Section 1: 10-K (10-K)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-32657

NABORS INDUSTRIES LTD.

(Exact name of registrant as specified in its charter)

Bermuda (State or Other Jurisdiction of Incorporation or Organization)	**98-0363970** (I.R.S. Employer Identification No.)
Crown House Second Floor **4 Par-la-Ville Road** **Hamilton, HM08** **Bermuda** (Address of principal executive offices)	**N/A** (Zip Code)

(441) 292-1510

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, $.001 par value per share	NBR	New York Stock Exchange
Preferred shares, 6.00% Mandatory Convertible Preferred Shares, Series A, $.001 par value per share	NBR.PRA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934: **None.**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to file such reports). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Com

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the 347,460,335 common shares held by non-affiliates of the registrant outstanding as of the last business day of our most recently completed second fiscal quarter, June 28, 2019, based on the closing price of our common shares as of such date of $2.90 per share as reported on the New York Stock Exchange, was $1,007,634,972. Common shares held by each officer and director and by each person who owns 5% or more of the outstanding common shares have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of common shares outstanding as of February 19, 2020 was 367,128,412, excluding 52,800,203 common shares held by our subsidiaries, or 419,928,615 in the aggregate.

DOCUMENTS INCORPORATED BY REFERENCE

Specified portions of the definitive Proxy
Statement to be distributed in connection with our 2020 Annual General Meeting of Shareholders (Part III).

NABORS INDUSTRIES LTD.
Form 10-K Annual Report
For the Year Ended December 31, 2019

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Our internet address is *www.nabors.com*. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the “SEC”). Reference in this document to our website address does not constitute incorporation by reference of the information contained on the website into this annual report on Form 10-K. The SEC maintains an internet site (*www.sec.gov*) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. In addition, documents relating to our corporate governance (such as committee charters, governance guidelines and other internal policies) can be found on our website.

FORWARD-LOOKING STATEMENTS

We discuss expectations regarding our future markets, demand for our products and services, and our performance in our annual, quarterly and current reports, press releases, and other written and oral statements. Statements relating to matters that are not historical facts are ‘‘forward-looking statements’’ within the meaning of the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the ‘‘Exchange Act’’). These ‘‘forward-looking statements’’ are based on an analysis of currently available competitive, financial and economic data and our operating plans. They are inherently uncertain and investors should recognize that events and actual results could turn out to be significantly different from our expectations. By way of illustration, when used in this document, words such as ‘‘anticipate,’’ ‘‘believe,’’ ‘‘expect,’’ ‘‘plan,’’ ‘‘intend,’’ ‘‘estimate,’’ ‘‘project,’’ ‘‘will,’’ ‘‘should,’’ ‘‘could,’’ ‘‘may,’’ ‘‘predict’’ and similar expressions are intended to identify forward-looking statements.

Factors to consider when evaluating these forward-looking statements include, but are not limited to:

- fluctuations and volatility in worldwide prices of and demand for oil and natural gas;
- fluctuations in levels of oil and natural gas exploration and development activities;
- fluctuations in the demand for our services;
- competitive and technological changes and other developments in the oil and gas and oilfield services industries;
- our ability to renew customer contracts in order to maintain competitiveness;
- the existence of operating risks inherent in the oil and gas and oilfield services industries;
- the possibility of the loss of one or a number of our large customers;
- the impact of long-term indebtedness and other financial commitments on our financial and operating flexibility;
- our access to and the cost of capital, including the impact of a further downgrade in our credit rating, covenant restrictions, availability under our unsecured revolving credit facilities issuances of debt or equity securities;
- our dependence on our operating subsidiaries and investments to meet our financial obligations;
- our ability to retain skilled employees;
- our ability to complete, and realize the expected benefits of, strategic transactions;
- changes in tax laws and the possibility of changes in other laws and regulations;

- the possibility of political or economic instability, civil disturbance, war or acts of terrorism in any of the countries in which we do business;
- the possibility of changes to U.S. trade policies and regulations, including the imposition of trade embargoes, sanctions or tariffs; and
- general economic conditions, including the capital and credit markets.

Our business depends, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Therefore, a sustained increase or decrease in the price of oil or natural gas, that has a material impact on exploration, development and production activities, could also materially affect our financial position, results of operations and cash flows.

