

NABORS INDUSTRIES LTD

Form DEF 14A

May 01, 2006

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OMB APPROVAL

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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
- Soliciting Material Pursuant to §240.14a-12

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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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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**Mintflower Place  
8 Par-La-Ville Road  
Ground Floor  
Hamilton, HM 08 Bermuda**

**Notice of 2006 Annual General Meeting of Shareholders  
Nabors Industries Ltd.  
Tuesday, June 6, 2006, 11:00 a.m., CDT  
Wyndham Greenspoint Hotel  
12400 Greenspoint Drive  
Houston, Texas**

May 5, 2006

Fellow shareholder:

We cordially invite you to attend Nabors Industries Ltd.'s 2006 annual general meeting of shareholders to:

1. Elect one Class III director for a three-year term;
2. Approve and appoint PricewaterhouseCoopers LLP as independent auditors and authorize the Audit Committee of the Board of Directors to set the auditors' remuneration;
3. Approve an amendment to the Company's 2003 Employee Stock Plan to increase the number of shares available for issuance under that plan; and
4. Transact such other business as may properly come before the annual general meeting.

Further information regarding the meeting and the above proposals is set forth in the accompanying proxy statement. You are entitled to vote at the annual general meeting if you were a shareholder at the close of business on April 7, 2006. Even if you plan to attend the annual general meeting, please submit a proxy as soon as possible so that your shares can be voted at the annual general meeting in accordance with your instructions.

The financial statements for the Company will also be presented at the annual general meeting.

We hope you will read the proxy statement and submit your proxy. On behalf of the Board of Directors and the management of Nabors, I extend our appreciation for your continued support.

Sincerely yours,

Eugene M. Isenberg  
*Chairman of the Board & Chief Executive Officer*

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**NABORS INDUSTRIES LTD.  
Mintflower Place  
8 Par-La-Ville Road  
Ground Floor  
Hamilton, HM 08 Bermuda**

**Proxy Statement**

**2006 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**June 6, 2006**

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 2006 annual general meeting of shareholders. We are mailing this proxy statement and the accompanying form of proxy to shareholders on or about May 5, 2006. In this proxy statement, Nabors, the Company, we, us and our refer to Nabors Industries Ltd. or, for information pertaining to periods prior to June 24, 2002, to Nabors Industries, Inc. Where the context requires, such references also include our subsidiaries.

***Annual General Meeting Information***

**Date and location of the annual general meeting.** We will hold the annual general meeting at the Wyndham Greenspoint Hotel, 12400 Greenspoint Drive, Houston, Texas at 11:00 a.m., Central Daylight Time, on Tuesday, June 6, 2006 unless adjourned or postponed.

**Admission to the annual general meeting.** Only record or beneficial owners of Nabors common shares may attend the annual general 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.

***Voting Information***

**Stock Split.** On December 13, 2005, the Company declared a two-for-one stock split of the Common Shares in the form of a 100 percent stock dividend, payable April 17, 2006 to holders of record at the close of business on March 31, 2006 (the Stock Split). All share amounts with respect to the Common Shares in this Proxy Statement are as of the record date for the annual general meeting (April 7, 2006) and have not been adjusted to give effect to the Stock Split, unless otherwise noted.

**Record date and quorum.** The record date for the annual general meeting is April 7, 2006. 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 to be voted on at the annual general meeting. On the record date, 155,039,187 common shares of Nabors were outstanding. In addition, the holder of record of one Special Voting Preferred Share of Nabors is entitled to a number of votes equal to the number of exchangeable shares of Nabors Exchangeco (Canada), Inc., a corporation incorporated under the laws of Canada, in accordance with the instructions received from the holders of such shares. There were 93,880 exchangeable shares of Nabors Exchangeco (Canada) Inc. outstanding on the record

date. A majority of the shares outstanding on the record date, present in person or by proxy, constitutes a quorum to transact business at the annual general meeting. Abstentions and withheld votes will be counted for purposes of establishing a quorum.

