

NABORS INDUSTRIES LTD  
Form DEF 14A  
April 30, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

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
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**NABORS INDUSTRIES LTD.**

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(Name of Registrant as Specified In Its Charter)

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

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**Crown House  
4 Par-la-Ville Road  
Second Floor  
Hamilton, HM 08 Bermuda**

**Notice of 2013 Annual General Meeting of Shareholders  
Tuesday, June 4, 2013, 11:00 a.m. ADT  
Fairmont Hamilton Princess Hotel  
76 Pitts Bay Road  
Hamilton, Bermuda**

April 30, 2013

Fellow Shareholder:

On behalf of the Board of Directors, we cordially invite you to attend Nabors Industries Ltd.'s 2013 annual general meeting of shareholders to:

1. Elect five directors for a one-year term (Item 1);
2. Approve and appoint PricewaterhouseCoopers LLP as our independent auditor for the year ending December 31, 2013, and authorize the Audit Committee of the Board of Directors to set the auditor's remuneration (Item 2);
3. Approve the Company's 2013 Incentive Bonus Plan (Item 3);
4. Approve the Company's 2013 Stock Plan (Item 4);
5. Hold a nonbinding, advisory "Say-on-Pay" vote regarding the compensation paid by the Company to its named executive officers (Item 5);
6. Consider five shareholder proposals, if properly presented by the shareholder proponents (Items 6-10); and
7. 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 accompanying proxy statement. I hope you will also review the enclosed annual report, in which we highlight some of our accomplishments towards enhancing shareholder value, such as our recent initiation of a quarterly cash dividend. The Chairman's letter in that report also describes initiatives underway in furtherance of that effort. In addition, please see the letter from John Yearwood, our Lead Director, which immediately follows this notice.

You are entitled to vote at the meeting if you were a shareholder at the close of business on April 5, 2013. 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. 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. 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

*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 4, 2013:  
Our Proxy Statement and our 2012 Annual Report are available at [www.edocumentview.com/NBR](http://www.edocumentview.com/NBR).**

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April 30, 2013

Fellow Shareholder,

I joined Nabors' Board of Directors and the Compensation Committee in late 2010. At the time, shareholders had expressed concerns about Nabors' executive compensation. While this had never been an issue the Board took lightly, we made progressive changes over the last several years to help ensure that our leadership teams are properly incentivized and rewarded for returning value to shareholders.

In 2012, however, shareholders voted overwhelmingly against the Say-on-Pay proposal. The entire Board heard you loud and clear. In the months following last year's annual general meeting, we have spoken with several of you and your representatives and taken a number of actions specifically designed to address your concerns.

Working with a leading independent compensation consultant, the Compensation Committee, with the support of the rest of the Board, renegotiated our chief executive officer's existing employment agreement and adopted many of the specific changes urged by shareholders and recommended by our advisors. The new agreement significantly reduces the amount of Mr. Petrello's expected annual compensation and sharply increases the portion of his compensation that is performance-based on metrics encouraged by shareholders.

It was important to all members of the Board, including Mr. Petrello, that his new compensation address concerns raised by shareholders and be firmly aligned with shareholders' interests, as well as the compensation principles in place for the rest of our employees. To that end, Mr. Petrello willingly gave up numerous benefits under his prior agreement, well before its expiration, and entered a new agreement, which:

benchmarks compensation against a peer group;

abolishes uncapped annual cash bonuses and the payment based on excess cash flow over an equity hurdle;

subjects the vast majority of Mr. Petrello's annual compensation opportunity to specific financial and operational objectives established by the Compensation Committee;

subjects nearly half of his long-term incentive compensation to three-year total shareholder return relative to a newly created Performance Peer Group;

caps termination payments at 2.99 times base salary and bonus; and

eliminates death and disability benefits valued at \$50 million.

Details of this new agreement are laid out in the Compensation Discussion and Analysis section of the attached Proxy Statement, which begins on page 18. Importantly, the new agreement balances retention of a key executive with incentivizing shareholder return. We urge you to read it carefully to fully understand the significant changes that have been made.

Please keep in mind that the new agreement took effect January 1, 2013, so the changes do not affect the compensation and awards reflected in the Summary Compensation Table on page 29 for 2012 and prior years.

The Board has also responded to shareholder governance concerns in a number of areas, most recently by expanding the Board to eight members and appointing a new independent director. This followed discussions with our largest shareholder and reflects our responsiveness to shareholders, as well as our commitment to enhanced governance and adding fresh, independent perspectives to the Board. Five of our six continuing independent directors have a tenure on the Board of four years or less. We also announced plans to add another new independent director in 2014.