The above description of risks and uncertainties is by no means all-inclusive, but highlights certain factors that we believe are important for your consideration. For a more detailed description of risk factors, please refer to Part I, Item 1A.—*Risk Factors.*

PART I

ITEM 1. *BUSINESS*

Nabors Industries, Ltd. (NYSE: NBR) was formed as a Bermuda exempted company on December 11, 2001. Unless the context requires otherwise, references in this annual report to “we,” “us,” “our,” “the Company,” or “Nabors” mean Nabors Industries Ltd., together with our subsidiaries where the context requires. References in this annual report to “Nabors Delaware” mean Nabors Industries, Inc., a wholly-owned subsidiary of Nabors.

Overview

Since its founding in 1952, Nabors has grown from a small land drilling business in Canada to one of the world’s largest drilling contractors. Today, Nabors owns and operates one of the world’s largest land-based drilling rig fleets and is a provider of offshore rigs in the United States and numerous international markets. Nabors also provides directional drilling services, tubular running services, performance tools, and innovative technologies for its own rig fleet and those operated by third parties. In today’s performance-driven environment, we believe we are well positioned to seamlessly integrate downhole hardware, surface equipment and software solutions into our AC rig designs. Leveraging our advanced drilling automation capabilities, Nabors’ highly skilled workforce continues to set new standards for operational excellence and transform our industry.

Our business is comprised of our global land-based and offshore drilling rig operations and other rig related services and technologies. These services include tubular running services, wellbore placement solutions, directional drilling, measurement-while-drilling (“MWD”), logging-while-drilling (“LWD”) systems and services, equipment manufacturing, rig instrumentation and optimization software.

Our business consists of five reportable segments: U.S. Drilling, Canada Drilling, International Drilling, Drilling Solutions and Rig Technologies.

With operations in 24 countries, we are a global provider of drilling and drilling-related services for land-based and offshore oil and natural gas wells, with a fleet of rigs and drilling-related equipment which, as of December 31, 2019 included:

- 366 actively marketed rigs for land-based drilling operations in the United States, Canada and approximately 16 other countries throughout the world; and
- 33 actively marketed rigs for offshore platform drilling operations in the United States and multiple international markets.

The following table presents our average rigs working (a measure of activity and utilization over the year) for the years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31	
	2019	**2018**
Average Rigs Working:		
U.S. Drilling	115.3	113.2
Canada Drilling	10.9	16.9
International Drilling	88.3	92.9
	214.5	223.0

Average rigs working represents a measure of the number of equivalent rigs operating during a given period. For example, one rig operating 182.5 days during a 365-day period represents 0.5 average rigs working.

Additional information regarding the geographic markets in which we operate and our business segments can be found in Note 19—Segment Information in Part II, Item 8.—Financial Statements and Supplementary Data.

U.S. Drilling

Operating one of the largest land-based drilling rig fleets in the U.S., Nabors continues to drive innovation and integration in the industry. Nabors offers a full suite of options including directional drilling services, performance tools and innovations developed by our team of internal engineers who are wholly focused on advanced technologies. We maintain activities in the lower 48 states and Alaska as well as offshore in the Gulf of Mexico. Our U.S. fleet consists of 188 AC rigs and 18 SCR rigs, which were actively marketed as of December 31, 2019.

Since our first AC land rig was built in 2002, we have continued to evolve with industry-leading breakthroughs. As the industry shifted to multi-well pad drilling, we anticipated the appetite for greater efficiencies and adaptability through batch drilling. As a result, we developed our suite of PACE® drilling rigs. In 2013, we introduced our PACE®-X800 rig equipped with an advanced walking system that moves the rig quickly over existing wells on a pad along both the X and Y axes. Because the ancillary equipment accompanies the rig, it moves easily between adjacent rows of wells. In 2016, we introduced our PACE®-M800 and PACE®-M1000 rigs which complement our existing PACE®-X800 rigs. The PACE®-M800 rig is designed for lower-density multi-well pads whereas the PACE®-M1000 is designed for higher density pads. Both are designed to move rapidly between pads. Featuring the same advanced walking capabilities as the PACE®-X800 rig, the PACE®-M800 rig can quickly move efficiently on pads and over short distances, with minimal rig-up and rig-down components.

In addition to land drilling operations throughout the lower 48 states and Alaska, we also actively marketed 12 platform rigs in the U.S. Gulf of Mexico as of December 31, 2019.