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**Submitting voting instructions for shares held in your name.** You may vote at the annual general meeting by completing, signing and returning the enclosed proxy card. A properly completed and 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.

**Submitting voting instructions for shares held in street name.** If you hold your shares through a broker, follow the voting 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 annual general 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 election of directors and approval and appointment of Nabors' independent auditors are discretionary items under the rules of the NYSE. Member brokers that do not receive instructions from beneficial owners may vote on these proposals in their discretion.

*Non-discretionary items.* The proposal to increase the number of shares available for issuance under the 2003 Employee Stock Plan is a non-discretionary item under the rules of the NYSE and may not be voted on by member brokers, absent specific voting instructions from beneficial owners.

If you do not submit voting instructions and your broker does not have discretion to vote your shares on a matter ( broker non-votes ), your shares will not be voted on that matter at the annual general meeting. Accordingly, broker non-votes will not be counted in determining the outcome of vote on any matter at the annual general meeting. Broker non-votes 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 annual general meeting to Daniel McLachlin, Secretary, Nabors Industries Ltd., P.O. Box HM3349, Hamilton, HMPX, Bermuda; (2) submitting a later proxy; or (3) voting in person at the annual general meeting (although attendance at the annual general meeting will not, by itself, constitute a revocation of a proxy).

**Votes required to elect directors and to adopt other proposals.** Directors are elected by a *plurality* of the votes cast. The approval and appointment of PricewaterhouseCoopers LLP, authorization for the Audit Committee to set the auditor's remuneration, and the amendment to the 2003 Employee Stock Plan each require the affirmative vote of the holders of a *majority* of shares present in person or represented by proxy and entitled to vote thereon.

**Withholding your vote or voting to abstain .** You can withhold your vote for any nominee for election for director. Withheld votes will be excluded from the vote and will have no effect on the outcome. On the other proposals, you can vote to abstain . If you vote to abstain , your shares will be counted as present at the annual general 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 proposes, based on the recommendation of the Governance and Nominating Committee, the election of Eugene M. Isenberg as a Class III director for a term ending at the 2009 annual general meeting. Mr. Isenberg is a current director of Nabors. The nominee has indicated that he will serve if elected. We do not anticipate that the nominee will be unable or unwilling to stand for election,





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but if that happens, your proxy will be voted for another person nominated by the Board or the Board may opt to reduce the number of directors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF MR. ISENBERG AS A CLASS III DIRECTOR FOR A TERM ENDING AT THE 2009 ANNUAL GENERAL MEETING.**

**CLASS III**

**Nominee for election for a three-year term ending in 2009**

<b>Name</b>	<b>Age</b>	<b>Position with Nabors and Prior Business Experience</b>	<b>Director of Nabors Since</b>
Eugene M. Isenberg	76	Chairman of the Board, Chairman of the Executive Committee of the Board and Chief Executive Officer of Nabors since 1987. Mr. Isenberg served as a Director of Danielson Holding Company (a financial services holding company) until October 2004. He served as a Governor of the National Association of Securities Dealers (NASD) from 1998 to 2006 and the American Stock Exchange (AMEX) until 2005. He has served as a member of the National Petroleum Council since 2000. From 1969 to 1982, Mr. Isenberg was Chairman of the Board and principal shareholder of Genimar, Inc. (a steel trading and building products manufacturing company), which was sold in 1982. From 1955 to 1968, Mr. Isenberg was employed in various management capacities with Exxon Corporation.	1987

**CLASS II**

**Directors Continuing in Office Terms Expiring in 2008**

<b>Name</b>	<b>Age</b>	<b>Position with Nabors and Prior Business Experience</b>	<b>Director of Nabors Since</b>
Anthony G. Petrello	51	President and Chief Operating Officer of Nabors since 1992, Deputy Chairman since 2003, a member of the Executive Committee of the Board since 1991 and a member of the Technical and Safety Committee of the Board since 2003. From 1979 to 1991, Mr. Petrello was with the law firm Baker & McKenzie, where he had been Managing Partner of its 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.	1991



