

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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material 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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- No fee required.
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(1) Amount Previously Paid:

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(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](http://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 Nabors 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](http://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](http://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](http://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	<p>Director since 2012. President of MCL Ventures, LLC, an investment company, since 2012. Director of LINN Energy, LLC since 2003.</p> <p>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.</p> <p>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.</p>
John Yearwood	52	<p>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.</p> <p>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.</p>
<b>Retiring Directors</b>		
Eugene M. Isenberg	82	<p>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.</p>

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	<b>Position with Nabors, Business Experience and Qualifications</b>
		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	<p>Director since 1988. Counsel with the law firm of King &amp; Spalding LLP since 2007.</p> <p>From 2001 until 2007, Mr. Sheinfeld was Senior Counsel to the law firm Akin, Gump, Strauss, Hauer &amp; Feld, L.L.P. From 1970 until 2001 he held various positions in the law firm Sheinfeld, Maley &amp; 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 <i>COLLIER ON BANKRUPTCY</i>, and a co-author of <i>COLLIER ON BANKRUPTCY TAX</i>. 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.</p>
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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	<b>Position with Nabors, Business Experience and Qualifications</b>
R. Clark Wood	39	<p>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.</p>

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](http://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 <sup>(1)</sup>

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Committee	Current Members	Primary Responsibilities	No. of Meetings
Compensation	John V. Lombardi (Chair)	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.  Reviews and approves the compensation of our executive officers and other senior leaders.	4 <sup>(2)</sup>
	William T. Comfort		
	James L. Payne		
	John Yearwood	Oversees the administration of our equity-based compensation plans.	
Executive	Eugene M. Isenberg (Chair)	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 <sup>(3)</sup>
	Anthony G. Petrello		
	John Yearwood		
Governance and Nominating	James L. Payne (Chair)	Identifies and recommends candidates for election to the Board.	4
	Myron M. Sheinfeld		
	John Yearwood	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.	
Risk Oversight	John Yearwood (Chair)	Monitors management's identification and evaluation of major strategic, operational, regulatory, information and external risks inherent in the Company's business.	4
	William T. Comfort		
	John V. Lombardi		
	James L. Payne		
	Myron M. Sheinfeld	Reviews the integrity of the Company's systems of operational	

controls regarding legal and regulatory compliance.

Committee	Current Members	Primary Responsibilities	No. of Meetings
Technical and Safety	William T. Comfort (Chair)  Anthony G. Petrello  John Yearwood	Reviews the Company's processes for managing and mitigating operational risk.	4
		Monitors the Company's compliance with health, safety and environmental standards.	
		Reviews the Company's safety performance.	
		Reviews the Company's strategic technology position.	

- (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](http://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](http://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](http://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