In recent years we have deployed a full suite of technology supporting Nabors and third party rigs. By seizing the opportunity to move forward, faster, Nabors has employed automation to increase safety, instill efficient processes and build agility for our customers. See Drilling Solutions below for more information.

Canada Drilling

The Canadian market has shifted focus away from conventional drilling of vertical wells and now focuses almost exclusively on horizontal wells. To align with that market shift, we concentrated on larger yet more agile rigs. As of December 31, 2019 our rig fleet consisted of 35 land-based drilling rigs in Canada.

International Drilling

Adaptability is key given the remote or environmentally sensitive locations our international rigs often face. As a global company, we maintain activities in nearly every major oil and gas market, most notably in Saudi Arabia, Argentina, Colombia and Kazakhstan. Many of our rigs are designed to specifically address the challenges of working in a desert climate as well as the various shale plays.

As of December 31, 2019, our international fleet consisted of 125 land-based drilling rigs located in approximately 16 countries. At the same time, we actively marketed 18 platforms and three jackup rigs in the international offshore drilling markets. Anticipating the appetite for high-specification desert rigs, we upgraded and delivered rigs designed for the Middle East. In prior years, we increased the utilization of the PACE®-X800 rigs in international markets through deployments in Latin America.

Drilling Solutions

Through Nabors Drilling Solutions, we offer specialized drilling technologies, such as patented steering systems and rig instrumentation software systems that enhance drilling performance and wellbore placement.

Nabors specializes in wellbore placement solutions and is a leading provider of directional drilling and MWD systems and services. Our MWD product line is a proprietary family of advanced systems, representing the latest technology developed specifically for the unique requirements of land-based drilling applications. Our tools are ideal for applications where high reliability, precise wellbore placement and drilling efficiency are crucial. Nabors' patented directional drilling tools enable a higher level of precision and cost effectiveness. These products include:

- Acculine MWD series is engineered and designed with automation in mind. All tools are 30' ft. collar based systems that arrive to location fully assembled and pre-programmed. This makeup time, improves well-site handling and reduces HSE risks.
- AccuSteer® provides a set of advanced measurements that meets the needs of the land drilling budget. The AccuSteer tool provides downhole drilling dynamics measurements, annu pressure, near bit continuous inclination and the best azimuthal gamma image in the industry.
- AccuMP® MWD tool provides accurate survey, gamma and continuous inclination data. AccuMP® is also equipped with additional features such as smart telemetry and real time sl These features provide the ability to adjust drilling parameters to maintain optimal performance and minimize the risk of failure;
- AccuWave® is our proprietary electromagnetic MWD system which operates in all drilling fluid environments and has an unlimited lost circulation material tolerance. The Nabors ga enables reliable operations in high doglegs and areas where most electromagnetic tools do not work. Transmission of surveys during connections reduces non-productive time throu saving the customer time and money;
- Navigator™ collaborative guidance and advisory platform that delivers automated directional drilling information and instructions to drive consistent decision making, transparency, performance;
- ROCKit® is a user friendly directional steering control system that increases performance of slide drilling, through drill string oscillation and precise toolface control;
- ROCKit® Pilot is an advanced directional steering control system that automates slide drilling to consistently deliver high performance; and
- REVit® is an automated real time stick-slip mitigation system that preserves bit cutting structure, increases rates of penetration, and reduces unplanned trips.

Nabors' offers a full range of tubular running services to match operators' requirements and preferences. These services primarily include casing running, tubing running and torque monitoring. Our propriety software empowers the driller to take control and deliver the casing with consistency and repeatability through a single touch. This includes expanded functionality such as auto-fill and cross-thread detection that delivers the most efficient casing run in the industry. The Casing Drive System™ (CDS) is an automated, versatile and powerful casing running tool, which replaces conventional pipe handling equipment and minimizes the need for manual operations on the rig floor. The CDS has been used on more than 100,000 wells worldwide to successfully run casing in deviated, horizontal and complex well and casing-while-drilling applications. All levels of our casing running service are available in all of the countries in which we operate. Additionally, the TesTORK® sub delivers high-speed data though a secured wireless signal that provides the real-time monitoring needed to deliver repeatable & accurate connections, meeting the casing manufacturers' specifications every time. Precise measurement of each connection enables accurate and consistent makeup that ensures the integrity of entire casing string.