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Name	Age	Position with Nabors and Prior Business Experience	Director of Nabors Since
Myron M. Sheinfeld	76	Chairman of the Audit Committee of the Board since 1988, a member of the Compensation Committee of the Board since 1993 and a member of the Governance and Nominating Committee of the Board since 2002. He is Senior Counsel to the law firm Akin, Gump, Strauss, Hauer & Feld, L.L.P. From 1970 until April 2001 he held various positions in the law firm Sheinfeld, Maley & Kay P.C. Mr. Sheinfeld was an adjunct professor of 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, co-editor and co-author of <u>Collier On Bankruptcy</u> , and a co-author of <u>Collier On Bankruptcy Tax</u> for Lexis-Nexis and Matthew Bender & Co., Inc. He is former President, a present Director and a member of The Houston Chapter of National Association of Corporate Directors. He is Chair of the ABA Standing Committee on Specialization.	1988
Martin J. Whitman	81	Mr. Whitman is the Lead Director for the Company's Board of Directors. Member of the Audit Committee of the Board since 1993; a member of the Governance and Nominating Committee of the Board since 2002, a member of the Executive Committee since 2005, and Chairman of the Compensation Committee of the Board since 2006. Chief Executive Officer until June 2002 and a Director of Danielson Holding Corporation (a holding company for conversion of waste to energy, and insurance businesses) until October 2004 (Chairman of the Board until July 1999); Chairman and Trustee of Third Avenue Trust since 1990 and Chief Executive Officer of Third Avenue Trust from 1990 to 2003; Co-Chief Investment Officer of Third Avenue Management LLC and its predecessor (the adviser to Third Avenue Trust) since 2003 and Chief Investment Officer of Third Avenue Management LLC and its predecessor from 1991 to 2003; Director of Tejon Ranch Co. (an agricultural and land management company) from 1997 to 2001; and, Director of Stewart Information Services Corp. (a title insurance and real estate company) from 2000 until 2001. Mr. Whitman was an Adjunct Lecturer, Adjunct Professor and Distinguished Fellow in Finance, Yale University School of Management from 1972 to 1984 and 1992 to 1999 and is currently an Adjunct Lecturer in Finance at Yale University and an Adjunct Professor in Finance at Syracuse University. He was an Adjunct Professor at the Columbia University Graduate School of Business in 2001. Mr. Whitman is co-author of <u>The Aggressive Conservative</u>	1991

Investor and author of Value Investing: A Balanced Approach.

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<b>Name</b>	<b>Age</b>	<b>Position with Nabors and Prior Business Experience</b>	<b>Director of Nabors Since</b>
James L. Payne	69	Chairman of the Governance and Nominating Committee of the Board since 2002, a member of the Compensation Committee of the Board since 2006, and a member of the Technical and Safety Committee of the Board since 1999. Mr. Payne is currently Chairman and Chief Executive Officer of Shona Energy Company, LLC. 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) until May 2004. He also serves as a Director of BJ Services and Global Industries. He was a Director of Pool Energy Services Co. from 1993 until its acquisition by Nabors in November 1999. He retired as Vice Chairman of Devon Corp. in February 2001. Prior to the merger between Devon Corp. and Santa Fe Snyder 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. 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.	1999
Hans W. Schmidt	76	Chairman of the Technical and Safety Committee of the Board since 1998, a member of the Governance and Nominating Committee of the Board since 2002, a member of the Compensation Committee of the Board since 2005, and a member of the Audit Committee of the Board since 2006. From 1958 to his retirement in 1992, Mr. Schmidt held a number of positions with C. Deilmann A.G., a diversified energy company located in Bad Bentheim, Germany, including serving as a Director from 1982 to 1992. From 1965 to 1992 he served as Director of a subsidiary of C. Deilmann A.G., Deutag Drilling, a company with worldwide drilling operations. From 1988 to 1991, Mr. Schmidt served as President of Transocean Drilling Company, a company of which he was also a Director from 1981 until 1991.	1993

