentive Bonus Plan;

5. Approve the Company s 2012 Stock Plan;

6. Hold a nonbinding advisory vote regarding the compensation paid by the Company to its named executive officers, commonly referred to as a Say-on-Pay proposal;

7. Consider two shareholder proposals, if properly presented by the shareholder proponents; and

8. Transact such other business as may properly come before the meeting.

Further information regarding the meeting and the above proposals is set forth in the proxy statement. We are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials, rather than a paper copy of the proxy statement and 2011 Annual Report to Shareholders. The Notice contains instructions on how to access the proxy materials, vote online and obtain a paper copy of the proxy materials.

You are entitled to vote at the meeting if you were a shareholder at the close of business on April 9, 2012. Even if you plan to attend the meeting, please submit a proxy as soon as possible to ensure that your shares are voted at the meeting in accordance with your instructions.

The Company s financial statements will also be presented at the meeting. We hope you will read the proxy statement and submit your proxy, or use telephone or internet voting prior to the meeting. On behalf of the Board of Directors and the management of Nabors, I extend our appreciation for your continued support.

Sincerely yours,

ANTHONY G. PETRELLO

Deputy Chairman, President and Chief Executive Officer

YOUR VOTE IS IMPORTANT

You may designate proxies to vote your shares by telephone, internet or mailing your proxy card. Your internet or telephone designation saves the Company money and authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. Please review the instructions in the proxy statement and on your proxy card regarding each of these options.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE ANNUAL GENERAL MEETING TO BE HELD ON JUNE 5, 2012:

Our Proxy Statement and our 2011 Annual Report are available at www.edocumentview.com/NBR.

NABORS INDUSTRIES LTD.

Crown House

4 Par-la-Ville Road

Second Floor

Hamilton, HM 08 Bermuda

Proxy Statement

2012 ANNUAL GENERAL MEETING OF SHAREHOLDERS

JUNE 5, 2012

We are sending you this proxy statement in connection with the solicitation of proxies by the Board of Directors of Nabors Industries Ltd. for the 2012 annual general meeting of shareholders (the meeting). In this proxy statement, Nabors , the Company , we , us and our refer to Na Industries Ltd. Where the context requires, these references also include our subsidiaries and predecessors.

Important Notice of Electronic Availability of Materials

Pursuant to Securities and Exchange Commission (SEC) rules, we may furnish proxy materials, including this proxy statement and the Company s annual report for the year ended December 31, 2011, to our shareholders by providing access to such documents on the internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless they request them. Instead, a Notice of Internet Availability of Proxy Materials, which was mailed to most of our shareholders, will explain how you may access and review the proxy materials and how you may submit your proxy on the internet. If you would like to receive a paper or electronic copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability. Shareholders who requested paper copies of proxy materials or previously elected to receive proxy materials electronically did not receive the Notice and are receiving the proxy materials in the format requested.

This proxy statement and our 2011 Annual Report are available electronically on our hosted website at **www.edocumentview.com/NBR**.

The Notice of Internet Availability and the proxy materials are first being made available to our shareholders on or about April 26, 2012.

Annual General Meeting Information

Date and location of the annual general meeting. We will hold the meeting at the Fairmont Hamilton Princess, 76 Pitts Bay Road, Hamilton, HM 08 Bermuda at 11:00 a.m. Atlantic Daylight Time on Tuesday, June 5, 2012, unless adjourned or postponed. Directions to the meeting can be found under the Investor Relations tab of our website at *www.nabors.com* or by calling our Investor Relations department at 281-775-8063.

Admission to the annual general meeting. Only record or beneficial owners of Nabors common shares may attend the meeting in person. If you are a shareholder of record, you may be asked to present proof of identification, such as a driver s license. Beneficial owners must also present evidence of share ownership, such as a recent brokerage account or bank statement. All attendees must comply with our standing rules, which are available on our website and will be distributed upon entrance to the meeting.

Voting Information

Record date and quorum. The record date for the meeting is April 9, 2012. You may vote all common shares of Nabors that you owned as of the close of business on that date. Each common share entitles you to one vote on each matter voted on at the meeting. On the record date, 318,728,069 common shares were outstanding. A majority of the shares outstanding on the record date, represented in person or by proxy, will constitute a quorum to transact business at the meeting. Abstentions and withheld votes will be counted for purposes of establishing a quorum.

Submitting voting instructions for shares held in your name. You may direct your vote at the meeting by telephone or internet, which saves the Company money, or by completing, signing and returning your proxy card. A properly submitted proxy will be voted in accordance with your instructions unless you subsequently revoke your instructions. If you submit a signed proxy without indicating your vote, the person voting the proxy will vote your shares according to the Board s recommendation unless they lack the discretionary authority to do so as discussed below.

Submitting voting instructions for shares held in street name. If you hold your shares through a broker, follow the instructions you receive from your broker. If you want to vote in person, you must obtain a legal proxy from your broker and bring it to the meeting. If you do not submit voting instructions to your broker, your broker may still be permitted to vote your shares. New York Stock Exchange (NYSE) member brokers may vote your shares under the following circumstances:

Discretionary items. The approval and appointment of Nabors independent auditor is a discretionary item. NYSE member brokers that do not receive instructions from beneficial owners may vote on this proposal in their discretion.

Nondiscretionary items. The election of directors, approval of amendments to our Bye-laws, approval of our incentive bonus and stock plans, Say-on-Pay vote and consideration of shareholder proposals are nondiscretionary items. Absent specific voting instructions from the beneficial owners, NYSE member brokers may not vote on these proposals.

If you do not submit voting instructions and your broker does not have discretion to vote your shares on a matter, your shares will not be voted on that matter (broker nonvotes). Accordingly, broker nonvotes will not be counted in determining the outcome of the vote on any nondiscretionary matter at the meeting. Broker nonvote shares will, however, be counted for purposes of establishing a quorum.

Revoking your proxy. You may revoke your proxy at any time before it is actually voted by (1) delivering a written revocation notice prior to the meeting to the Corporate Secretary in person or by courier at the address on the first page of this proxy statement or by mail to P.O. Box HM3349, Hamilton, HMPX Bermuda; (2) submitting a later-dated proxy that we receive no later than the conclusion of voting at the meeting; or (3) actually voting in person at the meeting. Please note that merely attending the meeting will not, by itself, constitute a revocation of a proxy.

Votes required to elect directors and to adopt other proposals.

Directors will be elected **(Item 1)** by a plurality of the votes cast; however, as discussed below, any nominee who does not receive the affirmative vote of a majority of the shares voted in connection with his election must promptly tender his resignation from the Board, which the Board will accept unless it determines that it would not be in the Company s best interests to do so.

Approval of the independent auditor **(Item 2)**, 2012 Incentive Bonus Plan **(Item 6)**, and 2012 Stock Plan **(Item 7)** requires the affirmative vote of the holders of a majority of shares present in person or represented by proxy and entitled to vote thereon.

Approval of the amendments to the Bye-laws **(Items 3, 4 and 5)** requires the affirmative vote of the holders of a majority of the issued common shares entitled to vote.

The Say-on-Pay vote **(Item 8)**, shareholder proposal asking the Board to adopt a proxy access bye-law **(Item 9)** and shareholder proposal recommending that the Company amend its Bye-laws to seek shareholder approval of future severance agreements **(Item 10)** are nonbinding, but the Board will consider the results of the votes in making future decisions.

Withholding your vote or voting to abstain . You may withhold your vote for any nominee for election for director. Withheld votes will be excluded from the vote. On the other proposals, you may vote to abstain . If you vote to abstain , your shares will be counted as present at the meeting for purposes of that proposal, and your vote will have the effect of a vote *against* the proposal.

ITEM 1

ELECTION OF DIRECTORS

Our Board of Directors currently has nine members and is divided into three classes. One of the amendments to the Bye-laws in Proposal 3 would declassify the Board so that directors are elected for one-year terms rather than three-year terms. If approved, the amendment would be effective immediately for directors elected at the meeting (Class III directors), while directors currently serving will continue to serve for the terms to which they were elected (i.e., Class I directors will serve until 2013, and Class II directors will serve until 2014).

On February 24, 2012, the Board voted to expand the Board to nine members from seven and appointed James R. Crane and Michael C. Linn to fill the newly created vacancies. Messrs. Crane, Linn and John Yearwood are the current Class III directors who have been nominated by the Board, upon the recommendation of the Governance and Nominating Committee, for re-election to the Board to serve until the 2013 annual general meeting if the Bye-law amendment declassifying the Board is approved, or until 2015 if it is not approved, or until such later time as their successors are duly elected and qualified. Each of the nominees has agreed to serve as a director if elected. We do not anticipate that the nominees will be unable or unwilling to stand for election, but if that happens, your proxy will be voted for another person nominated by the Board. Eugene M. Isenberg and William T. Comfort are also Class III directors. Mr. Isenberg has advised the Board that he plans to retire upon expiration of his term at the meeting, and Mr. Comfort will likewise retire in accordance with the age limitation in the Board s Guidelines on Significant Corporate Governance Matters (Governance Guidelines). Following the retirement of Messrs. Isenberg and Comfort, the Board intends to vote to revert to seven members. As a result, only three Class III directors will be elected and shareholders are limited to voting for only three nominees.

In identifying and recommending nominees for director, the Governance and Nominating Committee places primary emphasis on the following criteria:

- Reputation, integrity and (for nonmanagement directors) independence;
- Judgment, age and diversity of viewpoints, backgrounds and experience;
- Business or other relevant experience;
- The extent to which the interplay of the nominee s expertise, skills, knowledge and experience with that of the other members of the Board of Directors will result in an effective board that is responsive to the needs of the Company; and
- For current directors, the director s history of attendance at Board and committee meetings, the director s preparation for and participation in and contributions to the effectiveness of those meetings.

These criteria include those set forth in our Governance Guidelines, which are available on our website at *www.nabors.com* and to any shareholder who requests them in writing. Requests should be addressed to the

Corporate Secretary and delivered in person or by courier to the address on the first page of this proxy statement or by mail to P.O. Box HM3349, Hamilton, HMPX Bermuda.

The Governance and Nominating Committee does not set specific, minimum qualifications that nominees must meet in order for the committee to recommend them to the Board of Directors, but rather believes that each nominee should be evaluated on his or her individual merits, taking into account the needs of the Company and the composition of the Board. Members of the Committee discuss and evaluate possible candidates in detail and suggest individuals to explore in more depth. The Committee has discretion to engage outside consultants to help it identify candidates. During the past year, the Committee recommended that the Board add Messrs. Crane and Linn as directors. Mr. Petrello had become acquainted with Mr. Linn during their joint service on a charitable board and with Mr. Crane through their mutual community service commitments and, later, as a result of Crane Worldwide s international logistics support services to the Company. Mr. Petrello suggested Messrs. Crane and Linn as candidates to the Committee. After a review of both gentlemen s qualifications and a series of interviews, the Committee recommended, and the Board approved, their appointment as Class III Directors.

In the business descriptions that follow, except as noted, the companies for which directors have worked are not a parent, subsidiary or otherwise affiliated with the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF MESSRS. CRANE, LINN AND YEARWOOD AS CLASS III DIRECTORS FOR A TERM ENDING AT THE 2013 ANNUAL GENERAL MEETING IF THE BYE-LAW AMENDMENT IN ITEM 3 IS APPROVED, OR AT THE 2015 ANNUAL GENERAL MEETING IF IT IS NOT APPROVED.

CLASS III

Nominees for election

Name	Age	Position with Nabors, Business Experience and Qualifications
James R. Crane	57	Director since 2012. Chairman and CEO of Crane Capital Group Inc., an investment management company, since 2007.
		Mr. Crane was Founder, Chairman and Chief Executive Officer of Eagle Global Logistics, Inc., a NASDAQ-listed global transportation, supply chain management and information services company, from 1984 until its sale in August 2007. Crane Capital Group currently invests in transportation, power distribution, real estate and asset management. Its holdings include Crane Worldwide Logistics, a premier global provider of customized transportation and logistics services with 75 offices in 21 countries, and Champion Energy Services, a retail electricity provider. Mr. Crane also led an investor group that in 2011 purchased the Houston Astros. He holds a B.S. in Industrial Safety from Central Missouri State University and serves on the Board of Directors of Western Gas Holdings, LLC, a subsidiary of Anadarko Petroleum Corporation.
		Mr. Crane s experience in marketing, logistics, global operations and creating shareholder value were the primary factors considered by the Board in appointing him as a director and in nominating him for election.

Name	Age	Position with Nabors, Business Experience and Qualifications
Michael C. Linn	60	Director since 2012. President of MCL Ventures, LLC, an investment company, since 2012. Director of LINN Energy, LLC since 2003.
		Mr. Linn founded LINN Energy, a NASDAQ-listed independent oil and natural gas company, in 2003. He served as LINN s Executive Chairman from January 2010 to December 2011, Chairman and Chief Executive Officer from June 2006 to January 2010, and President and Chief Executive Officer from March 2003 to June 2006. He serves on the National Petroleum Council and on the Board of the Independent Petroleum Association of America. Mr. Linn is a Texas Representative for the Legal and Regulatory Affairs Committee of the Interstate Oil and Gas Compact Commission. He was previous chairman and currently serves on the Natural Gas Council. Mr. Linn holds a B.A. in Political Science from Villanova University and a J.D. from the University of Baltimore School of Law.
		Mr. Linn s broad understanding of the energy landscape and insight into the needs of our customers, together with his extensive industry knowledge and relationships, were the primary factors considered by the Board in appointing him as a director and nominating him for election.
John Yearwood	52	Director since 2010. Mr. Yearwood currently serves on the Board of Directors of NFR Energy LLC (a joint-venture subsidiary of the Company), Sheridan Production Partners and Barra Energia. Until August 2010, he served as the Chief Executive Officer, President and Chief Operating Officer of Smith International, Inc. He was first elected to Smith s Board of Directors in 2006 and remained on the board until he successfully negotiated and completed the sale of Smith to Schlumberger Limited in August 2010. Before joining Smith, Mr. Yearwood spent 27 years with Schlumberger in numerous operations management and staff positions throughout Latin America, Europe, North Africa and North America, including as President and in financial director positions.
		Mr. Yearwood received a Bachelor of Science Honors Degree in Geology and the Environment from Oxford Brookes University in England. Mr. Yearwood brings extraordinary executive management experience in the oilfield services industry to the Board. His extensive knowledge of the industry, combined with his keen insight into strategic development initiatives, operations and our competitive environment, have provided the basis for the extraordinary leadership and critical independent oversight Mr. Yearwood demonstrates as Lead Director.
Retiring Directors		
Eugene M. Isenberg	82	Chairman of the Board of Nabors and its subsidiary, Nabors Industries, Inc., since 1987; and Chief Executive Officer from 1987 to October 2011. Mr. Isenberg also serves on the Board of the University of Massachusetts Amherst Foundation.

Name	Age	Position with Nabors, Business Experience and Qualifications
William T. Comfort	74	Director since 2008. Mr. Comfort has been Chairman of Citigroup Venture Capital since 1979. Mr. Comfort is also Managing Partner & Chairman of the Investment Committee of Court Square Capital Partners, Chairman of Oracle Financial Services Software (OFSS-India) and is on the Investment Committee for CX Partners (India). He also serves on the boards of The John A. Hartford Foundation, NYU Law School Foundation, and The American India Foundation.

CLASS I

Directors Continuing in Office Terms Expiring 2013

Name	Age	Position with Nabors, Business Experience and Qualifications
John V. Lombardi	69	Director since 2009. President and Professor of History of Louisiana State University System since 2007.

Dr. Lombardi was Chancellor and Professor of History of the University of Massachusetts Amherst from 2002 until 2007. Prior to that, he served in various capacities, including President, Director of The Center for Measuring University Performance, and Professor of History, at the University of Florida from 1990 to 2002; as Provost, Vice President for Academic Affairs, and Professor of History at The Johns Hopkins University from 1987 to 1990; and in various capacities, including Dean of the College of Arts and Sciences, Dean of International Programs, Director of the Latin American Studies Program, and Professor of History, at Indiana University from 1967 to 1987, where in addition he taught a course on international business. Dr. Lombardi serves on the Advisory Board of the Jay I. Kislak Foundation, Inc. He previously served on the Board of Directors of the Economic Development Council of Western Massachusetts, where he also served on the Executive Committee, and on the Executive Strategic Council of IMS Global Learning Consortium. Dr. Lombardi has authored or co-authored numerous books and articles on a wide variety of topics, including measuring university performance, Latin American history and international business.

Dr. Lombardi s experience in the functional role of chief executive officer and other leadership positions in four of the most prominent public institutions in the United States over a period of four decades, combined with his Latin American expertise, uniquely qualify him for service on the Board. Dr. Lombardi s financial expertise in such diverse areas as budgeting, forecasting, risk management and executive compensation provide valuable insight both to the Board and to the Audit and Compensation Committees, on which he serves.

Name	Age	Position with Nabors, Business Experience and Qualifications
James L. Payne	75	Director since 1999. Chairman and Chief Executive Officer of Shona Energy Company, Inc. since 2005.
		Mr. Payne was Chairman, Chief Executive Officer and President of Nuevo Energy Company (a company engaged in the acquisition, production and exploration of oil and natural gas properties) from 2001 until 2004 when the company merged with Plains Exploration and Production Company. He retired as Vice Chairman of Devon Corp. (a leading independent natural gas and oil exploration and production company) in 2001. Prior to the merger between Devon Corp. and Santa Fe Snyder Company (an independent natural gas and oil exploration and production company) in 2000, he had served as Chairman and Chief Executive Officer of Santa Fe Snyder Company. He was Chairman and Chief Executive Officer of Santa Fe Energy Company from 1990 to 1999 when it merged with Snyder Oil Company. He was a Director of Pool Energy Services Co. from 1993 until its acquisition by Nabors in 1999, of BJ Services Company from 1999 until its merger with Baker Hughes Incorporated in 2010, of Baker Hughes from 2010 until his retirement in 2011, and of Global Industries, Ltd., an offshore construction company, from 2000 until his retirement in 2011. Mr. Payne is a graduate of the Colorado School of Mines, where he was named a Distinguished Achievement Medalist in 1993. He holds an MBA degree from Golden Gate University and has completed the Stanford Executive Program.
		Mr. Payne s decades of experience in the oil and gas industry, particularly in executive management and director roles, provide valuable insight in areas such as corporate governance, executive and director compensation, risk oversight and safety initiatives. His industry knowledge and relationships, as well as his operational and financial acumen, derived from his experiences with both startup and well established companies, provide valuable resources to the Board.