Nabors' also has a portfolio of Managed Pressure Drilling (MPD) services for the management and control of drilling fluid pressure including well control equipment rentals & testing, and managed pressure drilling solutions for challenging environment with narrow drilling windows.

Rig Technologies

Our Rig Technologies segment is primarily comprised of Canrig, which manufactures and sells top drives, catwalks, wrenches, drawworks and other drilling related equipment such as robotic systems and downhole tools which are installed on both onshore and offshore drilling rigs. Rig Technologies also provides aftermarket sales and services for the installed base of its equipment.

Our Business Strategy

Our business strategy is to build shareholder value and enhance our competitive position by:

- achieving superior operational and health, safety and environmental performance;
- leveraging our existing global infrastructure and operating reputation to capitalize on growth opportunities;
- continuing to develop our existing portfolio of value-added services to our customers;
- enhancing our technology position and advancing drilling technology both on the rig and downhole; and
- achieving financial returns in excess of our cost of capital.

During the past several years we have transformed our fleet in the Lower 48 into what we believe is the most capable, modern fleet in the market. Our customer base recognizes the quality of our assets, the competency of our crews, our industry leading operational performance and the value added by our performance software and our services integration.

Our PACE®-M750 rig was introduced in early 2018, as a significant, and capital efficient, retrofit to the existing PACE®-M550. We deployed seven of our PACE®-M750 rigs and two remaining upgraded F-rigs during the first half of 2019. As of December 31, 2019, we had approximately 80% utilization on our high-spec rig fleet.

We believe our drilling technology portfolio positions us well to address the changing market dynamic both in the United States and internationally. Our technological development efforts drive toward a seamless integration of the rig's operations with downhole sensing. Additionally, we have added complementary services to our traditional rig offering, in many cases replacing third-party providers of these complementary services as a single service provider. As such, we have achieved growth within our U.S. Drilling and Drilling Solutions operating segments despite overall market deterioration. As we move forward into 2020, we look to extract increasing value from our existing asset base. This includes the deployment of idle assets and repositioning to higher-value markets.

Drilling Contracts

Our drilling contracts are typically daywork contracts. A daywork contract generally provides for a basic rate per day when drilling (the dayrate for providing a rig and crew) and for lower rates when the rig is moving between drilling locations, or when drilling operations are interrupted or restricted by equipment breakdowns, adverse weather conditions or other conditions beyond our control. In addition, daywork contracts may provide for a lump-sum fee for the mobilization and demobilization of the rig, which in most cases approximates our anticipated costs. A daywork contract differs from a footage contract (in which the drilling contractor is paid on the basis of a rate per foot drilled) and a turnkey contract (in which the drilling contractor is paid for drilling a well to a specified depth for a fixed price). We also offer performance enhancing drilling services, performance software and equipment such as managed pressure services, directional drilling, rotary steering systems and measurement while drilling. These additional products and services are additive to our rig charges.

Our contracts for land-based and offshore drilling have durations that are single-well, multi-well or term. Term contracts generally have durations ranging from six months to five years. Under term contracts, our rigs are committed to one customer. Offshore workover projects are often contracted on a single-well basis. We generally receive drilling contracts through competitive bidding, although we occasionally enter into contracts by direct negotiation. Most of our single-well contracts are subject to termination by the customer on short notice, while multi-well contracts and term contracts may provide us with early termination compensation in certain circumstances. Such payments may not fully compensate us for the loss of a contract, and in certain circumstances the customer may not be obligated, able or willing to make an early termination payment to us. Contract terms and rates differ depending on a variety of factors, including competitive conditions, the geographical area, the geological formation to be drilled, the equipment and services to be supplied, the on-site drilling conditions and the anticipated duration of the work to be performed.

Our Customers

Our customers include major international, national and independent oil and gas companies. One customer, Saudi Aramco, accounted for approximately 22%, 24% and 29% of our consolidated operating revenues during the years ended December 31, 2019, 2018, 2017, respectively, which operating revenues are primarily included in the results of our International Drilling reportable segment. Our contracts with Saudi Aramco are on a per rig basis. These contracts are primarily operated through SANAD, our joint venture with Saudi Aramco. See Part I, Item 1A.—Risk Factors—*The loss of one or a number of our large customers could have a material adverse effect on our business, financial condition and results of operations.*

Our Employees

As of December 31, 2019, we employed approximately 14,000 people in approximately 24 countries. Our number of employees fluctuates depending on the current and expected demand for our services. Some rig-based employees in Alaska, Argentina, Mexico and Venezuela are represented by collective bargaining units. We believe our relationship with our employees is generally good.