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Name	Age	Position with Nabors and Prior Business Experience	Director of Nabors Since
Alexander M. Knaster	47	Member of the Governance and Nominating Committee of the Board since 2004 and a member of the Compensation Committee of the Board since 2005. Mr. Knaster currently serves as Chairman and CEO of Pamplona Capital Management, an investment management firm with private equity and fund of funds operations. Mr. Knaster also serves as director of TNK-BP and several subsidiaries of Alfa Group Holding Company which is one of Russia's largest conglomerates with interests in telecoms, banking, insurance and the Russian oil and gas producing entity TNK-BP. From 1998 until 2004 Mr. Knaster was Chief Executive Officer of Alfa Bank. During 2002 and 2003 he also served as General Director of Sidanco, Russia's seventh largest oil company. From 1995 to 1998 he served as President and CEO of Credit Suisse First Boston (Moscow), responsible for the firm's operations in Russia and the CIS. Mr. Knaster has over 20 years experience in the banking industry including several other major investment banks. Mr. Knaster started his career as engineer with Schlumberger, Ltd. working on offshore oil and gas rigs in the U.S. Gulf of Mexico. Mr. Knaster holds a PhD in economics from the Russian Academy of Science, an MBA from Harvard Business School and a BS in Electrical Engineering and Mathematics from Carnegie-Mellon University. Mr. Knaster is also a Chartered Financial Analyst and a member of International Society of Financial Analysts and National Association of Petroleum Industry Analysts.	2004

**CORPORATE GOVERNANCE**

The Board of Directors met four times during 2005. Each of our incumbent directors attended at least 75% of the aggregate of the meetings of the Board and the committees on which he served during 2005, except Mr. Hans Schmidt, who attended 43% of the aggregate of the meetings of the Board and the committees on which he served during 2005 and Mr. Whitman, who attended 71% of the aggregate of the meetings of the Board and the committees on which he served during 2005. The Board has five committees – the Audit Committee, the Compensation Committee, the Governance and Nominating Committee, the Technical and Safety Committee and the Executive Committee. The independent directors of the Board meet in executive sessions following each Board meeting. Appointments and chairmanships of the committees are recommended by the Governance and Nominating Committee and are selected by the Board. All committees report their activities to the Board. The charters of each of our Audit Committee, Compensation Committee, and Governance and Nominating Committee are available on our web site at [www.nabors.com](http://www.nabors.com).

The Board has affirmatively determined that each of the current directors, with the exception of Messrs. Isenberg and Petrello who are officers of the Company, has no material relationship with Nabors that would interfere with the

exercise of independent judgment and, therefore, is independent

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under the listing standards of the NYSE. Mr. Whitman is serving as our Lead Director. In that role, his primary responsibility is to preside over executive sessions of the nonmanagement directors and to call meetings of the nonmanagement directors as desirable. The Lead Director also chairs certain portions of Board meetings, serves as liaison between the Chairman of the Board and the nonmanagement directors, and develops and approves, together with the Chairman, the agenda for Board meetings. The Lead Director will also perform other duties the Board delegates from time to time to assist the Board in fulfilling its responsibilities.

### ***Audit Committee***

The primary purpose of our Audit Committee is to assist the Board in monitoring (a) the quality and integrity of the financial statements of the Company; (b) the independent auditors' qualifications and independence; (c) the performance of the Company's independent auditors; and (d) compliance by the Company with legal and regulatory requirements. The Audit Committee met four times during 2005. The members of the Audit Committee for fiscal 2005 were Myron M. Sheinfeld (Chairman), James C. Flores and Martin J. Whitman. The Board determined that the Audit Committee's composition satisfied the rules of the NYSE that govern audit committee composition, including the requirement that each member of the Audit Committee be independent as that term is defined under the listing standards of the NYSE and specified in Rule 10A-3 under the Securities Exchange Act of 1934. In addition, the Board has determined that Mr. Whitman is an audit committee financial expert as defined under the current rules of the SEC. As of the date of this proxy statement, the current members of the Audit Committee are Myron M. Sheinfeld (Chairman), Martin J. Whitman, and Hans Schmidt. The Board has determined that the Audit Committee's current composition satisfies the rules of the NYSE that govern audit committee composition, including the requirement that each member of the Audit Committee be independent as that term is defined under the listing standards of the NYSE and specified in Rule 10A-3 under the Securities Exchange Act of 1934.

