

NABORS INDUSTRIES LTD
Form DEF 14A
April 30, 2014

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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 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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NOTICE OF 2014 ANNUAL GENERAL MEETING OF SHAREHOLDERS

**Tuesday, June 3, 2014, 11:00 a.m. ADT
Fairmont Hamilton Princess Hotel, 76 Pitts Bay Road, Hamilton, Bermuda**

April 30, 2014

Fellow shareholder:

On behalf of the Board of Directors, we cordially invite you to attend Nabors Industries Ltd.'s 2014 annual general meeting of shareholders. You are entitled to vote at the meeting if you were a shareholder of record at the close of business on April 4, 2014. This year shareholders will consider:

1. Electing seven directors for a one-year term (Item 1);
2. Approving and appointing PricewaterhouseCoopers LLP as our independent auditor for the year ending December 31, 2014, and authorizing the Audit Committee of the Board of Directors to set the auditor's remuneration (Item 2);
3. An advisory vote regarding the extension of our shareholder rights plan to July 2017 (Item 3);
4. A nonbinding, advisory "Say-on-Pay" vote regarding the compensation paid by the Company to its named executive officers as disclosed in the accompanying proxy statement (Item 4);
5. Six shareholder proposals, if properly presented by the shareholder proponents (Items 5-10); and
6. Such other business as may properly come before the meeting.

The Company's financial statements will also be presented at the meeting.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE. 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 our management team, thank you for your continued support.

Sincerely yours,

ANTHONY G. PETRELLO
Chairman, President and Chief Executive Officer

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April 30, 2014

Fellow Shareholder,

I am pleased to report to you that the Board of Directors and management have continued their dialogue with a number of our largest shareholders and we continued to strengthen the Company's governance and compensation programs. After a lengthy and comprehensive search, we have also hired a Chief Financial Officer with significant industry experience and the right skill set to help us move forward with our strategic initiatives.

Over the past 15 months, we have:

overhauled CEO compensation to cap cash bonuses and potential termination payments, subjected the majority of the CEO's pay to accepted performance metrics, and eliminated unpopular termination and death benefits;

adopted a policy allowing proxy access to long-term shareholders meeting appropriate criteria;

added two new, independent directors to the Board;

adopted a policy that will separate the offices of CEO and Chairman of the Board in the future, consistent with shareholder requests and the terms of Mr. Petrello's employment agreement;

initiated a dividend, which has been paid quarterly and returned over \$59.1 million to shareholders through the first quarter of 2014; and

concluded a rigorous and comprehensive strategic review of our competitive strengths, weaknesses and growth opportunities.

In addition, this meeting will mark the completion of our transition to an unclassified Board of Directors and a reduction in the average tenure of non-management Board members to 2.5 years, compared to 10 years in 2011.

At the same time, under the proactive leadership of our CEO and his management team, we have begun to reap the benefits from our focused strategic plan. The results are reflected in our share price, which has led our peer group in total shareholder return since the beginning of the year.

We look forward to continuing the constructive dialogue with our shareholders and finalizing the execution of our strategic initiatives.

Sincerest regards,

JOHN YEARWOOD
Lead Director

2014 Proxy Statement

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PROXY SUMMARY

This summary provides highlights of information contained in this proxy statement. It does not contain all of the information that you should consider before voting. We encourage you to read the entire proxy statement. For more complete information regarding our 2013 performance, please read our Annual Report provided together with this proxy statement. The annual meeting will take place:

June 3, 2014
11:00 a.m. ADT

Fairmont Hamilton Princess Hotel
76 Pitts Bay Road
Hamilton, Bermuda

You are encouraged to submit your vote in advance of the meeting. Please follow the instructions on the enclosed proxy card or voting instruction form. You may submit your vote by telephone or internet, or by completing, signing and returning your proxy card or voting instruction form. If you need assistance with voting your shares, please call Georgeson Shareholder Communications Inc. at (888) 613-3524.

Visit the website listed on your proxy card/voting instruction form to vote via the internet.

Call the telephone number on your proxy card/voting instruction form to vote by telephone.

Sign, date and return your proxy card/voting instruction form in the enclosed envelope to vote by mail.