We urge you to communicate with us on matters of importance and promise to continue working to reflect your input in our decisions.

Sincerest regards,

John Yearwood  
Lead Director

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## NABORS INDUSTRIES LTD.

Crown House  
4 Par-la-Ville Road  
Second Floor  
Hamilton, HM 08 Bermuda

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### Proxy Statement

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#### 2013 ANNUAL GENERAL MEETING OF SHAREHOLDERS

JUNE 4, 2013

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 2013 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.

#### *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, Bermuda at 11:00 a.m. Atlantic Daylight Time on Tuesday, June 4, 2013, 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 5, 2013. 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, 323,043,227 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; discretionary voting.** If you hold your shares through a broker, follow the instructions received 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.

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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 on the approval and appointment of our independent auditor, which is a "discretionary" item. The election of directors, 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, resulting in a "broker nonvote". Broker nonvotes will be counted for purposes of establishing a quorum and, because of the vote required to approve "nondiscretionary" items (discussed below), will have the same effect as a vote against a proposal.

**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**), 2013 Incentive Bonus Plan (**Item 3**), and 2013 Stock Plan (**Item 4**) requires the affirmative vote of the holders of a majority of shares present in person or represented by proxy and entitled to vote thereon.

The remaining items are nonbinding, but the Board will consider the results of the votes in making future decisions: Say-on-Pay (**Item 5**) and the shareholder proposals asking the Board to require shareholder approval of specific performance metrics in equity compensation plans (**Item 6**), asking the Board to require an independent chairman (**Item 7**), asking the Board to require senior executives to retain 75% of shares (**Item 8**), recommending that the Company amend its bye-laws to seek shareholder approval of certain severance agreements (**Item 9**), and asking the Board to adopt a proxy access bye-law (**Item 10**).

**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, and your abstention will have the effect of a vote *against* the proposal.

## **ITEM 1**

### **ELECTION OF DIRECTORS**

Our Board of Directors currently has eight members and is divided, effectively, into two classes. One of the amendments to the Bye-laws at the 2012 annual general meeting declassified the Board so that directors are elected for one-year terms rather than three classes with three-year terms. The amendment was effective immediately for directors elected at the meeting; consequently the directors elected in 2012 have been nominated for election at this meeting, together with former Class I directors. "Class II" directors currently serving (Messrs. Petrello and Sheinfeld) will continue to serve



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for the term to which they were elected, which expires in 2014. Director James L. Payne will retire in accordance with the age limitation in the Board's Guidelines on Significant Corporate Governance Matters ("Governance Guidelines"). Upon Mr. Payne's retirement, the Board will revert to seven members. As a result, shareholders are being asked to vote for only five nominees.

On April 4, 2013, the Board expanded to eight members from seven and appointed Howard Wolf to fill the newly created vacancy. The directors standing for election have been nominated by the Board, upon the recommendation of the Governance and Nominating Committee, to serve until the 2014 annual general meeting, 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, and we do not anticipate that any will be unable or unwilling to stand for election. If that happens, your proxy will be voted for another person nominated by the Board.

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

Reputation, integrity and independence (for nonmanagement directors);

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, history of attendance at Board and committee meetings, as well as preparation for, 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 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, and therefore does not set specific, minimum qualifications that nominees must meet to be recommended to the Board of Directors. Members of the Committee discuss and evaluate possible candidates in detail and suggest individuals to explore in greater depth. The Committee has discretion to engage outside consultants to help identify candidates and also considers suggestions from shareholders, as described in our Governance Guidelines.

Over the past several years, the Governance and Nominating Committee has sought to add qualified new independent directors with fresh perspectives to the Board. In furtherance of this goal, the Board in 2012 removed the exemption previously applied to directors in office since 2002 from its policy against directors running for election after attaining age 72. In accordance with that requirement, Mr. Payne is retiring upon completion of his current term at the meeting, and Mr. Sheinfeld will retire upon expiration of his current term at the 2014 annual general meeting of shareholders. Each of the other nonemployee directors joined the Board in 2009 or later, resulting in a substantially reduced average tenure of Board members.