### ***Compensation Committee***

The primary purposes of our Compensation Committee are to: (a) assist the Board in discharging its responsibilities relating to the compensation of our executives, including overseeing the administration of our compensation programs and setting the compensation of our key executives; (b) assist the Board in its oversight of the development, implementation, and effectiveness of our policies and strategies relating to our human capital function; and (c) prepare any report on executive compensation required by the rules and regulations of the SEC. The Compensation Committee met four times during 2005. The members of the Compensation Committee for 2005 were James C. Flores (Chairman), Myron M. Sheinfeld, Hans Schmidt, Martin J. Whitman (beginning May 6, 2005), and Alex Knaster (beginning May 6, 2005), each of whom was, as determined by the Board, an independent director as defined under NYSE listing standards. As of the date of this proxy statement, the members of the Compensation Committee are Martin J. Whitman (Chairman), James L. Payne, Alexander M. Knaster, Hans W. Schmidt, and Myron M. Sheinfeld, each of whom is, as determined by the Board, an independent director as defined under NYSE listing standards.

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

The primary purpose of the Governance and Nominating Committee is to recommend individuals to the Board of Directors for nomination, election or appointment as members of the Board and its committees and to take a leadership role in shaping our corporate governance, including developing, recommending to the Board and reviewing on an ongoing basis our corporate governance principles and practices. The Governance and Nominating Committee met four times during 2005. The members of the Governance and Nominating Committee for 2005 were James L. Payne (Chairman), James C. Flores, Hans W. Schmidt, Myron M. Sheinfeld, Martin J. Whitman, and Alexander M.

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Knaster, each of whom was, as determined by the Board, an independent director as defined under NYSE listing standards. As of the date of this proxy statement, the members of the Governance and Nominating Committee are James L. Payne (Chairman), Alexander M. Knaster, Hans W. Schmidt, Myron M. Sheinfeld, and Martin J. Whitman, each of whom is, as determined by the Board, an independent director as defined under NYSE listing standards.

**Shareholder Recommendations for Directors.** The Governance and Nominating Committee will consider director candidates recommended by shareholders. 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 based upon his or her individual merits, taking into account the needs of the Company and the composition of the Board of Directors. Of course, directors should possess the highest personal and professional ethics, integrity and values, be committed to the long-term interests of the shareholders, and be willing to devote sufficient time to carry out their duties and responsibilities effectively. Members of the Governance and Nominating Committee discuss and evaluate possible candidates in detail, and suggest individuals to explore in more depth. The Committee has the authority to engage consultants. Once a candidate is identified whom the Committee wishes to consider seriously and move toward nomination, the Chair of the Committee and the Chief Executive Officer enter into discussions with that candidate. 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 candidates for director for consideration by the Governance and Nominating Committee for election at our 2007 Annual Meeting of Shareholders may do so by submitting in writing such candidates names, together with the information described on our web site at [www.nabors.com](http://www.nabors.com), to Board of Directors, Nabors Industries Ltd., P.O. Box HM3349, Hamilton, HMPX, Bermuda, prior to January 11, 2007.

### ***Technical and Safety Committee***

The Technical and Safety Committee provides leadership in developing policies, implementing programs and monitoring performance in the technical and safety aspects of Nabors' operations. The Technical and Safety Committee met two times during 2005. The members of the Technical and Safety Committee are Hans W. Schmidt (Chairman), James L. Payne and Anthony G. Petrello.

### ***Executive Committee***

The Executive Committee has the authority to exercise all powers, rights and authority of the Board as might be necessary from time to time between regularly scheduled Board meetings, except with respect to certain actions as provided in Nabors' Bye-Laws or applicable law. The members of the Executive Committee are Eugene M. Isenberg (Chairman), Anthony G. Petrello and Martin J. Whitman. The Executive Committee did not meet during 2005.