Vote in person at the annual meeting. Owners with shares held through a bank or broker may vote in person at the meeting if they have a legal proxy from the bank or broker and bring it to the meeting.

VOTING ITEMS AND BOARD RECOMMENDATIONS

Item 1	Elect directors	Plurality of votes cast	No effect	FOR
Item 2	Approve and appoint PricewaterhouseCoopers LLP as our independent auditor for the year ending December 31, 2014, and authorize the Board's Audit Committee to set the auditor's remuneration	Majority of votes present	Abstentions have the same effect as a vote against proposal; brokers may vote undirected shares	FOR
Item 3	Advisory vote regarding the extension of our shareholder rights plan	Nonbinding	Have the same effect as a vote against proposal	FOR
Item 4	Advisory vote regarding the compensation paid to the named executive officers	Nonbinding	Have the same effect as a vote against proposal	FOR
Item 5-10	Shareholder Proposals	Nonbinding	Have the same effect as a vote against proposal	AGAINST

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DIRECTOR NOMINEES

James R. Crane	60	2012	Chairman and CEO of Crane Capital Group Inc.
John P. Kotts	63	2013	Private investor and entrepreneur
Michael C. Linn	62	2012	President of MCL Ventures, LLC
John V. Lombardi	71	2009	Professor of History, University of Massachusetts Amherst
Anthony G. Petrello	59	1991	Chairman, President and Chief Executive Officer
Howard Wolf	79	2013	Attorney
John Yearwood	54	2010	Retired President, CEO and COO of Smith International, Inc.

BUSINESS HIGHLIGHTS

In 2013, we continued initiatives to streamline operations and enhance shareholder value. We made good progress toward our strategic objectives, including reducing debt and improving overall liquidity. Among other things, we:

Generated free cash flow, defined as net cash provided by operating activities less capital expenditures, of \$240 million in 2013, up from \$44 million in 2012.

Improved net-debt-to-total-capitalization ratio to 36%, down from 42% at the beginning of 2012 and 38% at the beginning of 2013.

Recorded the best safety performance in Nabors' history, a total recordable incidence rate of 1.01 incidents per 200,000 man hours (and a 14% reduction from 2012 to 2013).

Completed 17 new PACE®-X rigs and contracted 12 additional new PACE®-X rigs for 2014.

Divested non-core assets and realized proceeds of over \$275 million.

Filed 80 patents for strategic proprietary technology in 2013.

Initiated a quarterly cash dividend, returning over \$47.2 million to our shareholders in 2013.

CORPORATE GOVERNANCE HIGHLIGHTS

Following the 2013 annual general meeting of shareholders and led by our Chairman & CEO and our Lead Director, the Board engaged in extensive dialogue with a broad base of our shareholders. These discussions provided insight into the rationale for certain votes cast at the meeting, as well as the governance priorities of shareholders. Key governance enhancements during 2013 and/or effective in 2014 include:

Adoption of proxy access policy.

Implementation of caps (2.99x the sum of average base salary and bonus for 3 years prior to termination) on named executive officer severance payments.

Adoption of policy to separate Chairman and CEO roles in the future, consistent with shareholder proposals and our CEO's employment agreement.

Submission of shareholder rights plan extension to non-binding, advisory vote of shareholders.

Annual election of *all* directors.

Director resignation policy requires publication of rationale in the event tendered resignations are not accepted.

Independent Lead Director duties more clearly defined.

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COMPENSATION HIGHLIGHTS

The Compensation Committee strongly believes that executive compensation should be set at levels appropriate to attract and retain talented leaders and should be tied to Company performance.

During 2013, the Compensation Committee overhauled our CEO's compensation to address concerns raised by shareholders in recent years.

Specifically, the Compensation Committee:

- Eliminated cash severance payments in the event of death or disability.

- Abolished uncapped annual cash bonuses and bonus metrics based on excess cash flow over equity hurdle.

- Benchmarked CEO's compensation at the 75th percentile of our Compensation Peer Group (identified herein).

- Subjected more than 80% of target annual compensation and more than 90% of maximum annual compensation to financial and operational objectives set by the Compensation Committee on an annual basis.