CLASS II

Directors Continuing in Office Terms Expiring in 2014

Name	Age	Position with Nabors, Business Experience and Qualifications
Anthony G. Petrello	57	Director of Nabors and its subsidiary, Nabors Industries, Inc., since 1991 and Deputy Chairman of Nabors since 2003; President and Chief Executive Officer of Nabors and Nabors Industries, Inc. since October 2011; President and Chief Operating Officer of Nabors and Nabors Industries, Inc. from 1991 to October 2011.
		From 1979 to 1991, Mr. Petrello was with the law firm Baker & McKenzie, where his practice focused on international arbitration, taxation and general corporate law. He served as Managing Partner of the firm s New York office from 1986 until his resignation in 1991. Mr. Petrello holds a J.D. degree from Harvard Law School

Name	Age	Position with Nabors, Business Experience and Qualifications
		and B.S. and M.S. degrees in Mathematics from Yale University. Mr. Petrello also serves as a director of Stewart & Stevenson LLC and of Hilcorp Energy Company.
		In addition to his operating functions, Mr. Petrello provides strategic planning initiative and direction enabling the Company to adapt and prosper in our dynamic competitive environment.
Myron M. Sheinfeld	82	Director since 1988. Counsel with the law firm of King & Spalding LLP since 2007.
		From 2001 until 2007, Mr. Sheinfeld was Senior Counsel to the law firm Akin, Gump, Strauss, Hauer & Feld, L.L.P. From 1970 until 2001 he held various positions in the law firm Sheinfeld, Maley & Kay P.C., where he earned a reputation as one of the country s preeminent bankruptcy practitioners and scholars. Mr. Sheinfeld was an adjunct professor of bankruptcy and reorganization law at the University of Texas School of Law from 1975 to 1991 and is a contributing author to numerous legal and business publications, and a contributor, member of the Board of Editors, co-editor and co-author of COLLIER ON BANKRUPTCY, and a co-author of COLLIER ON BANKRUPTCY TAX. He is the former President, a current Director and a member of The Tri Cities Chapter of the National Association of Corporate Directors. He is a member of the National Bankruptcy Conference, former Chair of the ABA Standing Committee on Specialization and former Chair of the Texas Board of Legal Specialization.
		Mr. Sheinfeld brings decades of experience dealing with complex capital and debt structures, forensic accounting issues and risk management concerns to our Board. His extensive experience with the financial concerns of businesses in our industry provides valuable perspective to the Board and the Audit Committee as the Company has faced challenges presented by its growth, legislative and regulatory changes, an evolving governance climate and sometimes volatile market conditions.

OTHER EXECUTIVE OFFICERS

Name	Age	Position with Nabors, Business Experience and Qualifications
R. Clark Wood	39	Principal Accounting Officer and Principal Financial Officer of Nabors Industries Ltd. since March 2009; Controller of Nabors Corporate Services, Inc. (a subsidiary of the Company) since 2007; Assistant Controller of Nabors Corporate Services, Inc. from 2003 through 2007. Prior to joining Nabors, Mr. Wood worked for seven years at Arthur Andersen LLP and KPMG LLP and rose to the rank of Senior Audit Manager. Mr. Wood obtained a Masters in Professional Accounting from the University of Texas at Austin.

Name	Age	Position with Nabors, Business Experience and Qualifications
Mark D. Andrews	39	Corporate Secretary of Nabors since 2007. Prior to joining Nabors, Mr. Andrews served in various treasury and financial management positions with General Electric Company beginning in 2000. Mr. Andrews was employed by PricewaterhouseCoopers LLP from 1996 to 2000 in a number of capacities, including Tax Manager, within the firm s Mining and Resource Practice. Mr. Andrews holds a Bachelor of Business Administration degree from Wilfrid Laurier University and is also a Chartered Accountant and a CFA charterholder.

CORPORATE GOVERNANCE

The Board of Directors met four times during 2011. As described below, the Board has six committees, which report their activities to the Board. Appointments to and chairmanships of the committees are recommended by the Governance and Nominating Committee and approved by the Board. Directors are expected to attend all meetings of the Board and the committees on which they serve. Each of our incumbent directors attended over 75% of the aggregate meetings of the Board and committees on which he served during 2011, except Mr. Payne, who attended 69% of the aggregate meetings of the Board and the committees on which he served. The charters of the Audit Committee, Compensation Committee, Governance and Nominating Committee, and Risk Oversight Committee are available on our website at *www.nabors.com.* Copies of the respective charters are available in print without charge to any shareholder who requests a copy; please direct any requests to the Corporate Secretary and deliver them in person or by courier to the address on the first page of this proxy statement or by mail to P.O. Box HM3349, Hamilton, HMPX Bermuda.

Committee	Current Members	Primary Responsibilities	No. of Meetings
Audit	Myron M. Sheinfeld (Chair) John V. Lombardi John Yearwood	Oversees the integrity of our consolidated financial statements, system of internal controls, financial risk management, and compliance with legal and regulatory requirements. Selects, determines the compensation of, evaluates and, when appropriate, replaces the independent auditor, and preapproves audit and permitted nonaudit services. Determines the qualifications and independence of our independent auditor and evaluates the performance of our internal auditors and independent auditor.	4[(1)]

Committee	Current Members	Primary Responsibilities	No. of Meetings
		After review, recommends to the Board the acceptance and inclusion of the annual audited consolidated financial statements in our annual report on Form 10-K.	
Compensation	John V. Lombardi (Chair) William T. Comfort James L. Payne John Yearwood	Reviews and approves the compensation of our executive officers and other senior leaders. Oversees the administration of our equity-based compensation plans.	4(2)
Executive	Eugene M. Isenberg (Chair) Anthony G. Petrello John Yearwood	As necessary between meetings of the Board, exercises all power and authority of the Board in overseeing the management of the business and affairs of the Company.	0(3)
Governance and Nominating	James L. Payne (Chair) Myron M. Sheinfeld John Yearwood	Identifies and recommends candidates for election to the Board. Establishes procedures for the committee s oversight of the evaluation of the Board. Recommends director compensation. Reviews annually our corporate governance policies. Reviews and approves any related-party transactions involving directors and executive officers.	4
Risk Oversight	John Yearwood (Chair) William T. Comfort John V. Lombardi James L. Payne Myron M. Sheinfeld	Monitors management s identification and evaluation of major strategic, operational, regulatory, information and external risks inherent in the Company s business. Reviews the integrity of the Company s systems of operational	4

controls regarding legal and regulatory compliance.

Committee	Current Members	Primary Responsibilities	No. of Meetings
		Reviews the Company s processes for managing and mitigating operational risk.	
Technical and Safety	William T. Comfort (Chair) Anthony G. Petrello John Yearwood	Monitors the Company s compliance with health, safety and environmental standards. Reviews the Company s safety performance. Reviews the Company s strategic technology position.	4

(1) In addition to its formal meetings, the Audit Committee conducted telephonic information sessions in connection with the Company s quarterly earnings releases and other matters.
(2) In addition to its formal meetings, the Compensation Committee took action on one occasion by written consent.
(3) The Executive Committee did not meet during 2011, but took action on two occasions by written consent.

Mr. Yearwood has served as our Lead Director since 2011. The Lead Director s primary responsibility is to preside over executive sessions of the nonemployee directors and to call meetings of the nonemployee directors as desirable. He also:

- chairs certain portions of Board meetings,
- serves as liaison between the Chairman of the Board and the nonemployee directors,
- develops and approves, together with the Chairman, the agenda for Board meetings, and
- performs other duties delegated by the Board from time to time.

Although the Chairman of the Board is a former Chief Executive Officer, the Board believes that coupling the chairmanship with an experienced, independent Lead Director, creates the most effective leadership structure for the Company at this time. The Company s corporate governance structure, including the composition of the Board, its committees, and the presence of a strong Lead Director, provide effective independent oversight of management and of the Board itself. The Board believes that the extensive management experience of the directors appointed to serve in this role qualifies them to provide that oversight and that an independent Chairman is not necessary.

Director Independence

The Governance and Nominating Committee conducts a review at least annually of the independence of the members of the Board and its committees and reports its findings to the full Board. Seven of our nine directors are nonemployee directors (all except Messrs. Isenberg and Petrello). As permitted by the rules of the NYSE, the Board has adopted categorical standards to assist it in making determinations of director independence. These standards incorporate and are consistent with the definition of independent contained in the NYSE listing rules. Those standards are set forth in our Governance Guidelines available on our website at *www.nabors.com.*

The Board has affirmatively determined that each of our nonemployee directors meets these standards and is independent. The Board reviews each of the transactions, relationships and arrangements described in the section entitled Certain Relationships and Related-Party Transactions as well as social and other relationships in determining whether a director is independent.

The Board has determined that Mr. Yearwood qualifies as an audit committee financial expert as defined under the SEC s current rules. In addition, several of our directors hold a Certificate of Director Education from the National Association of Corporate Directors.

Nominations for Directors

The Governance and Nominating Committee recommends director candidates to the full Board after receiving input from all directors. The Committee considers the entirety of each candidate s credentials and does not have specific, minimum qualifications or requirements that nominees must meet. The Committee is guided by the following basic selection criteria for all nominees: independence, highest character and integrity, experience, reputation and sufficient time to devote to Board matters. The Committee also gives consideration to diversity of viewpoints, backgrounds and experience, age, international and industry background and experience, and specialized expertise in the context of the needs of the Board as a whole. From a diversity standpoint, the Committee places particular emphasis on identifying candidates whose experience and talents complement and augment those of other Board members with respect to current and anticipated matters of importance to the Company. The Committee attempts to balance the composition of the Board to promote comprehensive consideration of issues. For example, the widely varying levels of industry experience among Board members reflect the Committee s strategy of balancing extensive industry knowledge with relevant experience in other forms of business. The Committee has the authority to engage consultants, including retained search firms, to help identify new director candidates.

The Governance and Nominating Committee will consider director candidates recommended by shareholders. The policy adopted by the Committee provides that candidates recommended by shareholders are given appropriate consideration in the same manner as other candidates. Shareholders who wish to submit a candidate for consideration by the Governance and Nominating Committee for election at our 2013 annual general meeting of shareholders may do so by submitting in writing the candidate s name, together with the information described on our website at *www.nabors.com*. Submissions to the Board of Directors should be delivered in person or by courier to the address on the first page of this proxy statement or by mail to P.O. Box HM3349, Hamilton, HMPX Bermuda, prior to April 6, but no earlier than March 7, 2013.

Shareholder and Interested Parties Communications with the Board

Shareholders and other interested parties may contact any of the Company s directors, a committee of the Board of Directors, the Board s independent directors as a group or the Board generally, by writing to them at Nabors Industries Ltd., c/o Corporate Secretary. Communications should be delivered in person or by courier to the address shown on the first page of this proxy statement or by mail to P.O. Box HM3349, Hamilton, HMPX Bermuda. Shareholder communications received in this manner will be handled in accordance with procedures approved by the Board s independent directors. The Board s Policy Regarding Shareholder Communications with the Board of Directors is available at *www.nabors.com*. The Company encourages directors to attend the annual general meeting of shareholders. Six of the eight directors then comprising the full Board attended the 2011 annual general meeting of shareholders.

Executive Sessions of Nonemployee Directors

Our nonemployee directors, each of whom is independent, meet in executive session at each regular meeting of the Board without the Chief Executive Officer or any other member of management present. The Lead Director presides over these executive sessions.

NONEMPLOYEE DIRECTOR COMPENSATION

We believe that it is important to attract and retain outstanding nonemployee directors and to align their economic interest in the Company with other shareholders. We accomplish this through a combination of an annual retainer and equity incentive awards. Our annual retainer is $50,000 for each director; an additional $50,000 for the Chairman of each committee (except the Chairman of the Audit Committee, whose additional retainer is $100,000); and an additional $50,000 for the Lead Director. No additional amounts are paid for attendance at Board or committee meetings. The cash component of director compensation is paid on a pro rata basis at the end of each quarter. Any director may elect to receive immediately vested stock options, in lieu of any cash payments, valued at the amount of the payment. Mr. Comfort elected to forego all cash compensation, or equity in lieu thereof, during 2011.

We issue restricted shares to our nonemployee directors upon initial appointment or election to the Board as well as annually under equity incentive plans adopted from time to time. The Board reduced the number of restricted shares awarded to nonemployee directors by 25% in 2006 and another 20% in 2007 based upon the review of an independent consultant. Towers Watson performed a similar review in 2009, but the number of shares awarded annually has remained constant since 2007. The Board believes that its practice of awarding directors a predetermined number of shares, rather than a predetermined equity value, better aligns directors interests with those of our other shareholders. The result is fluctuating compensation values, which rise when our stock price is higher and decline when our stock price is lower, as evidenced in the following table. Each nonemployee director received an award of 12,000 restricted shares in February 2011 which vest over a three-year period. Overall director compensation relative to a peer group also fluctuates to the extent other directors in that peer group receive equity of a predetermined value. The Board considers those fluctuations in deciding whether to follow past practice with respect to equity grants.

The following table sets forth information concerning total director compensation in 2011 for each nonemployee director.

2011 Director Compensation Table

Name(4)	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
William T. Comfort	0	337,920	0	0	0	0	337,920
John V. Lombardi	75,000	337,920	25,000	0	0	0	437,920
James L. Payne	100,000	337,920	0	0	0	0	437,920
Myron M. Sheinfeld	150,000	337,920	0	0	0	0	487,920
John Yearwood	137,500	337,920	0	0	0	0	475,420

(1) The amounts shown in the Stock Awards column reflect the grant date fair value of restricted stock awards. On February 18, 2011, each nonemployee director then on the Board received a restricted stock award of 12,000 shares scheduled to vest over three years. The grant date fair value of the restricted stock award is based on Nabors closing stock price on the grant date, which was $28.16 on February 18, 2011.

(2) As of December 31, 2011, the aggregate numbers of restricted stock awards outstanding were: Mr. Comfort 24,000 shares; Dr. Lombardi 28,000 shares; Mr. Payne 24,000 shares; Mr. Sheinfeld 24,000 shares; and Mr. Yearwood 28,000 shares.

(3) The amount shown in the Option Awards column reflects the grant date fair value of the stock option awards. No stock option awards were granted to nonemployee directors during 2011, except to Dr. Lombardi

who received them in lieu of his quarterly cash retainer. As of December 31, 2011, the aggregate numbers of stock options outstanding were: Dr. Lombardi 19,730; Mr. Payne 80,000; and Mr. Sheinfeld 217,700, all of which are fully vested.

(4) Messrs. Isenberg and Petrello, who were employees of the Company throughout 2011, are not included in this table. Their compensation is discussed in our Compensation Discussion and Analysis section beginning on page and is included in the Summary Compensation Table beginning on page . Messrs. Crane and Linn did not join the Board until February 2012.

BENEFICIAL OWNERSHIP OF COMPANY COMMON STOCK

Stock ownership of directors and executive officers. We encourage our directors, officers and employees to own our common stock in order to align their interests with those of other shareholders. Ownership of Company stock ties a portion of their net worth to the Company s stock price and provides a continuing incentive for them to work toward superior long-term stock performance. The following table sets forth the beneficial ownership of common stock, as of April 9, 2012, by each of our current directors and named executive officers, and by all our current directors and executive officers as a group:

	Common Shares Beneficially Owned	
Beneficial Owner[1]	**Number of Shares**	**Percent of Total[2]**
Directors		
William T. Comfort[2]	172,000	*
James R. Crane[2]	24,000	*
Eugene M. Isenberg[2][3]	18,249,922	5.55%
Michael C. Linn[2]	24,000	
John V. Lombardi[2]	79,730	*
James L. Payne[2]	195,100	*
Anthony G. Petrello[2]	9,727,918	3.00%
Myron M. Sheinfeld[2][4]	306,188	*
John Yearwood[2]	48,000	*
Other Named Executive Officers		
Mark D. Andrews[2]	8,693	*
R. Clark Wood[2]	64,050	*
All Directors/Executive Officers as a group (11 persons)[2]-[4]	28,899,601	8.62%

* Less than 1%

(1) The address of each of the directors and officers listed is in care of Nabors Industries Ltd. at the address shown on the first page of this proxy statement.

(2) As of April 9, 2012, Nabors had 318,728,069 shares outstanding and entitled to vote. For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act) pursuant to which a person or group of persons is deemed to have beneficial ownership of any common shares that such person has the right to acquire within 60 days. We have included in the table common shares underlying stock options that are vested or scheduled to vest within 60 days of April 9, 2012. For purposes of computing the percentage of shares held by the persons named above, such option shares are not deemed to be outstanding for purposes of computing the ownership of any person other than the relevant option holder.

The number of common shares underlying fully vested stock options, or those vesting within 60 days, included in the table are as follows: Mr. Andrews 3,528; Mr. Isenberg 10,166,666; Dr. Lombardi 19,730; Mr. Payne 80,000; Mr. Petrello 6,033,487; Mr. Sheinfeld 170,000; Mr. Wood 26,657; and all directors and named executive officers as a group 16,500,068.

(3) The shares listed for Mr. Isenberg are held directly or indirectly through certain trusts, defined benefit plans and individual retirement accounts of which Mr. Isenberg is a grantor, trustee or beneficiary. Included in the table are 772 shares owned directly or held in trust by Mr. Isenberg s spouse. Mr. Isenberg disclaims beneficial ownership of those shares.

(4) The shares listed for Mr. Sheinfeld include 584 shares owned directly by Mr. Sheinfeld s spouse. Mr. Sheinfeld disclaims beneficial ownership of those shares.

Principal Shareholders. The following table contains information regarding the only persons we know of, other than the directors and officers described above, that beneficially owned more than 5% of our common stock as of April 9, 2012:

	Common Shares Beneficially Owned	
Beneficial Owner	**Number of Shares**	**Percent of Total[1]**
BlackRock Inc.[2] 40 East 52nd Street New York, NY 10022	18,064,172	5.67%
Wentworth, Hauser & Violich, Inc.[3] 301 Battery Street, Suite 400 San Francisco, CA 94111	20,655,513	6.48%

(1) Based upon total shares outstanding as of April 9, 2012.

(2) Based on a Schedule 13G filed on February 13, 2012, BlackRock Inc. and certain of its affiliates have sole voting and dispositive power with respect to all shares reported.

(3) Based on a Schedule 13G filed on February 14, 2012, Wentworth, Hauser & Violich, Inc. and certain of its affiliates have sole voting power with respect to 19,902,343 shares and shared dispositive power with respect to all shares reported.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee operates under a written charter adopted by the Board. The charter is available on our website at *www.nabors.com*. The Audit Committee is responsible for the oversight of the integrity of the Company s consolidated financial statements, the Company s system of internal controls over financial reporting, financial risk management, the qualifications and independence of the Company s independent registered public accounting firm (independent auditor), the performance of the Company s internal auditors and independent auditor, and the Company s compliance with legal and regulatory requirements. Subject to approval by the shareholders, we have the sole authority and responsibility to select, determine the compensation of, evaluate and, when appropriate, replace the Company s independent auditor. The Board has determined that each Committee member is independent under applicable independence standards of the NYSE and the Exchange Act.

The Committee serves in an oversight capacity and is not part of the Company s managerial or operational decision-making process. Management is responsible for the financial reporting process, including the system of internal controls, for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States and for the report on the Company s internal control over financial reporting. The Company s independent auditor, PricewaterhouseCoopers LLP, is responsible for auditing those financial statements and expressing an opinion as to (i) their conformity with such accounting principles and (ii) the effectiveness of the Company s internal controls over financial reporting. Our responsibility is to oversee the financial reporting process and to review and discuss management s report on the Company s internal controls over financial reporting. We rely, without independent verification, on the information provided to us and on the representations made by management, the internal auditors and the independent auditor.

