

NABORS INDUSTRIES LTD.

TWO THOUSAND & ELEVEN ANNUAL REPORT



A STREAMLINED FOCUS



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PRINCIPLES upon which Nabors was built:

- Maintain a strong and flexible balance sheet
- Invest capital for returns well above our cost of capital
- Make use of our size
- Deliver operational excellence



DEAR SHAREHOLDERS

2011 was a year of transition at Nabors Industries in many aspects of our business.

There was a return to growth among our North American units and a bottoming out in our International results. The transition in the US and Canada from natural gas to oil and liquids-rich drilling continued unabated, and our Gulf of Mexico operations returned to profitability as permitting delays began to subside.

Most notable was the fourth quarter transition in the Chief Executive position. Succeeding Gene Isenberg, who during his 25-year tenure grew the company from bankruptcy to an S&P 500 index company, is a formidable task. Gene was

responsible for establishing the principles that steered the company from a minor player to the largest land driller in the world, a feat made more remarkable since it was accomplished during one of the most challenging periods in this inherently cyclical industry. These principles included maintaining a strong and flexible balance sheet; allocating capital judiciously; building and leveraging a global infrastructure; achieving superior operational and safety performance.

In recent years, Nabors has fallen short of our potential. The abrupt downturn in drilling activity brought on by the financial crisis of 2008 reduced our cash flow, lowered our credit metrics and derailed plans to monetize our oil and gas investments at what



ANTHONY G. PETRELLO

Deputy Chairman, President and
Chief Executive Officer

were then attractive valuations. These developments inhibited our financial flexibility – for years the trademark of our company – and prevented us from fully capitalizing on opportunities that arose as the market improved.

Today, our highest priority is restoring that financial flexibility by reducing our net debt through both asset sales and the generation of free cash flow. To that end, we have initiated sale processes on two of our more liquids-prone oil and gas assets, and we expect to consummate these transactions later this year. We have also put in place more stringent processes for developing, reviewing and approving capital expenditures.

We are equally intent on streamlining our organizational structure to focus our resources on areas that we believe will provide long-term returns while creating superior value. Every business and asset class is being reviewed to determine its strategic worth, operational effectiveness and ability to generate solid rates of return. Our assessment criteria are simple and straightforward:

- Does it have today, or is it capable of obtaining, a leadership position in a sustainable growth market?

- Does it have the ability to differentiate itself from competitors in order to command higher rates and margins?
- Does it offer a key service to the customer, or does it have some other long-term strategic potential?
- Does it have short-term economics that are compelling?

Any business line that does not meet these criteria will be a candidate for divestiture. As a result of these evaluations, we have begun to market certain assets in Canada, Alaska and offshore, and we will continue to review others that may command a higher value than our current share price reflects.

This streamlining will ultimately result in the formation of two business divisions: **Drilling and Rig Services**, which will encompass all of our drilling and rig-related operations into one organization; and **Completion and Production Services**, which will consist of well-servicing and coiled tubing rigs, fluids management and pressure pumping services. These divisions will have premium assets and market positions that provide a solid foundation for sustained long-term growth and value creation. Our objective in forming them is to drive operational excellence, leverage the benefits of our size and become a more customer-focused organization.

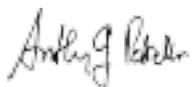
The consolidation of business units to form Completion and Production Services is already underway, although the same process will take longer to form Drilling and Rig Services due to the breadth and complexity of the entities involved. These moves

also dictate the consolidation of support functions at the corporate level, notably health, safety and environmental management; human resources; and engineering, project management and technology.

There are a number of other initiatives underway which, in the aggregate, will positively impact our business. The most significant of these are advancements in technology that will enable automation and remote monitoring, and supervision of the drilling process. Nabors is well positioned to exploit Canrig's proprietary technologies in these areas in tandem with our operating know-how, global AC fleet and directional drilling expertise to drive an enhanced value proposition for our customers.

The remainder of this report describes in more detail our reorganization and streamlining efforts. These steps, however, present challenges that will take time and effort to implement. This would be more difficult were it not for an unparalleled workforce of over 29,000 employees composed of 74 nationalities and currently working in 22 countries. They are our greatest asset, and their skills, commitment and continued hard work make me confident that we will accomplish our objectives and demonstrate steady improvement in our performance in the months and years ahead.

Sincerely,



ANTHONY G. PETRELLO

Deputy Chairman, President and
Chief Executive Officer

prioritize



reorganize



optimize



O F F I C E R S

Anthony G. Petrello
Deputy Chairman, President and
Chief Executive Officer

Mark D. Andrews
Corporate Secretary

R. Clark Wood
Principal Accounting and Financial Officer

D I R E C T O R S

Eugene M. Isenberg
Chairman of the Board, Nabors Industries Ltd.

Michael C. Linn
President, MCL Ventures

Anthony G. Petrello
Deputy Chairman, President and
Chief Executive Officer, Nabors Industries Ltd.

Dr. John V. Lombardi
President, Louisiana State University System

John Yearwood
Lead Director, Nabors Industries Ltd.

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Myron M. Sheinfeld
Counsel, King & Spalding, L.L.P.

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Chairman and Chief Executive Officer,
Crane Capital Group Inc.

Martin J. Whitman
Director Emeritus, Nabors Industries Ltd.
Chairman, Third Avenue Management LLC

C O R P O R A T E I N F O R M A T I O N

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As of December 31, 2011, there were 317,042,324 common shares outstanding held by 1,519 holders of record.

The common shares are listed on the New York Stock Exchange under the symbol "NBR." The following table sets forth the reported high and low sales prices of the common shares as reported on the New York Stock Exchange for the calendar quarters indicated.

Mailing Address

P.O. Box HM3349
Hamilton, HMPX-Bermuda

		Stock Price	
Calendar Year		HIGH	LOW
2009	First quarter	\$ 14.05	\$ 8.25
	Second quarter	19.79	9.38
	Third quarter	21.48	13.78
	Fourth quarter	24.07	19.18
2010	First quarter	27.05	18.74
	Second quarter	22.82	16.90
	Third quarter	19.13	15.54
	Fourth quarter	23.93	17.36
2011	First quarter	30.70	21.50
	Second quarter	32.47	22.43
	Third quarter	27.63	12.26
	Fourth quarter	20.69	11.05

Form 10-K

Our Form 10-K is available on our website at www.nabors.com under the "Investor Relations" tab. Copies may be obtained at no charge by writing to our Corporate Secretary at Nabors' corporate office.

For additional information regarding corporate governance, historical financial data, investor presentations and global rig fleet, please visit www.nabors.com.

Transfer Agent

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, Rhode Island 02940-3069

This annual report includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks and uncertainties, as disclosed by Nabors from time to time in its filings with the Securities and Exchange Commission. As a result of these factors, Nabors' actual results may differ materially from those indicated or implied by such forward-looking statements.

Investor Relations

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Director, Corporate Development

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