Seasonality

Our operations are subject to seasonal factors. Specifically, our drilling operations in Canada and Alaska generally experience reduced levels of activity and financial results during the second quarter of each year, due to the annual spring thaw. In addition, our U.S. offshore market can be impacted during summer months by tropical weather systems in the Gulf of Mexico. Global climate change could lengthen these periods of reduced activity, but we cannot currently estimate to what degree. Our overall financial results reflect the seasonal variations experienced in these operations, but seasonality does not materially impact the remaining portions of our business.

Industry/Competitive Conditions

To a large degree, our businesses depend on the level of capital spending by oil and gas companies for exploration, development and production activities. The level of exploration, development and production activities is to a large extent tied to the prices of oil and natural gas, which can fluctuate significantly and are highly volatile. A decrease or prolonged decline in the price of oil or natural gas or in the exploration, development and production activities of our customers could result in a corresponding decline in the demand for our services and/or a reduction in dayrates and utilization, which could have a material adverse effect on our financial position, results of operations and cash flows. See Part I, Item 1A.—Risk Factors—*Fluctuations in oil and natural gas prices could adversely affect drilling activity and our revenues, cash flows and profitability,* and—*Our drilling contracts may in certain instances be renegotiated, suspended or terminated without an early termination payment* and Item 7.— Management's Discussion and Analysis of Financial Condition and Results of Operations.

The markets in which we provide our services are highly competitive. We believe that competitive pricing is a significant factor in determining which service provider is awarded a job in these markets and customers are increasingly sensitive to pricing during periods of market instability. Historically, the number of available rigs and drilling-related equipment has exceeded demand in many of the markets in which we operate, resulting in strong price competition. This is due in part to the fact that most rigs and drilling-related equipment can be moved from one region to another in response to changes in the levels of exploration, development and production activities and market conditions, which may result in an oversupply of rigs and drilling-related equipment in certain areas.

Although many rigs can be moved from one region to another in response to changes in levels of activity and many of the total available contracts are currently awarded on a bid basis, competition has increased based on the supply of existing and new rigs across all of our markets. Most available contracts for our services are currently awarded on a bid basis, which further increases competition based on price.

In addition to price, other competitive factors in the markets we serve are the overall quality of service and safety record, the technical specification and condition of equipment, the availability of skilled personnel and the ability to offer ancillary services. Our drilling business is subject to certain additional competitive factors. For example, we believe our ability to deliver rigs with new technology and features and, in certain international markets, our experience operating in certain environments and strong customer relationships have been significant factors in the selection of Nabors for the provision of drilling services. We expect that the market for our drilling services will continue to be highly competitive. See Part I, Item 1A.—Risk Factors—*We operate in a highly competitive industry with excess drilling capacity, which may adversely affect our results of operations*.

The global market for drilling and related products and services is competitive. Certain competitors are present in more than one of the markets in which we operate, although no one competitor operates in all such markets. Our strategy combines advanced drilling rig designs – complete with integrated downhole tools, surface equipment, and software – with operational performance, industry-leading safety, and an innovative technology roadmap.

Significant competitors in our U.S. Drilling segment include: Helmerich & Payne Inc., Patterson-UTI Energy Inc., Precision Drilling Corp., and Ensign Energy Services Inc. In the U.S. Lower 48 land drilling market, we also compete with numerous smaller or regional drilling contractors. In our International segment, significant competitors with operations in multiple countries include KCA Deutag, Saipem S.p.A, as well as many contractors with regional or local rig operations.

Our Rig Technologies segment competes primarily with National Oilwell Varco Inc., Bentec, and several smaller rig equipment suppliers. Our Drilling Solutions segment competes with services provided by Baker Hughes Co., Halliburton Co., Schlumberger Ltd., Frank's International NV, Weatherford International PLC., as well as several of our drilling competitors and smaller, specialized service providers.