We held four meetings during 2011, as well as a number of telephonic conferences. The Committee, among other things:

- Reviewed and discussed the Company s quarterly earnings releases, quarterly reports on Form 10-Q and annual report on Form 10-K, including the consolidated financial statements;
- Reviewed and discussed the Company s policies and procedures for financial risk assessment and financial risk management and the major financial risk exposures of the Company and its business units, as appropriate;
- Reviewed and discussed the annual plan and the scope of work of the internal auditors for 2011 and summaries of the significant reports to management by the internal auditors;
- Reviewed and discussed the annual plan and scope of work of the independent auditor;
- Provided input to the Compensation Committee regarding performance of key finance, internal control and risk management personnel;
- Reviewed and discussed with management their reports on the Company s policies regarding applicable legal and regulatory requirements;
- Reviewed and approved the Committee s charter; and
- Met with PricewaterhouseCoopers and the internal auditors in executive sessions.

We reviewed and discussed with management, the internal auditors and PricewaterhouseCoopers the audited consolidated financial statements for the year ended December 31, 2011, the critical accounting policies that are set forth in the Company s annual report on Form 10-K, management s annual report on the Company s internal controls over financial reporting, and PricewaterhouseCoopers opinion on the effectiveness of the internal controls over financial reporting.

We discussed with PricewaterhouseCoopers matters that independent registered public accounting firms must discuss with audit committees under generally accepted auditing standards and standards of the Public

Company Accounting Oversight Board (PCAOB), including, among other things, matters related to the conduct of the audit of the Company s consolidated financial statements and the matters required to be discussed by PCAOB AU 380 (Communications with Audit Committees). This review included a discussion with management and the independent auditor of the quality (not merely the acceptability) of the Company s accounting principles, the reasonableness of significant estimates and judgments, and the disclosures in the Company s consolidated financial statements, including the disclosures related to critical accounting policies.

PricewaterhouseCoopers also provided to the Committee the written disclosures and the letter required by applicable requirements of the PCAOB and represented that it is independent from the Company. We discussed with PricewaterhouseCoopers its independence from the Company, and considered if services it provided to the Company beyond those rendered in connection with its audit of the Company s annual consolidated financial statements included in its annual report on Form 10-K, reviews of the Company s interim condensed consolidated financial statements included in its quarterly reports on Form 10-Q, and its opinion on the effectiveness of the Company s internal controls over financial reporting were compatible with maintaining its independence. We also reviewed and preapproved, among other things, the audit, audit-related, tax and other services performed by PricewaterhouseCoopers. We received regular updates on the amount of fees and scope of audit, audit-related, tax and other services provided.

Based on our review and these meetings, discussions and reports discussed above, and subject to the limitations on our role and responsibilities referred to above and in the Audit Committee charter, we recommended to the Board that the Company s audited consolidated financial statements for the year ended December 31, 2011 be included in the Company s annual report on Form 10-K. We also selected PricewaterhouseCoopers as the Company s independent auditor for the year ending December 31, 2012 and are presenting that selection to the shareholders for approval at the meeting.

Respectfully submitted,

THE AUDIT COMMITTEE

Myron M. Sheinfeld, Chairman

John V. Lombardi

John Yearwood

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the following Compensation Discussion and Analysis with management. Based on that review and discussion, the committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company s annual report on Form 10-K for the year ended December 31, 2011.

Respectfully submitted,

THE COMPENSATION COMMITTEE

John V. Lombardi, Chairman

William T. Comfort

James L. Payne

John Yearwood

COMPENSATION DISCUSSION AND ANALYSIS

This section is intended to help you understand our executive compensation practices and the decisions we made in 2011 concerning the compensation payable to the following individuals, referred to hereafter as our named executive officers :

- Eugene M. Isenberg, our Chairman and former Chief Executive Officer (or CEO),
- Anthony G. Petrello, our Deputy Chairman, President and CEO,
- R. Clark Wood, our Principal Accounting Officer and Principal Financial Officer, and
- Mark D. Andrews, our Corporate Secretary.

This Compensation Discussion and Analysis is provided as a supplement to, and should be read in conjunction with, the tables and related narratives that appear on pages through of this proxy statement.

Overview

Role of the Compensation Committee. The Compensation Committee is comprised solely of independent directors and oversees the compensation of our named executive officers, other key executives comprising our senior leadership team and employees generally. The committee administers our equity-based programs and reviews and approves all forms of compensation (including equity grants). The committee also evaluates the performance of the CEO and reviews the performance of our other named executive officers and key executives annually. The full details of the Compensation Committee s duties are described in its charter, which is available on our website at *www.nabors.com*.

Our Compensation Philosophy. To meet the challenges of running a business of our diversity and scope, it is critical to attract, retain and motivate leaders who understand the complexities of our business and can deliver positive results. We have structured our compensation program to accomplish this purpose. Our philosophy is to provide our executives with appropriate and competitive individual pay opportunities with actual pay outcomes that reward superior corporate and individual performance. The ultimate goal is to increase shareholder value by providing executives with appropriate incentives to achieve our long-term business objectives. To that end, we provide cash and equity awards designed to reward executives for superior performance, as measured by both financial and nonfinancial factors. We use equity awards to align executives interests with those of other shareholders. The time-vesting feature of those awards, combined with other forms of deferred compensation, encourages our talented executives to remain in our employ.

Key Developments in 2011. As industry conditions continued to improve in 2011, so did our results of operations. Stronger oil prices encouraged our customers spending for exploration, production and development activities, and we continued to reallocate assets to areas of higher utilization. Competition for executive talent remained strong. Management compensation for 2010 and 2011 increased as a result of the continued improvement in both industry conditions and our operating results although not at the same pace.

The Compensation Committee and the Board have taken steps to decrease overall compensation to our named executive officers, as well as the Company s responsibility for termination payments to them. Most notably, the Board transferred the role of Chief Executive Officer from Mr. Isenberg to Mr. Petrello in late October and subsequently negotiated a termination of Mr. Isenberg s employment agreement effective December 31, 2011. At the same time, the Compensation Committee maintained its emphasis on balancing conservatism, incentivizing performance and encouraging retention of our other executive officers and senior leadership. Specifically, as discussed later in this Compensation Discussion and Analysis:

- The Board successfully eliminated the Company s exposure to a $100 million termination payment as part of its negotiated termination of Mr. Isenberg s employment agreement. Under the previously negotiated employment agreement with Mr. Petrello, the termination payment formula for actual or constructive termination without cause has been reduced to three times the average of the base salary and annual bonus paid to Mr. Petrello during each of the three fiscal years preceding the date of termination, and that formula will be further reduced to two times the same average effective April 1, 2015.

- The net result of the change in CEO and termination of Mr. Isenberg s employment agreement was to reduce the contractual cash bonus commitment of the Company to our senior executives by almost half (from 3.75% to 2% of cash flow in excess of 15% of the average shareholders equity), which had already been reduced significantly as part of the 2009 renegotiation of employment agreements.

- As part of the agreement negotiated with Mr. Isenberg, contributions to his account under an executive deferred compensation plan were terminated, and he forfeited the balance in that account.

- Under the agreement negotiated with Mr. Isenberg, the Company agreed to deposit $6.6 million into an interest-bearing escrow account to be distributed to his trust or estate upon his death.

- Although improved operating performance increased the incentive compensation of Messrs. Isenberg and Petrello, Mr. Petrello agreed to accept stock options during 2011 in lieu of nearly $5 million of his contractual cash bonus entitlement for the year.

- After freezing salaries of most of our named executive officers and other senior leadership at or below their 2008 levels, the Compensation Committee raised salaries (other than for Messrs. Isenberg and Petrello) modestly for 2011 to reflect current market conditions;

- After freezing most bonuses at their 2007 levels for two years for our named executive officers and other senior leadership, then increasing bonuses (other than for Messrs. Isenberg and Petrello) for 2010 for most of those leaders, the Compensation Committee enhanced bonuses for 2011 to reward individual performance and promote retention.

- The Compensation Committee has been mindful of the burn rate of shares in our equity plans. It changed the form of annual equity awards in 2010 from stock options to reduce the burn rate, and continued its practice of granting long-term equity incentives in the form of restricted stock in 2011 to encourage stability, while maintaining level the grant-date value of equity incentives awarded.

Response to Say-on-Pay Vote.

A majority of the shares represented at our annual meeting of shareholders in 2011 voted against the Compensation Committee s recommendation in an advisory vote on executive compensation. Because Say-on-Pay votes do not reveal shareholders specific concerns, following last year s vote, our Lead Director, other directors and certain members of management engaged in dialogue with several of our significant shareholders regarding the reasons for their vote. The principal concerns communicated to the Board and our responses were as follows:

Shareholder Concern	Company Response
the corporate governance issues raised by shareholder proponents at the 2011 annual general meeting (majority vote standard in director elections and declassification of the board);	announcement of a director-resignation policy in the event a director is not elected by a majority vote;
	the Board has proposed a Bye-law amendment to declassify the Board;
succession planning;	the Board transferred CEO responsibilities from Mr. Isenberg to Mr. Petrello;
a desire for new independent directors with relevant industry and international expertise on the Board; and	two new independent directors with extensive industry and international experience have been added to the Board;
the overall level of executive compensation.	The Board reduced the overall level of senior executive compensation by nearly 50%;
	the Board eliminated the significant termination benefits in Mr. Isenberg s employment agreement; and
	the Board has proposed an incentive compensation plan with performance metrics for approval by shareholders.

How We Determine Executive Compensation

Chief Executive Officer. The compensation of our former and current CEOs, Messrs. Isenberg and Petrello, has been determined primarily by the terms of their employment agreements. The agreements that governed their compensation through April 2009 had been in place since they joined the Company in 1987 and 1991, respectively. The agreements provided for a base salary, annual cash bonus and various other elements of compensation (described more fully below). It is essential to understand the history of these contractual arrangements.

In 1987, as Mr. Isenberg led the Company out of bankruptcy, he was named Chairman and Chief Executive Officer and charged with turning the Company around and building significant shareholder value. Aside from a personal equity investment, he did not receive any equity in the Company. In arrangements negotiated with the principal shareholders and creditors, which were then approved by the bankruptcy court, his employment agreement provided for a minimum annual salary, but established a performance formula for determining his annual cash bonus that reflected the importance of cash flow in our capital-intensive business. The original bonus formula was 10% of the Company s cash flow (if any) that exceeded 10% of average shareholders equity for the year. As the Company grew and prospered, Mr. Isenberg repeatedly agreed to reduce his bonus by lowering the percentage of cash flow received and raising the equity hurdle.

A similar employment agreement was negotiated at arm s length with Mr. Petrello before he joined Nabors in 1991 as our President, the percentage of cash flow in his bonus coming directly out of Mr. Isenberg s percentage.

Since 1987, our senior executives demonstrated versatility and leadership in forging a stable and effective organization. The cash compensation Messrs. Isenberg and Petrello earned under their agreements grew significantly over the years, primarily because of the extraordinary growth of the Company. Nevertheless, the committee was mindful of the evolving competitive, financial, accounting and regulatory landscape of executive compensation, which dictated reconsideration of these compensation arrangements in contracts negotiated decades ago. Accordingly, at the committee s recommendation, the Board of Directors in 2006 set a September 2010 expiration date for Messrs. Isenberg s and Petrello s employment agreements.

The Compensation Committee subsequently conducted a thorough review of the compensation arrangements with Messrs. Isenberg and Petrello and considered adjustments to each element of compensation, taking into account current compensation standards, performance evaluations of the executives, mitigation of contingent payments in existing arrangements, and succession planning and retention objectives. In conducting its review, the committee engaged BDO Seidman as its independent consultant to help identify and analyze appropriate elements and levels of executive compensation, including specifically the evaluation and restructuring of Messrs. Isenberg s and Petrello s arrangements. The committee reviewed market data from the following companies in the oilfield sector based on industry affiliation and size at the recommendation of BDO Seidman: Baker Hughes Incorporated, BJ Services Company, Diamond Offshore Drilling, Inc., Ensco International Incorporated, Halliburton Co., Helmerich & Payne, Inc., Noble Corporation, Pride International, Inc., Rowan Companies, Inc., Schlumberger Limited, Smith International, Inc., Transocean Ltd., Weatherford International Ltd., ConocoPhillips, National Oilwell Varco, Inc. and Plains Exploration & Production Company. The Compensation Committee did not target individual elements of compensation or total compensation at a specific percentile within the peer group.

In 2009, we amended their employment agreements on terms substantially more favorable to the Company than before. Mr. Petrello s agreement remains in effect, while Mr. Isenberg s agreement was terminated effective December 31, 2011. Notably:

- The annual bonus formula was reduced 62% for Mr. Isenberg and 25% for Mr. Petrello (Mr. Petrello s bonus formula automatically increased from 1.5% to 2% of cash flow in excess of the equity hurdle upon his appointment as Chief Executive Officer.)

- All tax gross-ups were eliminated, including those on perquisites and golden parachute excise taxes.

- Additional stock option grants in the event of a change in control were eliminated.

- Noncompetition and nonsolicitation covenants were added.

- The terms were extended to March 30, 2013, with one-year extensions beginning on April 1, 2011 unless either party gives notice of nonrenewal. Mr. Petrello s agreement has been automatically extended twice and is now in effect through March 30, 2015.

- The previous formulas for severance payments in the event of death, disability, termination without cause, or constructive termination without cause were eliminated and replaced with significantly lower amounts. For instance, Mr. Isenberg s severance payment was reduced from over $263 million to $100 million. However, as noted above, Mr. Isenberg s agreement was terminated without payment of the severance amount; instead, the Company agreed to pay $6.6 million to an interest-bearing escrow account to be distributed to Mr. Isenberg s trust or estate upon his death.

As an inducement to the foregoing reductions:

- Mr. Isenberg s annual base salary was increased slightly to $1.3 million, the after-tax proceeds of which he volunteered to donate to education. Mr. Petrello s annual base salary was increased slightly to $1.1 million.

- Nabors agreed to credit $600,000 and $250,000, respectively, to Messrs. Isenberg s and Petrello s accounts under our executive deferred compensation plan (the Executive Plan) each quarter they

remained employed, ending with the first quarter of 2019 for Mr. Petrello. As noted above, contributions to Mr. Isenberg s account ceased and he forfeited the balance in that account on December 31, 2011.

As a result of the foregoing changes, Mr. Isenberg s compensation was 68% lower in 2009 than 2008, and 81% lower in 2010 than in 2008; Mr. Petrello s compensation was 59% lower in 2009 than 2008, and 62% lower in 2010 than 2008. Even as industry conditions improved in 2011, Mr. Isenberg s compensation was over 72% lower in 2011 than in 2008, while Mr. Petrello s was more than 31% lower in 2011 than in 2008.

Our Company has a long-standing pay-for-performance philosophy. Specifically, the incentive cash component of senior executives compensation has been determined using a pay-for-performance financial metric: cash flow in excess of a 15% return on shareholder equity. As described above, this metric was originally developed and approved by the Company s shareholders and creditors when Mr. Isenberg brought the Company out of bankruptcy. It was later incorporated into the contractual arrangements with Mr. Petrello by reducing Mr. Isenberg s compensation dollar-for-dollar. The Compensation Committee continues to rely on cash flow generation as a primary metric for evaluating all senior executive compensation. This metric, on an historical basis, also tracks stock performance, although the movement is not always in perfect tandem. Apart from their cash bonuses, the emphasis on equity incentives, long identified as a best practice, has been part of our executives compensation structure since the Company s inception. Messrs. Isenberg and Petrello together have accumulated nearly 9% of the Company s outstanding shares over roughly two decades, largely through voluntarily accepting equity awards in lieu of cash compensation, thereby placing a significant portion of their earned compensation at the risk of forward stock performance. Mr. Petrello s employment agreement also requires that he maintain a certain threshold of share ownership. He will realize the economic benefit of these shareholdings only by generating strong long-term shareholder returns.

The Compensation Committee recognizes that financial results and stock price do not always move together. The stock market generally anticipates and reacts quickly to upward and downward trends in our business, while those trends may take longer to impact our financial results. Consequently, it is not uncommon in times of significant fluctuations in the market, such as those experienced in recent years, for our financial performance to lag trends in our stock price. Elements of our executives compensation tied to financial performance may not immediately reflect changes in shareholder value and vice versa. For example, during the downturn in 2008, our cash performance remained strong and Messrs. Isenberg and Petrello earned robust bonuses. During that same period, our stock price dropped precipitously, causing the value of their holdings to decline by significantly more than the amount of their compensation. Conversely, after the first quarter of 2009 and through 2010, our share price rebounded significantly, but our operating results declined until midway through 2010. The decline in operating results, combined with a reduction in their bonus formulas, caused Messrs. Isenberg s and Petrello s bonuses to drop significantly after the first quarter of 2009. Because we strive to achieve both strong financial performance and significant shareholder returns, we consider each element of compensation separately and as a whole in evaluating the effectiveness of our executive compensation program.

Other named executive officers and senior leadership of the Company. The Compensation Committee sets the compensation for our other named executive officers and for other senior leadership of the Company, which is comprised generally of the heads of the Company s significant business units and certain corporate departments. The Company has entered into employment agreements with certain of these individuals that guarantee a minimum level of compensation. Those agreements expire at various times from 2012 through 2014. In setting the compensation of our senior leadership team, including the named executive officers other than Mr. Petrello (and, historically, Mr. Isenberg) we generally focus on three key elements: performance considerations and business goals; the subjective judgment of the Compensation Committee with input from Mr. Petrello (and, historically, Mr. Isenberg); and in some years, market referencing.

<u>Performance Considerations and Business Goals.</u> We compensate our executives and assign them additional responsibilities as recognition for how well they perform individually and as a team in achieving individual and collective business goals. At the end of each year, each executive s overall performance is

assigned a rating by Mr. Petrello (and, historically, Mr. Isenberg), which is reviewed by the Compensation Committee. These performance ratings heavily influence the executive s compensation, but through 2011, they were not applied in a formulaic manner. For example, rather than setting specific targets for achievement of business or individual goals, the performance rating was determined on a more subjective basis as further explained below. Beginning in 2012, the Compensation Committee has adopted a plan that will result in a significant portion of the incentive compensation of those individuals being derived from a formula based upon performance against pre-established performance metrics. In addition, the Board has proposed a performance-based Incentive Bonus Plan for shareholder approval at the meeting.

Compensation Committee Judgment. The Compensation Committee exercises subjective judgment in making compensation decisions with respect to our senior management team. Mr. Petrello (and, historically, Mr. Isenberg) provides significant input to the committee on the compensation, including annual merit-based salary adjustments, bonus and equity awards, of the senior leadership of the Company other than themselves. The committee draws on its own judgment and observations of the executive officers and other senior leadership, but also relies heavily on the judgment of Mr. Petrello (and, historically, Mr. Isenberg) in evaluating the performance of such officers and leaders. The Compensation Committee has discretion to decrease formula-driven awards, or to provide additional incentive compensation to individuals, based on individual performance and executive retention considerations. The committee also considers input from the Audit Committee with respect to risk management considerations in evaluating performance objectives and incentives.