## **CODE OF ETHICS**

We have adopted a Code of Business Conduct that satisfies the SEC's definition of a Code of Ethics and applies to all employees, including our principal executive officer, principal financial officer, and principal accounting officer. The Code of Business Conduct is posted on our website at [www.nabors.com](http://www.nabors.com). We intend to disclose on our website any amendments to the Code of Conduct and any waivers of the Code of Conduct that apply to our principal executive officer, principal financial officer, and principal accounting officer.

**Table of Contents****DIRECTOR COMPENSATION**

Nabors compensates its directors through a combination of an annual retainer and stock incentive awards. During 2005 each director received an annual retainer of \$50,000; the Chairman of each committee received an additional retainer of \$10,000 (except the Chairman of the Audit Committee, who received \$25,000), and the Lead Director received an annual retainer of \$10,000 for service in this capacity. No additional amounts are paid for attendance at Board or committee meetings. Beginning in 2006 the Chairman of each committee will receive a retainer of \$50,000 (except the Chairman of the Audit Committee, who will receive a \$100,000 retainer).

Nabors also issues equity incentives to its nonemployee directors to align their interests with Nabors' shareholders. Awards are made pursuant to equity incentive plans adopted from time to time for nonemployee directors. On June 6, 2005, each nonemployee director was awarded a restricted stock grant of 10,000 common shares (pre-split). On the date of the award, the fair market value of a share of common share of NIL was \$56.87. The period of restriction commenced on February 24, 2005 and the award generally vests in three equal annual installments beginning on the first anniversary of grant. The Board agreed in 2006 to reduce the equity component of nonemployee director compensation to an annual award of 7,500 shares (pre-split).

**SHARE OWNERSHIP OF MANAGEMENT AND PRINCIPAL SHAREHOLDERS**

The following table sets forth, as of April 7, 2006, certain information with respect to the beneficial ownership of Nabors' outstanding common shares by (a) each current director and nominee, (b) each executive officer named in the Summary Compensation Table appearing elsewhere herein (the Named Executive Officers), (c) all directors and executive officers as a group, and (d) any other person or entity known by Nabors to be the beneficial owner of more than 5% of Nabors' common shares:

Beneficial Owner <sup>(1)</sup>	Common Shares Beneficially Owned	
	Number of Shares	Percent of Total <sup>(2)</sup>
<b>Directors</b>		
Eugene M. Isenberg <sup>(2)(3)</sup>	10,589,772	6.47%
Alexander M. Knaster <sup>(2)</sup>	127,500	*
James L. Payne <sup>(2)</sup>	94,050	*
Anthony G. Petrello <sup>(2)(3)</sup>	5,274,670	3.29%
Hans W. Schmidt <sup>(2)</sup>	198,416	*
Myron M. Sheinfeld <sup>(2)(4)</sup>	167,134	*
Martin J. Whitman <sup>(2)(5)</sup>	283,184	*
<b>Other Executive Officers</b>		
Bruce P. Koch <sup>(2)</sup>	64,876	*
Daniel McLachlin <sup>(2)</sup>	5,916	*
All Directors/Executive Officers as a group (9 persons) <sup>(2)-(5)</sup>	16,805,518	9.92%
<b>Other</b>		
AXA Financial Inc. <sup>(6)</sup>	22,828,932	14.72%

\* Less than 1%

(1)

The address of each of the directors and officers listed is in care of Nabors Industries Ltd., P.O. Box HM3349, Hamilton, HMPX, Bermuda.

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- (2) As of April 7, 2006, Nabors had 155,039,187 shares outstanding and entitled to vote. For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the U.S. Securities Exchange Act of 1934, 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 fully vested stock options (without giving effect to accelerated vesting that might occur in certain circumstances). For purposes of computing the percentage of outstanding common shares held by each person or group of persons named above, any shares which such person or persons has the right to acquire within 60 days (as well as common shares underlying fully vested stock options) are deemed to be outstanding, but are not deemed to be outstanding for purposes of computing the percentage ownership of any other person.