 - Targeted annual incentive cash bonus at 1x base salary and capped it at 2x base salary, conditioned on meeting measurable financial or operational objectives selected by the Compensation Committee as provided in the CEO's employment agreement.

 - Subjected long-term equity incentive awards to performance goals based on total shareholder return ("TSR") relative to a Performance Peer Group (targeted at 1.5x base salary and capped at 3x base salary) and other financial and operational objectives (targeted at 2x base salary and capped at 4x base salary) established by the Compensation Committee.

- Capped termination payments at 2.99x the sum of average base salary and bonus for the 3 years prior to termination.

- Continued to require our CEO to maintain equity ownership of Nabors shares at 5x his base salary.

- Eliminated certain perquisites.

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PROXY STATEMENT

Nabors Industries Ltd.
Crown House
4 Par-la-Ville Road
Second Floor
Hamilton, HM 08 Bermuda

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Nabors Industries Ltd. for the 2014 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.

This proxy statement and our 2013 Annual Report are available electronically on our hosted website at www.edocumentview.com/NBR. The proxy materials are first being made available to our shareholders on or about April 30, 2014.

Date, Time and Location

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 3, 2014, unless adjourned or postponed. Directions to the meeting can be found under the Investor Relations tab of our website at www.nabors.com or by calling our Investor Relations department at 281-775-8063.

Admission

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 or passport. 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 Securities

Shareholders of record at the close of business on April 4, 2014, the record date, are entitled to vote on each matter voted on at the meeting. On the record date, 325,804,742 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.

Votes Required on Ballot Items

Directors	Each director must receive a plurality of the votes cast; however, a 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.
Independent Auditor	Requires the affirmative vote of the holders of a majority of shares present in person or represented by proxy.
Rights Plan Extension Say-on-Pay Shareholder Proposals	Requires the affirmative vote of the holders of a majority of shares present in person or represented by proxy. These items are nonbinding, but the Board will consider the results of the votes in making future decisions.

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Voting Information

Even if you plan to attend the meeting in person, please vote as soon as possible. You will need your proxy card or voting instruction form in hand when voting by internet or telephone. Please follow the instructions when prompted to transmit your vote.

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.

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, extension of the shareholder rights plan, 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.

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.

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.

Proxy Solicitation

We will pay the expenses of the preparation of the proxy materials and the solicitation by the Board of your proxy. We have retained Georgeson Shareholder Communications Inc., 480 Washington Blvd., 26th Floor, Jersey City, New Jersey 07310, to solicit proxies on behalf of the Board. The expenses related to the solicitation are not expected to exceed \$40,000. Proxies may be solicited on behalf of the Board by mail, in person and by telephone. Proxy materials will also be provided for distribution through brokers, custodians and other nominees and fiduciaries. We will reimburse these parties for their reasonable out-of-pocket expenses for forwarding the proxy materials.

Householding

The SEC permits the Company to send a single copy of the proxy statement to shareholders with the same last name and address. This procedure is known as "householding" and helps the Company reduce printing and postage costs. If you would like to receive a separate copy of the proxy statement or annual report, please contact our Investor Relations department at 281-775-8063. If your shares are held through a broker and you would like another copy of the proxy statement and annual report, please contact your broker.

Important notice regarding the availability of proxy materials for the shareholder meeting to be held on June 3, 2014.

&zwsp;

The proxy statement is available at

The annual report is available at

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CORPORATE GOVERNANCE

The Board of Directors and management of Nabors share an ongoing commitment to the highest standards of corporate governance. The Board reviews all aspects of our governance policies and practices, including the "Board Guidelines on Significant Corporate Governance Issues" ("Governance Guidelines") and the "Code of Business Conduct", at least annually to assess best practices and makes changes as necessary. As part of this ongoing commitment, the Board has undertaken a review of its corporate governance practices against the framework of the Organisation for Economic Co-Operation and Development ("OECD") Principles of Corporate Governance and concluded that Nabors is compliant with the OECD Principles of Corporate Governance. The Governance Guidelines and the Code of Business Conduct along with all committee charters are available on the Company's website at www.nabors.com in the *About Nabors* section.

KEY GOVERNANCE TOPICS

Director Independence