Market Referencing. In some years, we also consider market data in making compensation decisions for this group of executives. The principle of market referencing means that our compensation is considered in light of similarly situated executives at selected peer companies and/or industrial and finance companies in general. To help collect market information, we look at proxy statement disclosures of the peer companies and/or review published compensation survey sources of industrial and finance companies generally. We do not target individual elements of compensation or total compensation at a certain percentile within a peer group. When we use market referencing, we review peer group information and/or survey data solely to inform ourselves how our executives and senior leaders aggregate compensation compares to competitive norms in order to set compensation at levels we believe are appropriate for attracting and retaining talented leaders. We did not employ a peer group analysis in determining the compensation of our named executive officers or other senior leadership for 2011, although we did consider market data in determining their overall compensation.

Tally Sheets. In making compensation determinations, the Compensation Committee reviews tally sheets for each of the named executive officers and senior leadership team. These tally sheets present the dollar amount of each component of the named executive officers and senior leaders compensation, including current cash compensation (base salary and bonus), equity awards, retirement benefits, perquisites and any other compensation, including compensation (if any) paid to senior leaders pursuant to employment agreements. In its review, the committee determined that all of these elements in the aggregate provide a reasonable and competitive compensation opportunity for each executive and that each element contributes to our overall compensation objectives discussed above.

Components of Executive Compensation

The key elements of our executive compensation program are base salary, annual performance bonus and long-term incentives, such as equity awards that vest over several years. Stock ownership is the simplest, most direct way to align our executive officers interests with those of our other shareholders. The vesting and other design features of these awards encourage long-term stock ownership by our executive officers to further motivate them to create long-term shareholder value. This is particularly true in the case of Messrs. Isenberg and Petrello, who have not sold any shares since 2005 and have exercised stock options infrequently. Their most recent exercises occurred only on the eve of the expiration of the options, and they continue to hold the

underlying shares, except those relinquished for the payment of withholding taxes or exercise price. They continue to hold a combined equity interest in the Company of nearly 9%. Our three-part compensation approach enables us to remain competitive within our industry while ensuring that our named executive officers are appropriately incentivized to deliver shareholder value.

Retirement benefit accruals and perquisites or other fringe benefits make up only a minor portion of the total annual compensation opportunity. We also provide severance protection for Mr. Petrello as discussed later in this Compensation Discussion and Analysis and in the section entitled Employment Agreements beginning on page of this proxy statement, as well as for certain of our senior leaders.

Base Salary

Chief Executive Officer. In 2009, as part of the overall adjustment of their compensation arrangements, Messrs. Isenberg s and Petrello s base salaries were set at $1.3 million and $1.1 million, respectively. Mr. Isenberg volunteered in his agreement to donate the entire after-tax proceeds of his base salary to education and established a foundation to provide assistance based on need or merit to employees of the Company or their children to pursue higher education. In June 2009, Messrs. Isenberg and Petrello agreed to reduce their base salaries by 10%, commensurate with reductions in the salaries of all named executive officers and other senior leaders of the Company, and their employment agreements were amended accordingly. Those reductions expired on June 30, 2010.

Other named executive officers and senior leadership of the Company. The Compensation Committee reviews the performance of each other senior executive officer individually with Mr. Petrello (and, historically, Mr. Isenberg) and determines an appropriate base salary level based primarily on individual performance and competitive factors. These competitive factors sometimes include as a reference the compensation levels of similarly situated executives of other drilling contractors and in the oil services sector generally, and also the compensation levels needed to attract and retain highly talented executives from outside the industry. We do not target base salaries at a certain percentile within any peer group. Instead, we review market data generally to inform ourselves how our executives and senior leaders aggregate compensation compares to competitive norms. In the case of newly hired executives, the committee sometimes considers the salary of the candidate in his or her last employment. Base salaries for our named executive officers for 2009 through 2011 are reported in the Summary Compensation Table on page under the Salary column. As mentioned above, in light of the uncertainty of the economic environment, salaries of our named executives and other senior leaders were reduced by 10% in June 2009. The committee froze 2010 salaries for most of our named executive officers and other senior leaders at their 2009 year-end levels, including the 10% reduction, through the first half of 2010. Effective January 1, 2010, the Compensation Committee increased the salary of Mr. Wood, our corporate controller who has acted as our principal financial and accounting officer since March 2009, in recognition of the expansion of his duties and his strong performance. Salaries were restored to their 2008 levels in July 2010. Certain of our senior leaders and named executive officers received salary increases effective January 2011, to reflect current market conditions, reward performance and encourage retention.

Annual Performance Bonus and Long-Term Incentives

Overview. We intend our annual performance bonus and long-term incentive program to reward achievement of corporate objectives and to incentivize our named executive officers to deliver strong shareholder returns. By granting annual equity awards that vest over several years, we provide a longer-term focus that further aligns the interests of our executives with our other shareholders. The Compensation Committee supports a practice of paying bonuses and long-term incentives that deliver above-average compensation if financial results and/or shareholder returns exceed expectations. As noted above, industry conditions and operating results continued to improve in 2011. Strategies employed by senior management enabled us to generate strong operating cash flow, and we continued to enjoy access to capital markets on an attractive basis. Our resulting cash position enabled us to continue to fund capital expenditures necessary to sustain our position in the market,

to repay our convertible debt and to complete strategic acquisitions designed to enhance our position in emerging markets. The Compensation Committee believes that retention and financial motivation of our management team best positions the Company to continue to grow shareholder value.

Chief Executive Officer. As noted above, Messrs. Isenberg and Petrello s employment agreements with the Company were designed to align their compensation with enhancing shareholder value. The major portion of their contractual cash compensation represents performance-based bonus compensation. In addition to a base salary, their employment agreements provide for annual cash bonuses in an amount equal to a specified percentage of Nabors cash flow in excess of 15% of the average shareholders equity for each fiscal year. As a result of the Company s strong performance in 2011, Messrs. Isenberg and Petrello earned bonuses of $19,500,000 and $13,629,000. Mr. Isenberg agreed to lower his bonus amount to $15,595,000 and Mr. Petrello agreed to accept stock options in lieu of nearly $5 million of his contractual bonus.

Over the years, Messrs. Isenberg and Petrello have agreed to accept equity in lieu of significant portions of their contractual bonuses, putting their earned bonuses at the risk of forward stock performance. This practice is consistent with our pay-for-performance philosophy designed to align the interests of our executives with those of other shareholders and has resulted in significant losses to our executives in periods when the stock performance has declined. For example, in 2002, Mr. Petrello was granted stock options valued at $10 million in lieu of an equivalent portion of his contractual bonus for 2001. Notwithstanding the significant appreciation of those options over the years, he continued to hold them through industry and market downturns. When he did exercise those options on the eve of their recent expiration, he realized value of only $9.5 million, which he received in shares of stock that he continues to hold.

Messrs. Isenberg s and Petrello s employment agreements also provided for long-term equity incentive awards. In light of their overall compensation packages, no incremental equity awards were made to them in 2011.

Other named executive officers and senior leadership of the Company. We provide incentives to these executive officers and senior leadership in two categories: (1) annual performance bonuses that are designated in cash, but are sometimes paid in whole or in part in the form of equity awards, and (2) long-term incentives that are delivered in the form of restricted stock, stock options or other equity awards. The Compensation Committee balances the goals of rewarding past performance, incentivizing future performance and retention in determining the amount and form of these incentives. Through our annual cash bonus and long-term equity incentives, we link individual awards to both Company and individual performance.

Annual incentive awards are not guaranteed. Generally, the Compensation Committee determines the amount of the annual bonus, if any, for an officer and then uses that amount as a basis for determining the number of shares of restricted stock or options to be granted as a long-term equity award to that officer, as explained below. While not based on objective formulas or specific targets, the performance considerations for the annual bonus include both financial and nonfinancial assessments, including financial achievements in relation to internal budgets, developing internal infrastructure and enhancing positions in certain markets. The nonfinancial criteria include attainment of safety goals, maintaining Nabors share in its principal geographic markets, enhancing Nabors technical capabilities and developing operations in identified strategic markets. At the end of each year, Mr. Petrello (and, historically, Mr. Isenberg) have performed a personal assessment of each member of the leadership team other than themselves, which is reviewed by the Compensation Committee. These assessments heavily influence the executive s annual bonus and long-term equity incentives, but are not applied in a formulaic manner.

The Compensation Committee also considers overall corporate performance during the year, the amount of cash bonus as a percentage of the individual s base salary, market referencing information in some years, and the recommendations of Mr. Petrello (and, historically, Mr. Isenberg). Based on these considerations, as well as the terms of employment agreements with certain individuals, the committee approves annual incentive awards for

the other named executive officers and senior leadership team. Because of the heavy influence of both individual and corporate performance in the determination of the amount of equity awards and because the future value of those awards is inherently subject to the risk of forward stock performance, the committee typically provides for time-vesting of those awards, incentivizing retention, rather than imposing an additional element of performance risk.

For 2011, as in prior years, long-term incentives were determined by multiplying the value of the annual cash bonus amount by a multiple determined for that individual based upon position and performance, and delivering the resulting value in the form of equity, based on the value of our stock. For example, Mr. Andrews earned an annual cash bonus of $50,000 for 2011. Mr. Andrews also received a separate long-term incentive award for 2011 in the form of restricted shares, the number of which was determined by multiplying the total value of his annual bonus ($50,000) by the applicable multiple (1.0) and dividing the resulting amount by the value of our stock on the grant date. Based on this calculation, he was granted 2,241 shares of restricted stock, with the restrictions lapsing ratably over four years.

The annual cash bonuses for the named executive officers for 2011 are reported in the Summary Compensation Table on page under the column entitled Bonus . The grant-date values of long-term incentives granted to our named executive officers in 2011 are reported in the Stock Awards column of that table.

Equity Award Policy. The Company has established a Stock Option/Restricted Stock Award Policy that applies to the grant of equity incentive awards to all employees, including our named executive officers. The policy does not restrict the timing of awards, although the Compensation Committee generally makes incentive awards to our named executive officers and senior leadership at the first meeting of the Compensation Committee following the end of each calendar year, which usually occurs in February following publication of our annual results.

Pursuant to this policy, the Compensation Committee delegates authority to the CEO, subject to predetermined caps, to approve equity awards to employees at other times during the year, such as in connection with new hires and promotions, or in connection with the appraisal review and compensation adjustment process for employees. All awards granted by the CEO are required to be reported to the Compensation Committee at its next regularly scheduled meeting. In connection with the appraisal review and compensation adjustment process for 2011, the CEO was delegated authority to grant up to an aggregate of 1,000,000 restricted shares to employees.

Retirement Benefits

Our named executive officers and senior leaders are eligible to participate in the following retirement plans:

- a tax-qualified 401(k) plan, and

- a nonqualified deferred compensation plan (the Deferred Compensation Plan).

Collectively, these plans facilitate retention and encourage our employees to accumulate assets for retirement. The 401(k) plan is a tax-qualified, defined-contribution benefit plan covering substantially all our employees. A description of the Deferred Compensation Plan, the benefits of our named executive officers under that plan and the Executive Plan described below, and the terms of their participation can be found in the Nonqualified Deferred Compensation table and the discussion following that table beginning on page of this proxy statement.

Messrs. Petrello and Wood (and, historically, Mr. Isenberg) are also eligible to participate in the Executive Plan. Pursuant to Mr. Isenberg s employment agreement, at the end of each calendar quarter he remained employed, Nabors credited $600,000 to his account under this plan. Those deferred amounts, together with

earnings thereon, were forfeited upon the termination of his employment agreement effective December 31, 2011. Pursuant to Mr. Petrello s employment agreement, at the end of each calendar quarter he remains employed through the first quarter of 2019, Nabors credits $250,000 to his account under this plan. These deferred amounts, together with earnings thereon, will be distributed to Mr. Petrello when he reaches age 65 or earlier upon his termination of employment due to death, disability, termination without cause or constructive termination without cause. Mr. Petrello will forfeit his account balance under this plan upon termination of employment for cause or voluntary resignation. In 2010, the Compensation Committee elected to establish an account for Mr. Wood under the Executive Plan and credited $125,000 in each of 2010 and 2011 to that account. Some of our other senior leaders also participate in the Executive Plan.

Other Benefits and Perquisites

All of our employees, including our named executive officers, are entitled to participate in health and welfare benefits plans. Our named executive officers may also receive company-sponsored club memberships and/or an automobile allowance as part of their overall compensation package. In addition, Mr. Petrello is entitled to additional benefits under the terms of his employment agreement, and Mr. Isenberg retains certain benefits under his employment agreement, each as described in the section entitled Employment Agreements beginning on page .

Share Ownership Policy

We encourage our named executive officers and senior leaders to own the Company s shares to further align their interests with those of other shareholders. Mr. Petrello s employment agreement requires that he own a minimum amount of shares, measured by the acquisition-date value of those shares. Acquisition value was chosen as the appropriate measure because of the volatility of stock prices in our industry and the complications that may arise from the use of a fluctuating valuation method. Mr. Petrello must own shares with an acquisition-date value of five times his base salary. As noted in the Beneficial Ownership of Company Common Stock table on page , Mr. Petrello currently owns 9,727,918 shares. None of our other named executive officers or senior leaders is subject to a minimum share ownership requirement.

Termination and Change-in-Control Arrangements

Severance protection, particularly in the context of a change-in-control transaction, can play a valuable role in attracting and retaining key executive officers. Accordingly, we have provided such protection for Mr. Petrello (and, historically, Mr. Isenberg) in his employment agreement. Detailed information regarding employment agreements and severance benefits they provide is included in the section entitled Employment Agreements beginning on page of this proxy statement. The severance benefits in the prior agreements were negotiated when the employment agreements were entered into in 1987 and 1991, respectively.

The severance benefits in Messrs. Isenberg s and Petrello s employment agreements were substantially renegotiated in 2009. Under the previous formula for severance payments approved by major shareholders, creditors and the bankruptcy court in 1987, in the event of Mr. Isenberg s death, disability, termination without cause, or constructive termination without cause, he would have been entitled (if his employment had terminated on December 31, 2008) to $263.6 million, excluding excise tax gross-ups. Effective in April 2009, all tax gross-ups were eliminated and the severance provisions were replaced with a flat payment of $100 million upon any such termination in consideration of the surrender by Mr. Isenberg of rights under the prior agreement and other concessions under the new agreement. Upon termination of Mr. Isenberg s employment agreement, the Board negotiated an agreement pursuant to which the $100 million termination payment was not paid.

Similarly, the formula for termination without cause, or constructive termination without cause, was reduced to three times the average of the base salary and annual bonus paid to Mr. Petrello during each of the three fiscal years preceding the date of termination, with the bonus amounts to be calculated in all cases as though the bonus

formula under the new agreement had been in effect. The formula will be further reduced to two times the average stated above in April 2015. Also effective in April 2009, all tax gross-ups were eliminated under his new agreement, including the gross-up for golden parachute excise taxes. The previous formula for severance payments in the event of Mr. Petrello s death or disability was eliminated and substituted with a flat payment of $50 million upon any such termination, representing a negotiated amount taking into account Mr. Petrello s rights under the prior agreement and his concessions under the new agreement. For comparison, the cash severance amount to which Mr. Petrello would have been entitled under the old agreement if his employment had terminated on December 31, 2008 under any of these conditions was $89.6 million before excise tax gross-ups.

In light of the overall concessions by Messrs. Isenberg and Petrello in the renegotiation of their employment agreements, including the elimination of tax gross-up payments, the elimination of substantial stock option grants in the event of a change in control, and substantial reductions in their bonus formulas, the committee agreed to retain a death benefit in the new agreements, although at a much reduced level, in order to mitigate the risk of paying a substantially higher death benefit during the term of the prior agreements. The committee believes that it was able to obtain a more balanced compensation package in the new employment agreements through inclusion of the substantially reduced death benefit.

Risk Assessment

In view of the current economic and financial environment, the Compensation Committee has reviewed and will continue to review with management the design and operation of our incentive compensation arrangements, including the performance objectives and the mix of short- and long-term performance horizons used in connection with incentive awards, for the purpose of assuring that these arrangements will not provide our executives with incentives to engage in business activities or other behavior that would impose unnecessary or excessive risk to the value of our company or the investments of our shareholders.

Tax Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), limits to $1 million the amount of compensation that may be deducted by Nabors in any year with respect to any of its named executive officers. Certain performance-based compensation approved by shareholders is not subject to the $1 million limit. Although Nabors intends to take reasonable steps to obtain deductibility of compensation, it reserves the right not to do so in its judgment, particularly with respect to retaining the service of its executive officers.

2011 SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid to or earned by each of our named executive officers for the fiscal years ended December 31, 2009, December 31, 2010 and December 31, 2011.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Award(s) ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)
Eugene M. Isenberg	2011	1,300,000	15,595,000	0	0	0	85,502	2,671,217	19,601,719
Chairman of the Board	2010	1,235,000	9,734,000	0	0	0	21,464	2,547,022	13,537,486
	2009	1,141,750	19,891,275	0	0	0	2,925	2,222,038	23,257,988
Anthony G. Petrello	2011	1,100,000	13,629,000	0	0	0	14,793	1,745,830	16,489,623
Deputy Chairman of the Board,	2010	1,045,000	6,440,000	0	0	0	8,943	1,498,397	8,992,340
President and Chief Executive Officer	2009	965,806	7,886,551	0	0	0	1,219	954,446	9,808,022
R. Clark Wood	2011	264,714	100,000	610,000	0	0	1,491	133,549	1,109,754
Principal Accounting Officer and	2010	233,347	100,000	100,000	0	0	721	131,901	565,969
Principal Financial Officer	2009	193,732	60,000	0	75,000	0	0	6,047	334,779
Mark D. Andrews	2011	180,000	50,000	30,000	0	0	0	80,583	340,583
Corporate Secretary	2010	171,000	40,000	30,000	0	0	0	78,328	319,328
	2009	171,000	40,000	0	30,000	0	0	75,626	316,626

(1) A portion of Messrs. Isenberg s and Petrello s contractual salaries is deemed to be director s fees. The amounts in this column for 2011 include $50,000 paid as director s fees to each of Messrs. Isenberg and Petrello.

(2) For 2011, Mr. Petrello received only $8,745,450 of his bonus in cash and voluntarily agreed to accept the remainder in the form of stock options that were granted in August 2011. For 2009, each of Messrs. Isenberg and Petrello voluntarily agreed to accept a portion of his bonus in the form of stock options that were granted in February 2009. The amounts in this column include the grant-date fair value of those stock option awards. For 2011, Mr. Isenberg voluntarily agreed to forego approximately $4 million of his contractual bonus. The contractual cash bonus, for Messrs. Isenberg and Petrello are described above under Annual Performance Bonus and Long-Term Incentives .

(3) The amounts shown in the Stock Awards column reflect the grant-date closing price of restricted stock awards.

(4) The amounts shown in the Option Award column reflect the grant-date fair value of stock option awards. The fair value was determined pursuant to the Black-Scholes model for option pricing, utilizing assumptions detailed in our 2009 annual report on Form 10-K.

(5) Incentive awards paid in cash are reported under the Bonus column because of the level of discretion the Compensation Committee retains in determining the bonus amounts.