The Board recently added Mr. Wolf as a director. Our largest shareholder suggested that the Committee consider him for nomination to the Board. After reviewing his qualifications and a series of interviews, the Board approved Mr. Wolf's appointment. In appointing and subsequently nominating Mr. Wolf for reelection, the Board found that special circumstances warranted an exception to the age limit specified in our Governance Guidelines. Specifically, because Mr. Wolf's appointment was

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advocated by our largest shareholder, was made in conjunction with an agreement with that shareholder, and because Mr. Wolf is a newly appointed director (such that the exception does not promote director entrenchment), the Board concluded that the concerns that gave rise to the age limitation were not present and that the benefits of Mr. Wolf's appointment outweighed any concerns regarding his age.

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, LOMBARDI, WOLF AND YEARWOOD AS DIRECTORS FOR A TERM ENDING AT THE 2014 ANNUAL GENERAL MEETING.**

### *Nominees for Election*

Name and Age	Director Since	Position with Nabors, Business Experience and Qualifications
James R. Crane, 59	2012	<p>Chairman and CEO of Crane Capital Group Inc., an investment management company, since 2006.</p> <p>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 provide a valuable resource to the Board.</p>
Michael C. Linn, 61	2012	<p>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. He acts as an adviser to the Board of Directors of Quantum Energy Partners and serves on the Board of Directors of Black Stone Minerals Company, LP. 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>

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Name and Age	Director Since	Position with Nabors, Business Experience and Qualifications
John V. Lombardi, 70	2009	<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, provide valuable resources to the Board.</p> <p>Professor of History, Louisiana State University System since 2007.</p> <p>Dr. Lombardi served as President of the Louisiana State University System from 2007-2012, where he continues to serve as a Professor of History. Dr. Lombardi is also Co-Director of the Center for Measuring University Performance and in that capacity serves as a member of the founding board of the Global Research Benchmarking System. 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 he also taught a course on international business. He is currently on leave from Louisiana State University for the calendar year 2013 and occupies a one-year position as Professor of History and Associate Director of Libraries at the University of Massachusetts Amherst.</p> <p>Dr. Lombardi serves on the Advisory Board of the Jay I. Kislak Foundation, Inc. He previously served on the Executive Committee and Board of Directors of the Baton Rouge Area Chamber of Commerce, on the Executive Committee and Board of Directors of the Economic Development Council of Western Massachusetts, 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.</p> <p>Dr. Lombardi's experience in the functional role of chief executive officer and other leadership positions in five of the most prominent and complex higher education institutions with operating budgets ranging over \$3 billion in the United States over a period of nearly five decades, combined with his Latin American expertise, uniquely qualify him for service on the Board.</p> <p>Dr. Lombardi's financial expertise in such diverse areas as budgeting, finance, audit, forecasting, risk management, human resources management, and executive compensation provide valuable insight to the Board and the Audit and Compensation Committees on which he serves.</p>

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Name and Age	Director Since	Position with Nabors, Business Experience and Qualifications
Howard Wolf, 78	2013	<p>Since 2004, Mr. Wolf has practiced law as a sole practitioner. He also invests in and serves on the boards of directors of various private companies.</p> <p>Mr. Wolf is a former senior partner with the law firm of Fulbright &amp; Jaworski L.L.P. where he practiced in the Corporate Department from 1959 until his retirement from the firm in 2003. He is the former Chair of the Committee on Securities and Investment Banking, and the Section on Corporation, Banking and Business Law of the State Bar of Texas. Mr. Wolf has also served on or chaired a number of public, private and charitable boards of directors including Stewart &amp; Stevenson and Offshore Logistics and as a partner of various companies. He currently serves on the board of Simmons &amp; Company International, a private investment banking and securities firm specializing in the energy industry. He received a Bachelor of Business Administration and a JD, with honors, from The University of Texas at Austin.</p> <p>The Company is party to an agreement with PHM Investment (USD) pursuant to which, among other things, the Company has agreed to nominate Mr. Wolf for election to the Board in 2013 and 2014 provided that certain conditions are met. Mr. Wolf's extensive legal and business experience in the energy industry, as well as in corporate and securities matters, mergers and acquisitions, finance and international law, were the primary factors considered by the Board in deciding to appoint him as a director and nominate him for election to the Board.</p>
John Yearwood, 53	2010	<p>Mr. Yearwood currently serves on the Board of Directors of Sabine Oil &amp; Gas LLC (formerly NFR Energy LLC, which was a joint-venture subsidiary of the Company), Sheridan Production Partners, Barra Energia, Premium Oilfield Services, LLC, and Foro Energy LLC. 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.</p>

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Name and Age	Director Since	Position with Nabors, Business Experience and Qualifications
		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.