The number of common shares underlying fully vested stock options included in the table are as follows:

Mr. Isenberg 8,715,504; Mr. Payne 72,500; Mr. Petrello 5,073,658; Mr. Schmidt 178,166;  
Mr. Sheinfeld 132,499; Mr. Whitman 157,499; Mr. Koch 61,250; Mr. McLachlin 5,500, and all directors and Named Executive Officers as a group 14,396,576.

- (3) The shares listed for Messrs. Isenberg and Petrello are held directly or indirectly through certain trusts, defined benefit plans and individual retirement accounts of which each is a grantor, trustee or beneficiary. Not included in the table are 386 shares owned directly or held in trust by Mr. Isenberg's spouse.
- (4) The shares listed for Mr. Sheinfeld include 292 shares owned directly by Mr. Sheinfeld's spouse. Mr. Sheinfeld disclaims beneficial ownership of these shares.
- (5) The shares listed for Mr. Whitman include 96,519 common shares owned by M.J. Whitman & Co., Inc. Because Mr. Whitman is a majority stockholder in M.J. Whitman & Co., Inc., he may be deemed to have beneficial ownership of the Nabors shares owned by that company.
- (6) Based solely on the information contained in Schedule 13G of AXA Financial, Inc. and certain of its affiliates filed with the Securities and Exchange Commission on February 15, 2006, the shares listed include (i) 25,555,944 shares beneficially owned by Alliance Capital Management L.P., (ii) 175,440 shares beneficially owned by AXA Equitable Life Insurance Company, (iii) 158,770 shares beneficially owned by AXA Rosenberg Investment Management LLC. AXA Financial, Inc. has sole voting power with respect to 18,078,349 shares and sole dispositive power with respect to 25,886,724 shares. The address of AXA Financial, Inc.'s principal business office is 1290 Avenue of the Americas, New York, NY 10104.

**Table of Contents****Other Executive Officers**

<b>Name</b>	<b>Age</b>	<b>Position with Nabors and Prior Business Experience</b>
Bruce P. Koch	46	Vice President and Chief Financial Officer since February 2003, Vice President-Finance from January 1996 to February 2003, and Corporate Controller of Nabors from March 1990 to 1995. He was employed with the accounting firm of Coopers & Lybrand from 1983 to 1990 in a number of capacities, including Audit Manager from 1987 until 1990.
Daniel McLachlin	68	Vice President Administration and Secretary of Nabors since 1986. He was Manager, Administration of Nabors from 1984 to 1986. From 1979 to 1984 he was the Vice President, Human Resources of Nabors Drilling Limited, a subsidiary of Nabors.

**MANAGEMENT COMPENSATION****Summary Compensation Table**

The table below sets forth all reportable compensation awarded to, earned by or paid to the Named Executive Officers for services rendered in all capacities to Nabors and its subsidiaries and whose compensation for the year exceed \$100,000 for each of the last three fiscal years.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Annual Compensation</b>		<b>Long-Term Compensation Awards</b>			
		<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Other Annual Compensation (\$)</b>	<b>Restricted Stock Award(s) (\$)<sup>(1)</sup></b>	<b>Securities Underlying Options/ SARs</b>	<b>All Other Compensation (\$)</b>
Eugene M. Isenberg <i>Chairman of the Board, Director and Chief Executive Officer</i>	2005	825,000 <sup>(2)</sup>	3,000,000 <sup>(3)</sup>	287,661 <sup>(4)</sup>	5,765,000	1,683,333	244,973 <sup>(5)</sup>
	2004	825,000	2,200,000	208,267	0	950,000	170,432
	2003	325,000	1,400,000	231,569	0	950,000	248,419
Anthony G. Petrello <i>Director, Deputy Chairman, President and Chief Operating Officer</i>	2005	700,000 <sup>(6)</sup>	1,500,000 <sup>(7)</sup>	223,832 <sup>(8)</sup>	2,882,500	841,667	202,086 <sup>(9)</sup>
	2004	700,000	1,100,000	100,437	0	475,000	214,125
	2003	275,000	700,000	85,566	0	475,000	80,684