(6) The amounts in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column are attributable to above-market earnings in the Executive Plan. Above-market earnings represent the difference between the 6% interest rate earned under the plan and 5.35%, which is 120% of the Internal Revenue Service Long-Term Applicable Federal Rate as of December 31, 2008. Nonqualified deferred compensation activity for 2011 is detailed in the 2011 Nonqualified Deferred Compensation Table on page .

(7) The All Other Compensation amounts in the Summary Compensation Table consist of the following items:

Name	Year	Insurance Benefits (a)	Club Membership (b)	Imputed Life Insurance (c)	Automobile Allowance (d)	Gross-up (e)	Other (f)	NQP Company Match	401(k) Company Match	Total
Eugene M. Isenberg	2011	0	41,347	24,473	24,000	0	2,576,274	0	5,123	2,671,217
	2010	0	27,801	23,187	24,000	0	2,465,692	0	6,342	2,547,022
	2009	0	50,649	20,877	24,008	127,642	1,992,900	177	5,785	2,222,038
Anthony G. Petrello	2011	0	22,535	4,567	19,971	0	1,694,088	0	4,669	1,745,830
	2010	0	20,309	4,327	27,159	0	1,442,737	0	3,865	1,498,397
	2009	0	23,446	2,156	27,475	12,917	884,539	0	3,913	954,446
R. Clark Wood	2011	0	0	223	0	0	125,000	2,699	5,627	133,549
	2010	0	0	199	0	0	125,000	3,839	2,863	131,901
	2009	0	0	153	0	0	0	262	5,632	6,047
Mark D. Andrews	2011	0	0	0	0	0	80,583	0	0	80,583
	2010	0	0	0	0	0	78,328	0	0	78,328
	2009	0	0	0	0	0	75,626	0	0	75,626

(a) The economic benefit related to a split-dollar life insurance arrangement was $207,021 and $18,848 for Messrs. Isenberg and Petrello, respectively, for 2011. These amounts were reimbursed to the Company during 2011. The benefit as projected on an actuarial basis was $275,550 and ($64,912), respectively, before taking into account any reimbursements to the Company. We have used the economic-benefit method for purposes of disclosure in the Summary Compensation Table. Nabors suspended premium payments under these policies in 2002 as a result of the Sarbanes-Oxley Act.

(b) Includes club dues.

(c) Represents value of life insurance premiums for coverage in excess of $50,000.

(d) Represents amounts paid for auto allowance.

(e) The amounts in the Gross-up column for Mr. Isenberg represent tax reimbursements related to auto allowance and club memberships incurred prior to April 2009 and tax preparation fees for tax years prior to 2009. The amounts in the Gross-up column for Mr. Petrello represent tax reimbursements related to auto allowance and club memberships incurred prior to April 2009. Effective in April 2009, all tax gross-ups were eliminated.

(f) The amounts in the Other column for Mr. Isenberg include tax preparation fees, the incremental variable operating costs to the Company attributable to his personal use of corporate aircraft as contemplated in his employment agreement (which include fuel, landing fees, on-board catering and crew travel expenses, collectively, aircraft fees) and contributions of $1,800,000, $2,400,000 and $2,400,000, respectively, for 2009, 2010 and 2011 to the Executive Plan. The amounts in the Other column for Mr. Petrello include aircraft fees as contemplated in his employment agreement and contributions of $750,000, $1,000,000 and $1,000,000, respectively, for 2009, 2010 and 2011 to the Executive Plan. The amount in the Other column for Mr. Wood for 2010 and 2011 reflects contributions to the Executive Plan. The 2011 contributions for each individual are detailed in the 2011 Nonqualified Deferred Compensation Table on page . The amount in the Other column for Mr. Andrews includes a housing allowance of $48,000. In addition, the Other column for Mr. Andrews includes reimbursement of Bermuda payroll taxes, company matching contributions to a Bermuda pension plan, and reimbursement of Bermuda health and social insurance premiums, none of which individually exceeds the greater of $25,000 or 10% of the total amount of these benefits for Mr. Andrews.

2011 GRANTS OF PLAN-BASED AWARDS

The table below shows each grant of restricted stock awards or stock options made to a named executive officer under any plan during the year ended December 31, 2011.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock	All Other Option Awards: Number of Securities Underlying Options	Exercise Or Base Price of Option Awards	Grant Date Fair Value of Stock/ Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**(#)(1)**	**(#)(2)**	**($/Share)**	**($)**
Eugene M. Isenberg		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Anthony G. Petrello	8/22/11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	750,000	16.36	$ 4,883,550
R. Clark Wood	2/17/11	N/A	N/A	N/A	N/A	N/A	N/A	21,677	N/A	N/A	$ 600,000
	3/15/11	N/A	N/A	N/A	N/A	N/A	N/A	378	N/A	N/A	$ 10,000
Mark D. Andrews	2/17/11	N/A	N/A	N/A	N/A	N/A	N/A	1,084	N/A	N/A	$ 30,000

(1) Restricted shares granted in February 2011 and March 2011 relate to 2010 performance and are scheduled to vest ratably over a four-year period.

(2) Mr. Petrello voluntarily agreed to accept a portion of his 2011 annual bonus in the form of a stock option award that was granted on August 22, 2011. The award fully vested on January 1, 2012.

OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR END

This table shows unexercised options, restricted stock awards that have not vested, and equity incentive plan awards for each named executive officer outstanding as of December 31, 2011. The amounts reflected as Market Value are based on the closing price of our common stock ($17.34) on December 30, 2011 as reported on the NYSE.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares That Have Not Vested (#)	Market Value of Shares That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested ($)
Isenberg, E.	3,800,000	0	$ 13.525	1/22/2012				
	1,900,000	0	$ 19.375	2/20/2013				
	1,900,000	0	$ 22.955	2/20/2014				
	700,000	0	$ 28.825	2/24/2015				
	2,666,666	0	$ 35.805	12/5/2015				
	3,000,000	0	$ 9.870	2/25/2019				
Petrello, A.	1,400,000	0	$ 13.525	1/22/2012				
	950,000	0	$ 19.375	2/20/2013				
	950,000	0	$ 22.955	2/20/2014				
	350,000	0	$ 28.825	2/24/2015				
	1,333,334	0	$ 35.805	12/5/2015				
	1,698,427	0	$ 9.870	2/25/2019				
	1,726	0	$ 20.900	9/30/2019				
	0	750,000	$ 16.360	8/22/2021				
Wood, R.[1]	2,800	0	$ 19.765	6/30/2013				
	1,500	0	$ 23.990	2/20/2014				
	1,762	0	$ 29.790	2/24/2015				
	13,730	13,730	$ 9.180	3/10/2019				
					396	6,867	N/A	N/A
					3,206	55,592	N/A	N/A
					21,677	375,879	N/A	N/A
					378	6,555	N/A	N/A
Andrews, M.[2]	0	3,397	$ 9.870	2/25/2019				
	915	1,830	$ 9.180	3/10/2019				
					159	2,757	N/A	N/A
					962	16,681	N/A	N/A
					1,084	18,797	N/A	N/A

(1) Mr. Wood s restricted stock is scheduled to vest as follows: 5,419 shares vested on 2/17/12; 1,069 shares vested on 2/18/12; 396 shares vested on 3/14/12; 94 shares vested on 3/15/12; 5,419 shares vest on 2/17/13; 1,068 shares vest on 2/18/13; 95 shares vest on 3/15/13; 5,419 shares vest on 2/17/14; 1,069 shares vest on 2/18/14; 94 shares vest on 3/15/14; 5,420 shares vest on 2/17/15; and 95 shares vest on 3/15/15.

(2) Mr. Andrews restricted stock is scheduled to vest as follows: 271 shares vested on 2/17/12; 321 shares vested on 2/18/12; 159 shares vested on 3/14/12; 271 shares vest on 2/17/13; 320 shares vest on 2/18/13; 271 shares vest on 2/17/14; 321 shares vest on 2/18/14 and 271 shares vest on 2/17/15.

OPTION EXERCISES AND STOCK VESTED IN 2011

The following table shows stock options exercised by the named executive officers and restricted stock awards vested during 2011. The value realized on the exercise of options is calculated by subtracting exercise price per share from the market price per share on the date of the exercise.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Eugene M. Isenberg	0	0	692,940	14,659,146
Anthony G. Petrello	500,000	2,357,500	283,738	6,002,470
R. Clark Wood	0	0	1,879	51,715
Mark D. Andrews	1,699	30,282	719	16,072

2011 NONQUALIFIED DEFERRED COMPENSATION

The Deferred Compensation Plan allows certain employees, including some of our named executive officers, to defer an unlimited portion of their base salary and cash bonus and to receive company matching contributions in excess of contributions allowed under our 401(k) plan because of IRS qualified plan limits. Individual account balances in the Deferred Compensation Plan are adjusted in accordance with deemed investment elections made by the participant using investment vehicles made available from time to time. Distributions from the Deferred Compensation Plan are generally made in the form of a lump-sum payment upon separation of service from the Company.

Under the Executive Plan, we make deferred bonus contributions to accounts established for certain employees, including some of our named executive officers and other senior leaders, based upon their employment agreements or their performance during the year. Individual account balances in the Executive Plan are adjusted in accordance with deemed investment elections made by the participant either using investment vehicles made available from time to time or in a deemed investment fund that provides an annual interest rate on such amounts as established by the Compensation Committee from time to time. The interest rate for the deemed investment fund is currently set at 6%. Mr. Petrello has elected to participate in this fund, as have some of our other senior leaders. Mr. Isenberg had also elected to participate in this fund, but the entire balance of his account under the Executive Plan was forfeited effective December 31, 2011. Distributions from the Executive Plan are made in the form of lump-sum payments upon death, disability, termination without cause (as defined), or upon departure from the Company after vesting, which generally occurs five years (or other specified period) after the first contribution to the participant s account.

Both the Deferred Compensation Plan and Executive Plan are unfunded deferred-compensation arrangements. The table below shows aggregate earnings and balances for each of the named executive officers under our nonqualified deferred compensation plans.

Name	Executive Contributions in Last Fiscal Year ($)(1)	Company Contributions in Last Fiscal Year ($)(2)	Aggregate Earnings in Last Fiscal Year ($)(3)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)(4)
Eugene M. Isenberg	0	2,400,000	(239)	0	6,634,867
Anthony G. Petrello	0	1,000,000	67	0	2,762,068
R. Clark Wood	20,085	127,699	(2,446)	0	320,429
Mark D. Andrews[5]	0	0	0	0	0

(1) The amounts shown in the Executive Contributions in Last Fiscal Year column reflect contributions to the Deferred Compensation Plan.
(2) The amounts shown in the Company Contributions in Last Fiscal Year column for Messrs. Isenberg, Petrello and Wood include contributions of $2,400,000, $1,000,000, and $125,000, respectively, to the Executive Plan. All other amounts in that column reflect company matching contributions to the Deferred Compensation Plan. These amounts are included in the All Other Compensation column of the Summary Compensation Table beginning on page .
(3) The amounts shown in the Aggregate Earnings in Last Fiscal Year column for Messrs. Isenberg and Petrello include earnings (losses) of ($239) and $67, respectively, in the Executive Plan. All other amounts in that column reflect earnings or losses in the Deferred Compensation Plan. The portion of these amounts representing above-market earnings is reflected in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table on page .
(4) The amounts shown in the Aggregate Balance at Last Fiscal Year-End column for Messrs. Isenberg, Petrello and Wood include balances in the Executive Plan that were reported in the All Other Compensation column of the Summary Compensation Table in previous years. All other amounts in that column reflect balances in the Deferred Compensation Plan. Mr. Isenberg forfeited his account balance in the Executive Plan effective December 31, 2011.
(5) Mr. Andrews does not participate in either of our nonqualified deferred compensation plans.

Potential Payments Upon Termination or Change in Control

The following table reflects potential payments to executive officers under agreements in place with Messrs. Isenberg and Petrello on December 31, 2011 for termination upon a change in control, termination without cause or constructive termination without cause (as defined in their respective employment agreements). The same amount would have been payable to Mr. Isenberg in the event of his death or disability. The amounts shown assume the termination was effective on December 31, 2011. In addition to the amounts set forth below, in the event of death, disability or termination without cause, Messrs. Isenberg and Petrello would be entitled to a distribution of their account balances under the Executive Plan, as described above. Mr. Isenberg forfeited both his termination benefit and the balance in his account under the Executive Plan in connection with the termination of his employment agreement effective December 31, 2011.

Name	Cash Severance	Bonus	Option Awards(2)	Stock Awards(3)	Retirement and Savings Plan Contributions	Welfare Benefits and Out-placement	Tax Gross-up	Total
Eugene Isenberg	$ 100,000,000	0	$ 0	$ 0	0	0	0	$ 100,000,000
Anthony Petrello	31,055,077[1]	0	735,000	0	0	0	0	31,790,077
R. Clark Wood	0	0	0	0	0	0	0	0
Mark Andrews	0	0	0	0	0	0	0	0

(1) The amounts shown for Mr. Petrello reflect a payment equal to three times the average of the base salary and annual bonus contemplated in his current employment agreement during the three fiscal years preceding the termination. If Mr. Petrello s employment ended as a result of his death or disability, his estate would be paid a lump sum of

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$50,000,000, an amount negotiated in 2009 in light of significant concessions he made in connection with amending and restating his employment agreement.

(2) Amounts shown for option awards represent the value of unvested options that would become vested and exercisable based on the difference between the $17.34 closing stock price on December 30, 2011 and the exercise price of the respective options.

Employment Agreements

Effective April 1, 2009, the Compensation Committee negotiated new employment agreements (new employment agreements) with Messrs. Isenberg and Petrello that amended and restated their prior agreements.

On February 2, 2012, the Company and Nabors Industries, Inc. entered into an agreement with Mr. Isenberg, effective December 31, 2011, pursuant to which Mr. Isenberg voluntarily terminated both his employment with the Company and his new employment agreement, and waived any right to payment in connection with such termination, including the $100 million payment discussed below. Pursuant to the agreement, Mr. Isenberg agreed to remain Chairman of the Board until the meeting, but will not stand for reelection. Upon his stepping down as Chairman of the Board, Mr. Isenberg will be appointed Chairman Emeritus for a three-year term, which will be extended for additional one-year terms unless terminated by him or by the Company, and will receive cash compensation equal to other nonemployee directors. Nabors Industries, Inc. also paid $6,600,000 into an escrow account, which bears interest at the guaranteed rate of 6% per annum and will be distributed upon his death either to Mr. Isenberg s estate or to the trustees of his revocable trust. Pursuant to the agreement, Mr. Isenberg ceased participation in the Company s benefit plans and forfeited any benefits available to him thereunder (including forfeiture of the balance in his deferred bonus account), except as required by law and the following: (a) he and his spouse continue to participate in medical, dental and life insurance coverage until either receives equivalent coverage and benefits under the plans and programs of a subsequent employer or their death; (b) he remains entitled to distribution of vested account balances in the Company s 401(k) plan and Deferred Compensation Plan; and (c) he retains certain benefits under the split-dollar life insurance agreements in effect between him and Nabors Industries, Inc. Mr. Isenberg also retains certain other perquisites under his employment agreement. All of Mr. Isenberg s stock option and restricted stock awards were already fully vested at the time of the agreement and remain subject to the applicable plans and agreements governing them.

The new employment agreement for Mr. Petrello provides for an initial term extending through March 30, 2013, with automatic one-year extensions on each anniversary date beginning April 1, 2011, unless either party provides notice of termination 90 days prior to such anniversary. If the Company provides notice of termination to Mr. Petrello, then provided that he remains employed with the Company for a period of up to six months as specified by the Company to assist with the transition of management, the termination will be treated as a constructive termination without cause and the Company will buy out the remaining term of his contract as described below. Neither Mr. Petrello nor the Company has provided notice of termination.

In addition to a base salary, the prior employment agreements provided for annual cash bonuses in an amount equal to 6% and 2%, for Messrs. Isenberg and Petrello, respectively, of Nabors cash flow (as defined) in excess of 15% of the average shareholders equity for each fiscal year (the equity hurdle). Mr. Petrello s bonus was subject to a minimum of $700,000 per year. In April 2009, that minimum payment was eliminated, and the annual cash bonuses under the employment agreements were reduced to 2.25% and 1.5%, respectively, of Nabors cash flow in excess of the equity hurdle. Pursuant to his agreement, Mr. Petrello s bonus formula increased to 2% of net cash flow in excess of the equity hurdle when he was appointed Chief Executive Officer. Messrs. Isenberg and Petrello voluntarily accepted lower cash bonuses than provided for under their employment agreements in light of their overall compensation package in 19 of the last 22 and 15 of the last 20 years, respectively.

For 2009, Messrs. Isenberg s and Petrello s annual cash bonuses were $15.4 million and $4.9 million, respectively, for the first quarter of 2009 in accordance with the prior employment agreement provisions and $4.5 million and $3.0 million, respectively, for the second through fourth quarters of 2009 in accordance with the

new employment agreements. For 2010, Messrs. Isenberg and Petrello received cash bonuses of $9.7 million and $6.4 million, respectively, pursuant to the new employment agreements. For 2011, Messrs. Isenberg s and Petrello s annual cash bonuses were $19,500,000 and $13,629,000, respectively, pursuant to the formulas in the new employment agreements. Mr. Isenberg voluntarily agreed to reduce his bonus by approximately $4 million. Mr. Petrello agreed to accept a portion of his bonus in the form of immediately vested stock options valued at $4,883,550. The remainder of his 2011 bonus and all of Mr. Isenberg s reduced bonus was paid in cash.

Mr. Petrello (and, historically, Mr. Isenberg) is also entitled to participate in the Company s Executive Plan. For each quarter Mr. Isenberg was employed, Nabors credited $600,000 to his account under the plan. These deferred amounts, together with earnings thereon, were forfeited upon termination of the agreement effective December 31, 2011. For each quarter Mr. Petrello is employed through the first quarter of 2019, Nabors credits $250,000 to his account under the plan. These deferred amounts, together with earnings thereon, will be distributed to Mr. Petrello when he reaches age 65, or earlier upon termination of employment due to death, disability, termination without cause or constructive termination without cause, but will be forfeited upon his earlier termination of employment for cause or voluntary resignation. During 2011, the Company credited $2,400,000 and $1,000,000, respectively, to Messrs. Isenberg s and Petrello s accounts under the plan.

Mr. Petrello (and, historically, Mr. Isenberg) also is eligible for awards under Nabors equity plans, may participate in annual long-term incentive programs and pension and welfare plans on the same basis as other executives, and may receive special bonuses from time to time as determined by the Board.

Termination in the event of death, disability, or termination without cause (including in the event of a change in control). Mr. Petrello s new employment agreement (and, historically, Mr. Isenberg s) provides for severance payments in the event the agreement is terminated (i) upon death or disability, (ii) by Nabors prior to the expiration date of the agreement for any reason other than for cause, or (iii) by Mr. Petrello for constructive termination without cause, each as defined in the employment agreement. Termination in the event of a change in control (as defined in the respective employment agreements) is considered a constructive termination without cause. Mr. Petrello s appointment in October 2011 as CEO provided a basis for Mr. Isenberg to claim constructive termination without cause which, upon timely notification to the Board and failure to cure, would have entitled Mr. Isenberg to a payment of $100 million. Mr. Isenberg agreed to forego that right effective December 31, 2011 pursuant to the February 2, 2012 agreement discussed above. Mr. Petrello s estate would be entitled to receive within 30 days of his death or disability a payment of $50 million or, in the event of termination without cause or constructive termination without cause, three times the average of his base salary and annual bonus (calculated as though the bonus formula under the new employment agreement had been in effect) during the three fiscal years preceding the termination. If, by way of example, Mr. Petrello were terminated without cause subsequent to December 31, 2011, his payment would be approximately $31.1 million. The formula will be further reduced to two times the average stated above in April 2015.