*Directors Continuing in Office Terms Expiring in 2014 (formerly "Class II" Directors)*

Name and Age	Director Since	Position with Nabors, Business Experience and Qualifications
Anthony G. Petrello, 58	1991	Chairman of the Board of Nabors and its subsidiary, Nabors Industries, Inc., since 2012 and director of each since 1991; Deputy Chairman of Nabors 2003-2012; President and Chief Executive Officer of Nabors and Nabors Industries, Inc. since 2011; President and Chief Operating Officer of Nabors and Nabors Industries, Inc. from 1991-2011. From 1979 to 1991, Mr. Petrello was with the law firm Baker & McKenzie, where his practice focused on international arbitration, corporate 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 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, 83	1988	Counsel with the law firm of King & Spalding LLP since 2007, and a member of the firm's Financial Restructuring Group. 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.

Name and Age	Director Since	Position with Nabors, Business Experience and Qualifications
		Mr. Sheinfeld brings decades of experience dealing with complex capital and debt structures, forensic accounting issues, corporate governance, director duties and responsibilities, 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	40	Principal Accounting and 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.
Mark D. Andrews	40	Corporate Secretary of Nabors since September 2007. Prior to joining Nabors, Mr. Andrews served in various treasury and financial management positions with General Electric Company, a diversified technology and financial services company, beginning in December 2000. Mr. Andrews was employed by the public accounting firm of PricewaterhouseCoopers LLP from September 1996 to November 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 five times during 2012 and held additional informational sessions by telephone. 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 2012. The charters of the Audit Committee, Compensation Committee, Governance and Nominating Committee, Risk Oversight Committee, and Technical and Safety 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.  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.	4 <sup>(1)</sup>
Compensation	John V. Lombardi (Chair) Michael C. Linn 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 <sup>(2)</sup>
Executive	Anthony G. Petrello (Chair) James R. Crane 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 <sup>(3)</sup>

Governance and  
Nominating

James L. Payne (Chair)  
Michael C. Linn  
Myron M. Sheinfeld

5

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.

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Committee	Current Members	Primary Responsibilities	No. of Meetings
Risk Oversight	Michael C. Linn (Chair) James R. Crane John V. Lombardi James L. Payne Myron M. Sheinfeld John Yearwood	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 controls regarding legal and regulatory compliance.  Reviews the Company's processes for managing and mitigating operational and enterprise risk.	4
Technical and Safety	James R. Crane (Chair) James L. Payne 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

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- (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 had several discussions, including with outside advisors and other Board members, in connection with the review of our chief executive officer's compensation arrangements and the restructuring of his employment agreement.
- (3) The Executive Committee did not meet during 2012, but took action on one occasion 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,

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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 also our 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. Both the Chairman and Lead Director serve on the Board's Executive Committee, and any director may raise a matter for consideration by the Board. This past year, our Lead Director:

partnered with our Chairman in extensive communications with significant shareholders regarding the appointment of additional independent directors and other governance matters;

in response to shareholder concerns, and together with the Chairman of our Compensation Committee, led negotiations that resulted in a dramatic restructuring of our Chief Executive Officer's compensation structure; and

conducted numerous executive sessions of the independent directors.

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The Board believes that Mr. Yearwood's extensive management experience in the industry and effective performance in the role of Lead Director qualify him to continue to serve in that capacity 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. 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 independence requirements of the NYSE. 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 directors other than Mr. Petrello, our CEO, 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 Securities and Exchange Commission ("SEC") rules. In addition, several of our directors hold a Certificate of Director Education from the National Association of Corporate Directors.

### ***Director Nominations***

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 businesses. 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 2014 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 5, but no earlier than March 6, 2014.

***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. All of the directors then comprising the full Board attended the 2012 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 it is essential to attract 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. For 2012, our annual retainer was \$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.

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 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. The number of shares awarded annually remained constant from 2007 through 2012. Each nonemployee director received an award of 12,000 restricted shares in February 2012 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.

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The following table sets forth information concerning total director compensation in 2012 for each nonemployee director.

*2012 Director Compensation Table*

Name(4)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)(2)</sup>	Option Awards (\$) <sup>(3)</sup>	Change in Pension Value and Non-Equity Nonqualified Incentive Plan Compensation			Total (\$)
				Deferred Earnings Compensation (\$)	All Other Compensation (\$)		
James R. Crane	12,500	535,440	75,000	0	0	0	622,940
Michael C. Linn	87,500	535,440	0	0	0	0	622,940
John V. Lombardi	100,000	267,720	0	0	0	0	367,720
James L. Payne	100,000	267,720	0	0	0	0	367,720
Myron M. Sheinfeld							