The new employment agreements continued to provide that, upon death, disability, termination without cause, or constructive termination without cause, the executive is entitled to receive (a) any unvested restricted stock outstanding, which will immediately and fully vest; (b) any unvested outstanding stock options, which will immediately and fully vest; (c) any amounts earned, accrued or owing to the executive but not yet paid (including executive benefits, life insurance, disability benefits and reimbursement of expenses and perquisites), which will be continued through the later of the expiration date or three years after the termination date; (d) continued participation in medical, dental and life insurance coverage until the executive receives equivalent benefits or coverage through a subsequent employer or until the death of the executive or his spouse, whichever is later; and (e) any other or additional benefits in accordance with applicable plans and programs of Nabors, including distribution of account balances under the Company s Executive Plan. The value of Mr. Petrello s unvested stock options was approximately $735,000 as of December 31, 2011. Estimates of the cash value of Nabors obligations to Mr. Petrello under (c), (d) and (e) above are included in the payment amounts above.

Other Obligations. In addition to salary and bonus, each of Messrs. Isenberg and Petrello receive group life insurance in an amount equal to his base salary (up to a limit of $1 million), various split-dollar life insurance

policies, reimbursement of expenses, various perquisites (including personal use of company aircraft) and a personal umbrella policy in the amount of $5 million. Premium payments under the split-dollar life insurance policies were suspended in 2002 as a result of the adoption of the Sarbanes-Oxley Act. Under Mr. Petrello s new agreement (and, historically, Mr. Isenberg s), the Company s only obligation with respect to the split-dollar life insurance policies is to make contributions during the term of the executive s employment in the amounts necessary to maintain the face value of the insurance coverage. If the Company is not legally permitted to make such contributions to the policies, it will pay an additional bonus to the executive equal to the amount required to permit him to lend sufficient funds to the insurance trusts that own the policies to keep them in force.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Our Governance Guidelines charge the Governance and Nominating Committee, which is comprised entirely of independent members of our Board, with reviewing any transaction between the Company and an officer or director to ensure its fairness to the Company and to determine its potential impact on the independence of any director involved. Our independence standards are set forth in our Governance Guidelines and described above under Corporate Governance Director Independence on page . The Company has engaged in the following transactions with officers and directors during the past three years.

James L. Payne. During the first quarter of 2010, the Company entered into a transaction with Shona Energy Company, Inc. (Shona), a company in which Mr. Payne, an outside director of the Company, is chairman and chief executive officer. Shona offered all existing shareholders, including a subsidiary of the Company, an opportunity to acquire convertible preferred shares by subscribing for units (the Preferred Units), each consisting of one share of Shona Series A 10% convertible preferred stock and a warrant to purchase an additional 120 shares of Shona common stock during the next five years. Each current shareholder was entitled to subscribe to Preferred Units in proportion to its respective current share ownership in Shona, as well as to purchase additional Preferred Units to the extent that other shareholders of Shona did not fully subscribe for and purchase their proportionate share of the Preferred Units. The Company elected to subscribe for 9,950 Preferred Units, at an aggregate purchase price of $995,000, which represented less than its proportionate subscription right. As a result of this transaction, as well as a previous share issuance by Shona in which Nabors did not participate, the Company s equity ownership percentage in Shona decreased from 16.34% to 11.12%, with all preferred shares counted on an as-converted basis.

In the second quarter of 2011, the Company entered into another transaction with Shona. Shona offered all existing shareholders an opportunity to purchase additional common shares. Each current shareholder was entitled to subscribe to purchase up to 0.02905 common shares for each common share owned (including each Shona preferred share on an as-converted basis), as well as to purchase additional common shares to the extent that other shareholders of Shona did not fully subscribe for and purchase their proportionate share of the offering. The Company elected to subscribe for its full proportionate share of the offering, including an overallotment option. As a result of the Company s participation, it acquired 878,567 shares of Shona for an aggregate purchase price of $623,783. As a result of this transaction, more than offset by a previous warrants offering by Shona in which Nabors did not participate, the Company s equity ownership percentage in Shona decreased to 10.43%, with all preferred shares counted on an as-converted basis. In the third quarter of 2011, Shona became a public company in Canada, with voting common shares listed on the TSX Venture Exchange. As of December 31, 2011, the Company held a minority interest of approximately 7.55% of the issued and outstanding commons shares of Shona, with all preferred shares counted on an as-converted basis.

The Governance and Nominating Committee reviewed each of these transactions and determined that they were conducted at arm s length and did not impair Mr. Payne s independence. Mr. Payne did not take part in the determinations.

James R. Crane. Mr. Crane, an outside director of the Company beginning in February 2012, is Chairman and CEO of Crane Capital Group Inc. (CCG), an investment management company that indirectly owns a

majority interest in several operating companies, some of which have provided services to the Company, including international logistics and electricity. For the years 2009, 2010 and 2011, payments for services by the Company to the CCG companies totaled $7.6 million, $29.6 million and $36.9 million, respectively, representing 1.85%, 4.45% and 3.39%, respectively of CCG s consolidated revenues.

The Governance and Nominating Committee and the Board reviewed these transactions in connection with Mr. Crane s appointment to the Board, determined that they were conducted at arm s length and concluded that Mr. Crane met both the objective and subjective standards of director independence established by the NYSE, as well as the Board s Governance Guidelines. The Committee and the Board also approved ongoing ordinary-course business transactions between the Company and the CCG group of companies. The Company expects to make aggregate payments to the CCG companies during 2012 in amounts substantially similar to payments made in 2011. Through March 31, 2012 payments for services totaled .

Michael C. Linn. Mr. Linn, an outside director of the Company since February 2012, is a director of LINN Energy, LLC (LINN) and served as Chairman and Chief Executive Officer of LINN from December 2007 to January 2010. The Company provides drilling, well servicing and other services to LINN Operating, Inc. in the ordinary course of its business. For the years 2009, 2010 and 2011, the total revenues received by the Company from LINN were $1.3 million, $750,000 and $4.6 million, respectively, which in each case represented less than 1% of LINN s consolidated revenues.

The Governance and Nominating Committee and the Board reviewed these transactions in connection with Mr. Linn s appointment to the Board, determined that they were conducted at arm s length and concluded that Mr. Linn met both the objective and subjective standards of director independence established by the NYSE, as well as the Board s Governance Guidelines. The Committee and the Board also approved ongoing ordinary-course business transactions between the Company and LINN. The Company expects to receive aggregate revenues from LINN during 2012 in amounts substantially similar to those received in 2011. Through March 31, 2012 revenues totaled $2.9 million.

Eugene M. Isenberg. Mr. Isenberg, Chairman of the Board and former Chief Executive Officer, purchased a condominium from the Company on March 15, 2012, for $320,000. The purchase price was determined by way of independent appraisal. The Governance & Nominating Committee and the Board approved this transaction and determined that it was conducted at arm s length.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee for 2011 was comprised of Messrs. Comfort, Payne, Yearwood and Dr. Lombardi, all independent directors. None of these directors has ever served as an officer or employee of Nabors or any of its subsidiaries, nor has any participated in any transaction during the last fiscal year required to be disclosed pursuant to the SEC s proxy rules, except as disclosed in the preceding section, Certain Relationships and Related-Party Transactions , with respect to Mr. Payne. No executive officer of Nabors serves as a member of the compensation committee of the board of directors of any entity that has one or more of its executive officers serving as a member of our Compensation Committee or as a director. In addition, none of our executive officers serves as a member of the compensation committee of the board of directors of any entity that has one or more of its executive officers serving as a member of our Board of Directors.

ITEM 2

APPROVAL AND APPOINTMENT OF INDEPENDENT AUDITOR AND AUTHORIZATION

OF THE AUDIT COMMITTEE TO SET THE AUDITOR S REMUNERATION

Under Bermuda law, our shareholders have the responsibility to appoint the independent auditor of the Company to hold office until the close of the next annual general meeting and to authorize the Audit Committee of the Board of Directors to set the auditor s remuneration. At the meeting, the shareholders will be asked to

approve the appointment of PricewaterhouseCoopers LLP as our independent auditor and to authorize the Audit Committee to set the independent auditor s remuneration. PricewaterhouseCoopers or its predecessor has been our independent auditor since May 1987.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT AUDITOR OF THE COMPANY AND TO AUTHORIZE THE AUDIT COMMITTEE OF THE BOARD DIRECTORS TO SET THE AUDITOR S REMUNERATION.

Preapproval of independent auditor services. The Audit Committee preapproves all audit and permitted nonaudit services (including the fees and terms thereof) to be performed for the Company by PricewaterhouseCoopers, the Company s independent auditor. The Chairman of the Audit Committee may preapprove additional permissible proposed nonaudit services that arise between Committee meetings, provided that the decision to preapprove the service is reported at the next regularly scheduled committee meeting.

Independent Auditor Fees

The following table summarizes the aggregate fees for professional services rendered by PricewaterhouseCoopers. The Audit Committee preapproved 2011 and 2010 services.

	2011	2010
Audit Fees	$ 5,259,503	$ 5,414,710
Audit-Related Fees	13,810	13,533
Tax Fees	107,840	67,985
All Other Fees		
Total	$ 5,381,154	$ 5,496,228

The *Audit* fees for the years ended December 31, 2011 and 2010, respectively, include fees for professional services rendered for the audits of the consolidated financial statements of the Company and the audits of the Company s internal control over financial reporting, in each case as required by Section 404 of the Sarbanes-Oxley Act of 2002 and applicable SEC rules, statutory audits, consents, and accounting consultation attendant to the audit.

The *Audit-Related* fees for the years ended December 31, 2011 and 2010, respectively, include consultations concerning financial accounting and reporting standards.

Tax fees for the years ended December 31, 2011 and 2010, respectively, include services related to tax compliance, including the preparation of tax returns and claims for refund; and tax planning and tax advice.

The auditor rendered no other professional services during 2011 or 2010.

ITEM 3

DECLASSIFICATION BYE-LAW AMENDMENT

The Company s Board of Directors has unanimously approved amendments to the Company s Amended and Restated Bye-laws to provide for the annual election of directors, resulting in a phased-in declassification of the Board by the 2014 annual general meeting of shareholders (the Declassification Bye-Law Amendment). The Board recommends that the shareholders approve the Declassification Bye-Law Amendment, which, if adopted, would amend the Bye-laws of the Company as follows:

1. Subject to Bye-law 29.1A, shall be added at the beginning of Bye-law 29.1.

2. New Bye-law 29.1A shall be added, as follows:

Commencing at the Annual General Meeting held in 2012, as the three-year term of each class of Directors expires, the nominees for such class shall be eligible for election to a term of one year only at the Annual General Meeting in which such term expires. Upon the expiry of the last three-year term in 2014, Bye-laws 29.1 and 29.1A shall cease to have effect and be deleted from these Bye-laws and directors will then be unclassified.

3. Bye-law 29.2 shall be amended to read in its entirety:

In case of any increase in the number of Directors within the minimum and maximum limitations specified in this Bye-law, additional Directors may be appointed by the Board to fill such vacancy. No decrease in the number of Directors shall shorten the term of any incumbent Director.

The Board of Directors of the Company is asking shareholders to consider and adopt the proposed Declassification Bye-law Amendment. Although the Board considered the risk that a declassified board could make the Company more vulnerable to unsolicited takeover bids and could impair the Board s ability to maximize the value to shareholders of a takeover offer, the Board concluded that those risks could be mitigated by putting other safeguards in place. In adherence to its commitment to maintain good corporate governance and, in this instance, in response to the vote at the 2011 annual general meeting of shareholders in favor of a shareholder proposal advocating board declassification, the Board approved the Declassification Bye-law Amendment. The Board is also recommending, in Item 4, a bye-law amendment relating to certain business combinations. The Board believes that amendment would help mitigate any negative effects of the Declassification Bye-law Amendment.

The proposed Declassification Bye-Law Amendment is permitted under Bermuda law and is consistent with the rules of the NYSE. Pursuant to the Amended and Restated Bye-laws of the Company, the proposed Declassification Bye-Law Amendment, if adopted, may be amended or repealed only by the affirmative vote of the holders of a majority of the Company s issued shares entitled to vote.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE DECLASSIFICATION BYE-LAW AMENDMENT.

ITEM 4

BUSINESS COMBINATIONS BYE-LAW AMENDMENT

The Company s Board of Directors has unanimously approved and recommends that the shareholders approve an amendment to the Company s Amended and Restated Bye-laws that would enhance protections afforded to shareholders in the event of a proposed business combination with an interested shareholder (the Business Combinations Bye-Law Amendment). The Business Combinations Bye-Law Amendment generally requires that business combinations with, or proposed by, persons beneficially owning 10% of the voting power of the Company s shares shall require an affirmative vote of 66 2/3% of the votes entitled to be cast by the holders of all then outstanding voting shares, subject to certain exceptions. The Business Combinations Bye-Law Amendment is attached as Exhibit A to this proxy statement.

The Board of Directors of the Company is asking shareholders to consider and adopt the proposed Business Combinations Bye-law Amendment in order to reduce the Company s vulnerability to unsolicited takeover bids and enhance the Board s ability to maximize the value to shareholders of any takeover offer. The proposed bye-law is similar to Section 203 of the Delaware General Corporation Law, which provides the same protection to shareholders of companies incorporated in Delaware. The Board proposes the adoption of the Business Combinations Bye-law Amendment in conjunction with the proposed Board Declassification Bye-law

Amendment because of the potential that the Board Declassification Bye-law Amendment could make the Company more vulnerable to unsolicited takeover bids and could impair the Board s ability to maximize the value to shareholders of a takeover offer. The increased vote requirement would not apply in the event the transaction was approved by a majority of continuing directors, similar to DGCL 203.

The proposed Business Combinations Bye-Law Amendment is permitted under Bermuda Law and is consistent with the rules of the NYSE. Pursuant to the Amended and Restated Bye-laws of the Company, the proposed Business Combinations Bye-Law Amendments, if adopted, may only be amended or repealed by the affirmative vote of the holders of a majority of the Company s issued shares entitled to vote; provided, however, that if such amendment or repeal is proposed by persons beneficially owning 10% of the voting power of the Company s shares, the Business Combinations Bye-Law Amendments may only be amended or repealed by the affirmative vote of the holders of 75% of the Company s issued shares entitled to vote.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE BUSINESS COMBINATIONS BYE-LAW AMENDMENT.

ITEM 5

TECHNICAL BYE-LAW AMENDMENTS

In light of an address change and an amendment to the Bermuda Companies Act permitting a company to hold its own shares in treasury, the Company s Board of Directors has unanimously approved and recommends that the shareholders approve certain amendments to the Company s Amended and Restated Bye-laws (the Technical Bye-law Amendments). The proposed Technical Bye-Law Amendments, if adopted, would amend the Bye-laws of the Company as follows:

1. Bye-law 3; Registered Office. Delete the reference to Cedar House, 41 Cedar Avenue, Hamilton, Bermuda HM 12 and substitute therefor the words Canon s Court, 22 Victoria Street, Hamilton, Bermuda HM 12 .

2. Bye-law 8; Company May Repurchase Shares. Bye-law 8 shall be amended to read in its entirety:

The Board may, at its discretion and without the sanction of a Resolution, authorise the acquisition by the Company of its own shares, of any class, at any price (whether at par or above or below par), and any shares to be so purchased may be selected in any manner whatsoever, to be held as treasury shares, upon such terms as the Board may in its discretion determine, provided always that such acquisition is effected in accordance with the provisions of the Companies Acts. The whole or any part of the amount payable on any such acquisition may be paid or satisfied otherwise than in cash, to the extent permitted by the Companies Acts. The Company shall be entered in the Register as a Shareholder in respect of the shares held by the Company as treasury shares and shall be a Shareholder of the Company but subject always to the provisions of the Companies Acts and for the avoidance of doubt the Company shall not exercise any rights and shall not enjoy or participate in any of the rights attaching to those shares save as expressly provided for in the Companies Acts.

8.1 Subject to the provisions of these Bye-laws, any shares of the Company held by the Company as treasury shares shall be at the disposal of the Board, which may hold all or any of the shares disposed of or transfer all or any of the shares for cash or other consideration or cancel all or any of the shares.

The Board of Directors of the Company is asking shareholders to consider and adopt the proposed Technical Bye-law Amendments in order to correct the Company s registered office address and to permit the Company to hold its own shares in treasury. The amendments, if adopted, will permit the Company to hold shares in treasury only in compliance with the Bermuda Companies Act, which includes a number of safeguards such as a prohibition against the Company voting those shares or otherwise exercising rights in those shares. The Board of Directors has approved the Technical Bye-law Amendments in the interest of keeping current with Bermuda law.

The proposed Technical Bye-Law Amendments are permitted under Bermuda law and are consistent with the rules of the NYSE. Pursuant to the Amended and Restated Bye-laws of the Company, the proposed Technical Bye-law Amendments, if adopted, may only be amended or repealed by the affirmative vote of the holders of a majority of the Company s issued shares entitled to vote.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE TECHNICAL BYE-LAW AMENDMENTS.

ITEM 6

APPROVAL OF 2012 INCENTIVE BONUS PLAN

Upon the recommendation of the Compensation Committee, the Board of Directors unanimously adopted the 2012 Incentive Bonus Plan (the Incentive Plan) and the Performance Goals included therein effective as of January 1, 2012, subject to approval by the shareholders at the meeting. The Board of Directors believes it to be in the best interest of the Company to adopt the Incentive Plan, which is attached to this proxy statement as Exhibit B.

Shareholders typically prefer pay-for-performance compensation structures. The Incentive Plan is designed to advance the interest of the Company by providing participants in the Incentive Plan with annual incentive opportunities linked directly to specific performance measures. It is intended that the Incentive Plan will: (a) reinforce our goal-setting and strategic-planning process; (b) recognize the efforts of management in achieving objectives; and (c) aid in attracting and retaining competent management, thus ensuring the long-range success of the Company.

The Incentive Plan is being submitted to shareholders for their approval so that payments under the plan will constitute qualified performance-based compensation under the provisions of Section 162(m) of the Code, which limits the deductibility of compensation in excess of $1 million paid by a publicly traded corporation to certain covered employees , unless the compensation is qualified performance-based compensation . Under Treasury Regulations promulgated pursuant to Section 162(m), at least three conditions must be satisfied in order for compensation to qualify as performance-based: (i) the compensation must be payable on account of the attainment of one or more pre-established, objective performance goals; (ii) the material terms of the compensation and the performance goals must be disclosed to and approved by stockholders before payment; and (iii) a committee of the Board of Directors that is comprised solely of two or more outside directors must certify the performance goals that have been satisfied before payment. In an effort to structure the compensation paid to covered employees so as to qualify as performance-based compensation under Section 162 (m) of the Code, the Board of Directors adopted the Incentive Plan subject to shareholder approval at the annual meeting. Notwithstanding the submission of the Incentive Plan to shareholders, the Company reserves the right to pay its employees, including participants in the Incentive Plan, compensation under the Incentive Plan and other amounts that may or may not be deductible under Section 162(m) or other provisions of the Code.

Eligibility. All officers and corporate and operating management employees of the Company and its subsidiaries are eligible for selection to participate in the Incentive Plan. There are approximately 350 officers and employees of the Company currently eligible to participate in the Incentive Plan.

Awards. Under the Incentive Plan, for each fiscal year (Award Year), the Compensation Committee (the Committee) will set a Target Award dollar amount for each Participant designated by the Committee. The Committee will also establish performance measures (Performance Goals) in accordance with the Incentive Plan for each Participant. The Performance Goals may relate to a particular area of the business for which the Participant is responsible, to one or more business units or to the Company as a whole, or to a combination of the

foregoing. The Committee will establish the objective criteria that will determine the percentage (which may not exceed 100%) of the Target Award that will be paid out based upon the level of achievement of the predetermined Performance Goals.

The Performance Goals may include one or more of the following for a calendar year:

(i) income before federal taxes and net interest expense;

(ii) achievement of specific and measurable operational objectives in the areas of rig operating costs, accident records, downtime and employee turnover;

(iii) completion of one or more specifically designated tasks identified as being important to the strategy or success of the Company;

(iv) working capital, generally defined to include receivables; inventories and controllable current liabilities, measured either in absolute dollars or relative to sales;

(v) earnings growth, revenues, expenses, stock price, net operating profit after taxes, market share, days sales outstanding, return on assets, equity, capital employed or investment, regulatory compliance, satisfactory internal or external audits, improvement of financial ratings, or achievement balance sheet, income statement or cash flow objectives;

(vi) performance goals based upon a percentage of cash flow in excess of a percentage of stockholders equity; or

(vii) earnings per share, operating income, gross income, cash flow, gross profit, gross profit return on investment, gross margin return on investment, gross margin, operating margin, earnings before interest and taxes, earnings before interest, tax, depreciation and amortization, return on equity, return on assets, return on capital, return on invested capital, net revenues, gross revenues, revenue growth, annual recurring revenues, recurring revenues, license revenues.

After the end of the fiscal year, the Committee will certify whether the Performance Goals have been attained. The Committee may reduce or eliminate any payout, but it may not increase a payout under the Incentive Plan. Payments under the Incentive Plan will be made in cash, provided that the Committee may, in its discretion, make any payment earned under the Incentive Plan in (i) shares or (ii) stock options issued under any stock plan of the Company that has been approved by shareholders. If all or a portion of a Participant s incentive payments are to be made in shares or stock options, the Committee may also provide that, if any of such shares or stock options are forfeited because such Participant s employment terminates before the restrictions on such shares lapse, or vesting of the stock options occurs, such Participant shall be entitled to a cash payment from the Company for such forfeited shares or unvested options. In the case of share awards, the cash payment shall be equal to the lesser of (i) the dollar amount of the incentive payment that was paid in the forfeited shares in lieu of cash and (ii) the market value of the forfeited shares at the time of such employment termination. In the case of stock options, the cash payment shall be the difference between (i) the exercise price of the stock options and (ii) the market value of the Company s common shares at the time of such termination.

In no event may the sum of the dollar value of incentive payments paid in cash, shares and stock options to any Participant under the Incentive Plan for any Award Year exceed $15,000,000. The Committee must certify the level of achievement of the Performance Goals before any payments may be made under the Incentive Plan. The Board may terminate the Incentive Plan with respect to any specific year or in entirety at any time.

Participants in the Incentive Plan may receive other annual bonus compensation outside the Incentive Plan whether or not bonus payments are made to Participants under the Incentive Plan for the same years. The payment of such additional bonus compensation will be at the discretion of the Committee and need not be based upon the achievement of objective Performance Goals.

Amendments or Termination. Either the Board or the Committee may amend or terminate the Incentive Plan at any time, provided that no such amendment or termination shall be made that would impair the rights of a Participant, without their consent, with respect to any Award that has been made prior to the amendment or termination of the Incentive Plan. An amendment may affect present and future Participants. Any amendment made by the Committee shall be subject to approval or rejection of the Board. Neither the Board nor the Committee shall, without approval of a majority of the votes cast by the shareholders of the Company at a meeting of shareholders at which a proposal to amend the Incentive Plan is voted upon (i) increase the maximum amount of compensation which may be awarded under the Incentive Plan to any individual, (ii) amend the class of Covered Persons eligible to receive Awards, (iii) alter the Performance Goals, or (iv) extend the term of the Incentive Plan.

New Plan Benefits. The amount of each participant s future awards will be determined based on the discretion of the Compensation Committee and therefore cannot be calculated.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE INCENTIVE PLAN

ITEM 7

APPROVAL OF 2012 STOCK PLAN

We are proposing the Company s 2012 Employee Stock Plan (the 2012 Stock Plan) for your approval at the meeting. The 2012 Stock Plan is attached to this proxy statement as Exhibit C. The Board of Directors believes it to be in the best interest of the Company to adopt the 2012 Stock Plan to promote our long-term growth and profitability by aligning the interests of our key employees with those of other shareholders and providing additional incentives to increase the long-term performance of the Company. We are seeking your approval so that we may use the 2012 Stock Plan to grant equity-based incentive awards, as well as to enhance our ability to grant awards that qualify for the performance-based exception to the federal income tax deduction limits that otherwise apply to us under Section 162(m) of the Code.

The Company s 2003 Employee Stock Plan (the 2003 Plan), which has 14,140,523 shares available for award as of April 9, 2012, is scheduled to expire June 3, 2013, which is likely to be prior to the 2013 annual general meeting of shareholders. Because providing competitive compensation packages, including equity-based incentive awards to our employees is critical to our ability to recruit and retain key employees, we are seeking approval of the 2012 Stock Plan at the meeting. The number of shares authorized under the 2012 Stock Plan shall be automatically reduced by the number of shares issued under the 2003 Plan after the date of approval. The 2012 Stock Plan is intended to encourage the key employees of the Company and its subsidiaries and affiliates to own our common shares and to provide additional incentive to those employees whose contributions are essential to the growth and success of the Company s business. The 2012 Stock Plan is designed to strengthen the commitment of plan participants to the Company, motivate them to faithfully and diligently perform their responsibilities and attract and retain competent and dedicated persons whose efforts will result in the long-term growth and profitability of the Company.

Our long-term goal is to limit the annual average dilution from our equity incentive plans to less than 5 (five)%. Dilution is measured as the total number of shares under all outstanding equity awards (i.e., share awards granted, less share award cancellations), as a percentage of the weighted average number of common shares outstanding for that year. Over the past three years, the average annual dilution was 3.38%, 0.04% and 0.50% (for 2009, 2010 and 2011, respectively). Dilution was higher in 2009 than in other years due to the combination of our low stock price following the global economic downturn in 2008 and our decision to grant equity-based awards in the form of stock options.

The burn rate for the 2003 Plan measures the number of shares under outstanding equity awards granted during the year (disregarding cancellations), as a percentage of the weighted average number of common shares outstanding for that year. Over the past three years, the burn rate was 3.57%, 0.20% and 0.71% for 2009, 2010 and 2011, respectively). Our burn rate was higher in 2009 than in other years due to the combination of our low stock price following the global economic downturn in 2008 and our decision to grant equity-based awards in the form of stock options. We believe that our three-year average burn rate is within the levels recommended by shareholder advisory groups for the Energy sector (Global Industry Classification Standard Code 10).

The overhang rate for the 2003 Plan measures the total number of shares under all outstanding plan awards, plus the number of shares authorized for future plan awards, as a percentage of the common shares outstanding. Over the past three years, the overhang rate was 14.47%, 14.94% and 13.95% (for 2009, 2010 and 2011, respectively). Our overhang rate, although generally within the levels recommended by shareholder advisory groups, has traditionally been high as the result of our senior executives tendency to hold their stock through industry cycles rather than liquidating profits. For that reason, we believe dilution is a better standard for evaluating our proposed plan. If this new 2012 Stock Plan is approved by the shareholders, our overhang rate would be 11.84%, based on the number of common shares outstanding as of April 9, 2012. This Amendment would also result in a 0.005% increase in the adjusted common shares outstanding, which is the sum of the total number of shares under all outstanding awards and authorized for future plan awards (i.e., the overhang amount), plus the total number of common shares outstanding.

PLAN DESCRIPTION

The following is a brief description of the principal features of the 2012 Stock Plan. It does not purport to be complete and is qualified in its entirety by the full text of the 2012 Stock Plan, which is attached hereto as Exhibit C.

General. We have reserved for issuance under the 2012 Stock Plan a maximum of 15,000,000 common shares, decreased automatically by the number of common shares issued under the 2003 Plan after the date on which the shareholders of the Company approved the 2012 Stock Plan. If an award granted under the 2012 Stock Plan expires or is terminated, the common shares underlying the award will again be available under the 2012 Stock Plan. In addition, to the extent common shares are used to exercise any award (as described below) or to satisfy tax withholding obligations under the 2012 Stock Plan, an equal number of shares will remain available for issuance under the 2012 Stock Plan.

In addition to the specific number of common shares authorized under the 2012 Stock Plan, set forth above, the 2012 Stock Plan provides for automatic increases in the number of authorized shares if options are granted with an exercise price greater than the fair market value of the Company s common shares on the date of the option grant or if a cap value is placed on an option pursuant to the award agreement related to such option. The specific formulas are set forth in Section 4(a) of the 2012 Stock Plan.

No individual may be granted awards under the 2012 Stock Plan in any calendar year covering more than 3,000,000 shares. In determining the number of shares with respect to options or SARs awarded, each share subject to an option or SAR is counted as constituting $^{1}/_{3}$ of a common share.

In the event of any change in the Company s capitalization or in the event of a corporate transaction such as a merger, amalgamation, consolidation, separation or similar event, the 2012 Stock Plan provides for appropriate adjustments in the number and class of common shares available for issuance or grant and in the number and/or price of shares subject to awards.

Types of Awards. The following awards may be granted under the 2012 Stock Plan:

- stock options, including incentive stock options and non-qualified stock options,

- restricted stock,

restricted stock units,

stock appreciation rights, and

stock bonuses.

These awards are all described in more detail below.

Administration. The 2012 Stock Plan will be administered by the Board of Directors or, in the discretion of the Board of Directors, a committee of the Board. The Board anticipates that the Compensation Committee will administer the 2012 Stock Plan. For convenience, the administrator of the 2012 Stock Plan will be referred to below as the Committee.

The Committee may, subject to the provisions of the 2012 Stock Plan, determine the persons to whom awards will be granted, the type of awards to be granted, the number of shares to be made subject to awards and the exercise price. The Committee may also condition the award on the attainment of certain goals, determine other terms and conditions that shall apply to awards, interpret the 2012 Stock Plan and prescribe, amend and rescind rules and regulations relating to the 2012 Stock Plan. The Committee may delegate to any of our employees (or a committee of employees) the authority to make grants of awards to our employees who are not our executive officers or directors. The terms and conditions of each award granted under the 2012 Stock Plan will be set forth in a written award agreement relating to the award.

In the event that the Committee grants an award that is intended to constitute qualified performance-based compensation within the meaning Section 162(m) of the Code, the Committee in its discretion may condition payment under the award in whole or in part on the attainment of (or a specified increase or decrease in) one or more of the following business criteria as applied to an award recipient under the 2012 Stock Plan and/or a business unit of the Company or its subsidiaries or affiliates:

(i) income before federal taxes and net interest expense;

(ii) achievement of specific and measurable operational objectives in the areas of rig operating costs, accident records, downtime and employee turnover;

(iii) completion of one or more specifically designated tasks identified as being important to the strategy or success of the Company;

(iv) working capital, generally defined to include receivables;

(v) inventories and controllable current liabilities, measured either in absolute dollars or relative to sales;

(vi) earnings growth, revenues, expenses, stock price, net operating profit after taxes, market share, days sales outstanding, return on assets, equity, capital employed or investment, regulatory compliance, satisfactory internal or external audits, improvement of financial ratings, or achievement balance sheet, income statement or cash flow objectives;

(vii) performance goals based upon a percentage of cash flow in excess of a percentage of stockholders equity;

(viii) earnings per share, operating income, gross income, cash flow, gross profit, gross profit return on investment, gross margin return on investment, gross margin, operating margin, earnings before interest and taxes, earnings before interest, tax, depreciation and amortization, return on equity, return on assets, return on capital, return on invested capital, net

revenues, gross revenues, revenue growth, annual recurring revenues, recurring revenues, license revenues, sales or market share, total shareholder return, economic value added;

(ix) the growth in the value of an investment in the common shares assuming the reinvestment of dividends; or

(x) reduction in operating expenses.

Payments under such awards will be made, in the case of employees covered under Section 162(m) of the Code, solely on account of the attainment of such performance goals established in writing by the Committee not later than the date on which 25% of the period of service to which the award relates has elapsed (or if earlier, 90 days after the beginning of the period).

Eligibility. Awards may be granted under the 2012 Stock Plan to employees of the Company or its subsidiaries or affiliates, as selected by the Committee in its sole discretion.

Awards may be granted under the 2012 Stock Plan from time to time in substitution for awards held by employees, directors or service providers of other corporations who are about to become employees of the Company or a subsidiary or affiliate as the result of a merger or consolidation or other corporate event involving the employing corporation, as the result of which it merges with or becomes a subsidiary or affiliate of the Company. The terms and conditions of the awards so granted may vary from the terms and conditions otherwise set forth in the 2012 Stock Plan as the Committee may deem appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are made.

Terms and Conditions of Options. Stock options granted under the 2012 Stock Plan may be either incentive stock options, as that term is defined in Section 422 of the Code, or non-qualified stock options (i.e., any option that is not such an incentive stock option). The exercise price of a stock option granted under the 2012 Stock Plan will be determined by the Committee at the time the option is granted, but the exercise price may not be less than the fair market value of the common shares (determined generally as the closing price per common share of the Company on the date of grant). Stock options are exercisable at the times and upon the conditions that the Committee may determine, as reflected in the applicable option agreement. The Committee will also determine the maximum duration of the period in which the option may be exercised, which may not exceed ten years from the date of grant.

The option exercise price must be paid in full at the time of exercise, and is payable (in the discretion of the Committee) by any one of the following methods or a combination thereof:

- in cash or cash equivalents,
- by the surrender of previously acquired common shares that have been held by the participant for at least six months prior to the date of surrender, or
- to the extent permitted by applicable law, through a broker cashless exercise procedure acceptable to the Committee.

Restricted Stock. The 2012 Stock Plan provides for awards of common shares that are subject to restrictions on transferability and other restrictions that may be determined by the Committee in its discretion. Such restrictions will lapse on terms established by the Committee. Except as may be otherwise provided under the award agreement relating to the restricted stock, a participant granted restricted stock will have all the rights of a shareholder (for instance, the right to receive dividends on the shares of restricted stock, if any, and the right to vote the shares). The restricted period shall not be less than three years, but the restricted period can be shortened to one or more years if vesting of the restricted stock is conditioned upon the attainment of the performance goals identified above or other corporate or individual performance goals established by the Committee at the time of grant.

Restricted Stock Units. The 2012 Stock Plan provides for awards of restricted stock units which, upon vesting, entitle the participant to receive an amount in cash or common shares (as determined by the Committee and set forth in the applicable award agreement) equal to the fair market value of the number of shares made subject to the award. Vesting of all or a portion of a restricted stock unit award may be subject to terms and conditions established by the Committee. As with awards of restricted stock, the restricted period shall not be less than three years, but the restricted period can be shortened to one or more years if vesting of the restricted stock unit is conditioned upon the attainment of the performance goals identified above or other corporate or individual performance goals established by the Committee at the time of grant.

Stock Appreciation Rights (SARs). The 2012 Stock Plan provides that the Committee, in its discretion, may award stock appreciation rights, either in tandem with stock options or freestanding and unrelated to options. The grant price of a freestanding SAR will be the fair market value of a common share (as described above). The grant price of tandem SARs will equal the exercise price of the related option. Tandem SARs may be exercised for all or part of the shares subject to the related option upon surrender of the right to exercise the equivalent portion of the related option. Freestanding SARs may be exercised upon whatever terms and conditions the Committee imposes. SARs will be payable in cash, common shares or a combination of both, as determined in the Committee s discretion and set forth in the applicable award agreement.

Stock Bonuses. The 2012 Stock Plan provides that the Committee, in its discretion, may award common shares to employees that are not subject to restrictions on transferability or otherwise, but only in lieu of salary or a cash bonus otherwise payable to the employee.

Change in Control. The Committee in its discretion may provide that, in the event of a change in control (as defined in an applicable award agreement), whether alone or in combination with other events, the vesting and exercisability restrictions on any outstanding award that is not yet fully vested and exercisable will lapse in part or in full.

Termination of Employment. Unless otherwise determined by the Committee in an award agreement, the termination of a participant s employment or service will not cause the participant s vested options to be cancelled within 90 days of such termination unless the termination was for Cause (in which case all options, whether vested or unvested, will be forfeit) or as a result of resignation without requisite notice. In addition, if a participant s employment with the Company terminates, but the participant continues to serve as a member of the Board, such participant s options will not be cancelled within 90 days of such termination.

Amendment and Termination. The Board of Directors may modify or terminate the 2012 Stock Plan or any portion of the 2012 Stock Plan at any time, except that an amendment that requires shareholder approval in order for the 2012 Stock Plan to continue to comply with any law, regulation or stock exchange requirement will not be effective unless approved by the requisite vote of our shareholders. In addition, any amendment shall be subject to approval of our shareholders if it materially increases the benefits accruing to participants under the 2012 Stock Plan, materially increases the number of shares that may be issued under the 2012 Stock Plan, or materially modifies the requirements for participation in the 2012 Stock Plan. Any amendment to the 2012 Stock Plan or an award agreement that accelerates the date on which an award is exercisable or payable or that reduces the exercise price of any outstanding option will also be subject to the approval of our shareholders. No awards may be granted under the 2012 Stock Plan after the day prior to the tenth anniversary of the date of its approval by the Company s shareholders, but awards granted prior to that time can continue after such time in accordance with their terms.

Stock Incentive Plan Benefits. During fiscal year 2011, options and shares of restricted stock were granted under the 2003 Plan to the Company s named executive officers as set forth in the table captioned 2011 Grants of Plan-Based Awards , in Compensation Discussion & Analysis, above. Options were granted during the year to all of the Company s executive officers as a group to purchase 750,000 common shares at a weighted average exercise price of $16.36 per share, and 23,139 shares of restricted stock were granted to all of the Company s executive officers as a group. Options were granted to all of the Company s other officers and employees as a group under the 2003 Plan to purchase 175,587 common shares at a weighted average exercise price of $15.6315 per share, and 1,001,240 shares of restricted stock were granted to all of the Company s other officers and employees as a group. The Company s non-employee directors were granted 72,000 shares of restricted stock as a group under the 2003 Plan for their service during 2011. The terms and number of options or other awards to be granted in the future under the 2003 Plan and the 2012 Stock Plan (if approved) are to be determined in the discretion of the Compensation Committee. Since no such determinations have been made, the benefits or amounts that will be received by or allocated to the Company s executive officers, directors or other eligible employees cannot be determined at this time. As of April 9, 2012 the closing price on the NYSE of a common share was $[ ] per share.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF OPTIONS

The following summarizes the United States federal income tax consequences of awards under the 2012 Stock Plan to participants who are subject to United States tax.

Stock Options. An optionee will not generally recognize taxable income upon the grant of a nonqualified stock option to purchase common shares. Upon exercise of the option, the optionee will generally recognize ordinary income for federal income tax purposes equal to the excess of the fair market value of the common shares over the exercise price. The tax basis of the common shares in the hands of the optionee will equal the exercise price paid for common shares plus the amount of ordinary compensation income the optionee recognizes upon exercise of the option, and the holding period for the common shares for capital gains purposes will commence on the day the option is exercised. An optionee who sells any of the common shares will recognize short-term or long-term capital gain or loss measured by the difference between the tax basis of the common shares and the amount realized on the sale. The Company will be entitled to a federal income tax deduction equal to the amount of ordinary compensation income recognized by the optionee. The deduction will be allowed at the same time the optionee recognizes the income.

An optionee will not generally recognize income upon the grant of an incentive stock option to purchase common shares and will not generally recognize income upon exercise of the option, provided that the optionee is an employee of Company at all times from the date of grant until three months prior to exercise. If an optionee who has exercised an incentive stock option sells the common shares acquired upon exercise more than two years after the grant date and more than one year after exercise, capital gain or loss will be recognized equal to the difference between the sales price and the exercise price. An optionee who sells the common shares before the expiration of the foregoing holding periods will generally recognize ordinary income upon the sale, and the Company will be entitled to a corresponding federal income tax deduction at the same time the participant recognizes ordinary income.

Other Awards. The current United States federal income tax consequences of other awards authorized under the 2012 Stock Plan are generally in accordance with the following: (i) stock appreciation rights are generally subject to ordinary income tax at the time of exercise or settlement; (ii) restricted stock is generally subject to ordinary income tax at the time the restrictions lapse, unless the recipient elects to accelerate recognition as of the date of grant; (iii) restricted stock units and performance awards are generally subject to ordinary income tax at the time of payment, and (iv) unrestricted stock awards are generally subject to ordinary income tax at the time of grant. In each of the foregoing cases, the Company will generally be entitled to a corresponding federal income tax deduction at the same time the participant recognizes ordinary income.

Section 162(m). Section 162(m) of the Code generally disallows the corporate tax deduction for certain compensation paid in excess of $1,000,000 annually to each of the chief executive officer and the other most highly paid executive officers of publicly held companies. Awards that qualify as performance-based compensation are exempt from Section 162(m), thus allowing us the full federal tax deduction otherwise permitted for such compensation.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE 2012 STOCK PLAN

ITEM 8

ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

Shareholders are invited to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC s compensation disclosure rules. Because Say-on-Pay votes do not reveal shareholders specific concerns, following last year s vote, our Lead Director, other directors and certain members of management engaged in dialogue with several of our significant shareholders regarding the reasons for their vote. The principal concerns communicated to the Board and our responses were as follows:

Shareholder Concern	Company Response
the corporate governance issues raised by shareholder proponents at the 2011 annual general meeting (majority vote standard in director elections and declassification of the board);	announcement of a director-resignation policy in the event a director is not elected by a majority vote;
	the Board has proposed a Bye-law amendment to declassify the Board;
succession planning;	the Board transferred CEO responsibilities from Mr. Isenberg to Mr. Petrello and negotiated a termination of Mr. Isenberg s employment agreement;
a desire for new independent directors with relevant industry and international expertise on the Board; and	two new independent directors with extensive industry and international experience have been added to the Board;
the overall level of executive compensation.	the Board reduced the overall level of senior executive compensation by nearly 50% by terminating Mr. Isenberg s employment agreement;
	the Board eliminated over $100 million in termination benefits in Mr. Isenberg s employment agreement; and
	the Board has proposed an incentive compensation plan with performance metrics for approval by shareholders.

As described in detail under the heading Compensation Discussion and Analysis*,* we seek to attract, retain and motivate leaders who understand the complexities of our business and can deliver positive business results for the benefit of our shareholders. We have structured our compensation program to accomplish this purpose. Our executive compensation philosophy is to provide our executives with appropriate and competitive individual pay opportunities with actual pay outcomes that reward superior corporate and individual performance. The ultimate goal of our program is to increase shareholder value by providing executives with appropriate incentives to achieve our long-term business objectives. Toward that end, we provide a program of cash and equity-based awards designed to reward executives for superior performance, as measured by both financial and nonfinancial factors. We use equity-based awards to align executives interests with those of other shareholders. The time-vesting feature of those awards, combined with other forms of deferred compensation, encourages our talented executives to remain in our employ.

In response to shareholder concerns raised about executive compensation, over the past three years we took a series of steps, which are more fully detailed above in the Compensation Discussion and Analysis section of this proxy statement. Most notably, as part of the new employment agreements in 2009, formulas for annual

incentive bonuses and severance payments to Messrs. Isenberg and Petrello that had been previously approved by shareholders were dramatically reduced, and tax gross-ups and several contingent payments were eliminated. As the net result of the actions taken, Mr. Isenberg s compensation was 68% lower in 2009 than 2008, and 81% lower in 2010 than in 2008; Mr. Petrello s compensation was 59% lower in 2009 than 2008, and 62% lower in 2010 than 2008. Those reductions are significant in their own right, but especially since they reflected effective negotiations by the Compensation Committee, and the willingness of Messrs. Isenberg and Petrello to pare their compensation arrangements in light of evolving best practices. Even as industry conditions improved in 2011, Mr. Isenberg s compensation was over 72% lower in 2011 than in 2008, while Mr. Petrello s was more than 31% lower in 2011 than in 2008. Effective December 31, 2011, Mr. Isenberg s employment agreement was terminated.

The vote on this resolution is not intended to address any specific element of compensation, but to advise the Board (including the Compensation Committee) on shareholders views of our overall executive compensation as described herein. While the vote on executive compensation is nonbinding, the Board of Directors and the Compensation Committee will review the voting results and give consideration to the outcome. We ask our shareholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the Company s shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company s Proxy Statement for the 2012 Annual General Meeting of Shareholders pursuant to the SEC s compensation disclosure rules, including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table and the other related tables and narrative disclosure.

Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions of the Company, the Board of Directors or the Compensation Committee; nor will it change the fiduciary duties of the Company, the Board of Directors or the Compensation Committee.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

ITEM 9

SHAREHOLDER PROPOSAL TO ADOPT A PROXY ACCESS BYE-LAW

The following shareholder proposal has been submitted to the Company for action by the New York City Employees Retirement System, New York City Fire Department Pension Fund, the New York City Teachers Retirement System, and the New York City Police Pension Fund, the beneficial owners of more than $2000 in market value of the Company s stock, Municipal Building, One Centre Street, Room 629, New York, New York 10007. The shareholder proposal is co-sponsored by the State of North Carolina Equity Investment Fund Pooled Trust, the Connecticut Retirement Plans and Trust Funds, the California State Teacher s Retirement System and the Illinois State Board of Investment. The affirmative vote of a majority of the shares voted at the meeting is required for the approval of the shareholder proposal. **Our Board recommends that you vote Against this Proposal.** The text of the proposal follows:

Resolved: The shareholders of Nabors Industries Ltd. (Nabors) ask the board of directors (the Board) to adopt, and present for shareholder approval, a proxy access bylaw. Such a bylaw shall require Nabors to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the Nominator) that meets the criteria established below. Nabors shall allow shareholders to vote on such nominee on Nabors proxy card.

The number of shareholder-nominated candidates appearing in proxy materials shall not exceed one quarter of the number of directors then serving. This bylaw, which shall supplement existing rights under Nabors bylaws, should provide that a Nominator must:

(a) have beneficially owned 3% or more of Nabors outstanding common stock continuously for at least three years before the nomination is submitted;

(b) give Nabors written notice within the time period identified in Nabors bylaws of the information required by the bylaws and any rules of the Securities and Exchange Commission about (i) the nominee, including consent to being named in the proxy materials and to serving as a director if elected; and (ii) the Nominator, including proof it owns the required shares (the Disclosure); and

(c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator s communications with Nabors shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than Nabors proxy materials; and (c) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at Nabors.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the Statement). The board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and any applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

Supporting Statement

We believe long-term shareholders should have a meaningful voice in electing directors. The case for Nabors is compelling: the Board has repeatedly awarded excessive CEO compensation and perks despite long-term underperformance, lacks sufficient independence and has been unresponsive to shareholder concerns.

During 2011, shareholders withheld 62% of votes cast from Myron Sheinfeld, one of the three directors with at least 20 years tenure, and cast 57% of their votes against management s say-on-pay proposal. Subsequently, the Board triggered a $100 million severance payment to Chairman and former CEO Eugene Isenberg and the SEC launched an investigation into perks received by Nabors executives. In 2010, shareholders withheld 48% of votes cast from directors John Lombardi and James Payne, who we believe have potential conflicts of interest.

We urge shareholders to vote FOR this proposal.

BOARD S STATEMENT AGAINST SHAREHOLDER PROPOSAL IN ITEM 9

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL. Our Board believes that this proposal is not in the best interest of shareholders and opposes the proposal for the following reasons.

Shareholders already have a meaningful voice in electing directors.

The Governance and Nominating Committee has a defined procedure for individuals to recommend director candidates, which is described above in Corporate Governance Nominations for Directors. This process gives shareholders an opportunity to recommend director candidates to the Board and have their qualifications properly reviewed by the Governance and Nominating Committee. The shareholder proposal imposes a share ownership requirement where none currently exists.

The Governance and Nominating Committee is comprised entirely of independent directors. The committee has the responsibility to identify and nominate qualified director candidates to serve on our Board. An effective board is made up of individuals having disparate talents and experiences. The Governance and Nominating

Committee is equipped to evaluate the particular talents and experiences of potential nominees, to determine whether these are congruous with the talents and experiences of the other directors and to assess each candidate s commitment to the long-term best interests of the Company. The evaluation process is complex, and the committee is better suited than an individual shareholder to make such determinations.

Ultimately, the proposal could lead to a divided board of directors with competing factions that make it difficult for the Company to pursue a successful and consistent business strategy. The best results for shareholders are obtained when directors, elected to make significant strategic decisions, act together constructively to create shareholder value.

The proponents advance a number of misleading or inaccurate arguments in support of the proposal. First, they argue that the Board has repeatedly awarded excessive CEO compensation and perks. All senior executive compensation has been paid pursuant to binding employment agreements. If by repeatedly the proponents mean annually , it is true that the Board has caused the Company to comply with its contractual duties each year. In stark contrast to the proponents tone, compensation under the agreements of Messrs. Isenberg and Petrello has been repeatedly reduced, most recently in 2009 as detailed above under Item 8 and more fully under the heading *Compensation Discussion and Analysis*.

The proponents allege that certain directors are not independent. We do not agree with this unsubstantiated assertion. The Governance and Nominating Committee has reviewed all relationships between the directors and management and has determined that the nonemployee members of the Board are, in fact, independent.

The proponents allege that the Board has been unresponsive to shareholder concerns. We have detailed above the steps the Board has taken over the last three years, as well as a number of steps taken since the 2011 annual general meeting, in direct response to shareholder concerns. The Board and management have not only engaged in extensive dialogue with shareholders, but have taken a number of steps, including where possible amending contractual obligations, to respond to shareholder concerns. Long-term shareholders have enjoyed robust returns through their investment in the Company, in spite of the downturn experienced since 2009.

The proponents note that certain directors experienced low favorable votes, and in one case, a lower than majority favorable vote. In response to shareholder concerns raised previously and in discussions with the Lead Director and others, those very directors have voted to:

- require any director who does not receive majority support to tender his resignation;
- propose a bye-law amendment to declassify the Board;
- appoint two new independent directors; and
- significantly reduce executive compensation including saving over $100 million in connection with the termination of Mr. Isenberg s employment agreement.

Notwithstanding the foregoing, the proponents imply that the Board paid the $100 million payment to Mr. Isenberg, which is simply not true.

Proponents also exclaim that the SEC launched an investigation into executive perks. In fact, the SEC commenced an informal inquiry (with which the Company is cooperating and believes its reporting has been accurate and compliant with SEC rules), which is not uncommon when allegations are raised about a company s compliance.

The Board believes that the proponents allegations are inaccurate and that the concerns about shareholders being able to nominate directors are more than adequately addressed by the Company s current policies.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.

ITEM 10

SHAREHOLDER PROPOSAL TO AMEND BYE-LAWS TO SEEK SHAREHOLDER

APPROVAL OF FUTURE SEVERANCE AGREEMENTS

The following shareholder proposal has been submitted to the Company for action by the California Public Employees Retirement System, the beneficial owners of more than $2000 in market value of the Company s stock, P.O. Box 942707, Sacramento, California 94229. The affirmative vote of a majority of the shares voted at the meeting is required for the approval of the shareholder proposal. **Our Board recommends that you vote Against this Proposal.** The text of the proposal follows:

Resolved: The shareowners of Nabors Industries Ltd. (the Company) recommend that the Company amend its bye-laws, in compliance with law and required processes, to add the following:

The Board of Directors (Board) shall seek shareowner approval of future severance agreements with senior executives that provide total benefits exceeding 2.99 times that sum of the executive s base salary plus bonus. The Company would have the option of submitting the severance agreement for approval as a separate ballot item in advance or at the next meeting of shareowners after the terms of a severance agreement were agreed upon.

Severance agreements include any agreements or arrangements that provide for payments or awards in connection with a senior executive s severance from the Company, including employment agreements; retirement agreements; settlement agreements; change in control agreements; and agreements renewing, modifying or extending such agreements. Benefits include lump-sum cash payments, including payments in lieu of medical and other benefits; tax liability gross-ups; the estimated present value of special retirement provisions; stock or option awards that are awarded under any severance agreement; the acceleration of any prior stock or stock option awards, perquisites and consulting fees including the reimbursement of expenses to be paid to the executive.

Supporting Statement

In CalPERS opinion, the Company has failed to design executive severance benefits in the best interest of shareowners. For example, in October 2011 the Company announced that its (former) CEO may be paid $100 million essentially, as some commenters have noted, to retire. These payments are in addition to his normal compensation which has been out of proportion with the other named executive officers, according to the Board Analyst. All of this excessive compensation has occurred during a time period when the Company has severely underperformed its industry peers and the S&P 500.

Total Return (as of 9/30/2011)

Source: Bloomberg

	5 Year	**3 Year**	**1 Year**
Nabors Industries	-58.79	-50.80	-32.12
S&P 500 Energy Index	18.22	-3.52	7.57
S&P 500 Index	-5.75	3.73	1.13

We recognize it is not always practical to obtain shareowner approval prior to entering into these severance agreements. Therefore, CalPERS proposed that the Company would have the option, if this proposal were implemented, of seeking shareowner approval after the terms of the agreement were agreed upon.

This proposal requests that after severance agreements are negotiated, the Company submit them for shareowner approval as a separate vote at the next shareowners meeting. Compared with an advisory vote on executive compensation or a vote on golden parachutes during a change in control, we believe this approach is preferable because it will provide the Board with timely and focused feedback from shareowners on the issue of severance benefits.

For those reasons, we urge shareowners to vote FOR this proposal.

BOARD S STATEMENT AGAINST SHAREHOLDER PROPOSAL IN ITEM 10

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL. Our Board believes that this proposal is not in the best interest of shareholders and opposes this proposal for the following reasons.

As discussed repeatedly above, the executive compensation called in question was required under contracts that had been in place for decades. The Board has repeatedly reduced the compensation payable under the employment agreements of Messrs. Isenberg and Petrello, most recently in 2009. The $100 million payment the proponents decry is a red herring. It was never paid. Moreover, the severance arrangement currently in our CEO s employment agreement, which provides for a payment of three times the three-year average of base salary and bonus under certain circumstances, is set to automatically reduce to two times that average in 2015. In short, the proposal seeks to solve a problem that doesn t exist.

Our executive compensation program is designed to attract, motivate, reward, retain and engage talented people who can deliver strong performance and help the Company to achieve our business objectives, thereby maximizing shareholder value. Our Board believes that providing an appropriate level of severance is an important consideration in executive compensation design. The Compensation Committee, composed exclusively of independent directors, oversees executive compensation arrangements, including severance arrangements.

Severance arrangements are intended to ensure that the affected individuals are free from personal distractions in the context of a potential change of control or termination, when the Board needs the objective assessment and advice of these executives. The arrangements also are designed to attract and retain highly qualified executives and to motivate executives to maximize shareholder returns. Like many other public corporations, our Board believes that such severance agreements are reasonable, appropriate and necessary.

The decision of whether or not to offer severance benefits is one that is made in the context of the competitive marketplace for executive talent. Our Board believes that it is in the shareholders best interests to have the responsibility for this ongoing process vested in the Compensation Committee s independent directors rather than inhibited and diminished by the potential hurdles and complications reflected in this proposal.

Furthermore, our Board believes that the proposal presents a number of practical issues, including the significant time and expense required to obtain shareholder approval. Because the timing of shareholder meetings may not coincide with the Company s negotiations with employment candidates, a special meeting of the shareholders may be required to approve and finalize any such arrangements. This process would be very costly and time consuming for the Company. Alternatively under the proposal, the Company could seek shareholder approval after the material terms of any such arrangement have been agreed upon. However, this would place the Company at a competitive disadvantage in recruiting and retaining executive talent because severance agreements offered by the Company would be uncertain and therefore less valuable than those provided by other companies, whose arrangements would not be contingent upon shareholder approval.

In addition, how the proposal is to function is unclear as it does not supply the necessary assumptions needed for its required calculations, and its terms offer no other guidance to the Company or shareholders with regards to its proper implementation.

First, the proposal fails to specify any of the relevant assumptions necessary to make a determination as to whether the benefits received by an executive upon termination would exceed the 2.99 threshold set forth in the proposal. The vagueness of the proposal leads to the following ambiguities with regard to the benefits calculation:

- whether the value of equity awards should be determined using the intrinsic value of the awards, a value based on a valuation model such as the Black-Scholes or binomial valuation model or some other method;

- how to discern the assumptions necessary for the calculation, including the date of termination, the Company s stock prices during an extended period of exercisability, or, in the case of valuation models, measures such as the historic volatility of the Company s stock price and prevailing interest rates;

- whether previously accrued but unexercised options would be included in the benefits calculation;

- whether previously earned but unpaid compensation would be included in the benefits calculation;

- how to value potential severance amounts given the Company s senior executives history of voluntarily accepting equity awards in lieu of cash compensation; and

- how to value potential severance amounts given the Company s senior executives history of voluntarily foregoing full payment of such severance.

Moreover, the proposal fails to specify at what point in time the Company is to measure the benefits to see whether a particular compensation arrangement crosses the 2.99 threshold. This vagueness leads to the following ambiguities with regard to timing:

- how to calculate the value of salary,