Acquisitions and Divestitures

We have grown from a land drilling business centered in the U.S. Lower 48, Canada and Alaska to an international business with operations on land and offshore in most of the major oil and gas markets in the world. This growth was fueled in part by strategic acquisitions. While we continuously consider and review strategic opportunities, including acquisitions, divestitures, joint ventures, alliances and other strategic transactions, there can be no assurance that such opportunities will continue to be available, that the pricing will be economical or that we will be successful in completing and realizing the expected benefits of such transactions in the future.

We may sell a subsidiary or group of assets outside of our core markets or business if it is strategically or economically advantageous for us to do so. We undertook the following strategic transactions over the last three years.

We entered into an agreement with Saudi Aramco, to form a new joint venture, SANAD, to own, manage and operate onshore drilling rigs in the Kingdom of Saudi Arabia. SANAD, which is equally owned by Saudi Aramco and Nabors, began operations in the fourth quarter of 2017. The joint venture leverages our established business in Saudi Arabia, with a focus on Saudi Arabia's existing and future onshore oil and gas fields.

In September 2017 we paid approximately $50.7 million in cash, subject to customary closing adjustments, to acquire Robotic Drilling Systems AS (“RDS”), a provider of automated tubular and tool handling equipment for the onshore and offshore drilling markets based in Stavanger, Norway. This transaction will allow us to integrate RDS’s highly capable team and product offering with the technology portfolio of Canrig, and strengthens the development of Canrig’s drilling automation solutions.

In December 2017, we acquired all of the outstanding common shares of Tesco in an all-stock transaction. Tesco shareholders received 0.68 common shares of Nabors for each Tesco share owned, or approximately 32.1 million Nabors common shares. Tesco was a provider of products such as top drives and automated pipe handling equipment as well as tubular services to upstream companies. The combination of Tesco with Nabors’ current product offerings strengthens our ability to accelerate and scale deployment in drilling automation and analytics.

In October 2018, we purchased PetroMar Technologies, a small developer and operator of LWD downhole tools focusing on high-value formation data to facilitate completion optimization particularly in unconventional reservoirs. The tools complement our existing wellbore placement capabilities and are included in our Drilling Solutions operating segment. Under the terms of the transaction, we paid an initial purchase price of $25.0 million. We may also be required to make future payments that are contingent upon the future financial performance of this operation.

Environmental Compliance

Sustainability is an essential part of the corporate culture at Nabors and an integral part of our strategic plans. We know that our success is directly linked to implementing and executing a broad range of sustainable practices. Through technological innovation, environmental impact planning, corporate safety initiatives and community relations activities, Nabors understands that how we conduct business is of equal importance to our results. Corporate responsibility guides every aspect of our daily activities and is the key to our continued success.

We do not anticipate that compliance with currently applicable environmental rules and regulations and controls will significantly change our competitive position, capital spending or earnings during 2020. We believe we are in material compliance with applicable environmental rules and regulations and that the cost of such compliance is not material to our business or financial condition. For a more detailed description of the environmental rules and regulations applicable to our operations, see Part I, Item 1A.—Risk Factors—*Changes to or noncompliance with governmental laws and regulations or exposure to environmental liabilities could adversely affect our results of operations.*

ITEM 1A. *RISK FACTORS*

In addition to the other information set forth elsewhere in this annual report, the following factors should be carefully considered when evaluating Nabors. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Our business, financial condition or results of operations could be materially adversely affected by any of these risks.

Fluctuations in oil and natural gas prices could adversely affect drilling activity and our revenues, cash flows and profitability.

Our operations depend on the level of spending by oil and gas companies for exploration, development and production activities. Both short-term and long-term trends in oil and natural gas prices affect these activity levels. Oil and natural gas prices, as well as the level of drilling, exploration and production activity, have been highly volatile over the past few years and are expected to continue to be volatile for the foreseeable future. Declines in oil prices are primarily caused by, among other things, an excess of supply of crude oil in relation to demand. Worldwide military, political and economic events, including initiatives by the Organization of Petroleum Exporting Countries (“OPEC”) and

OPEC+, affect both the supply of and demand for oil and natural gas. In addition, weather conditions, governmental regulation (both in the United States and elsewhere), levels of consumer demand for oil and natural gas, general economic conditions, oil and gas production levels by non-OPEC countries, decisions by more expensive production sources to continue producing oil and gas despite excess supply, the availability and demand for drilling equipment and pipeline capacity, availability and pricing of alternative energy sources, and other factors beyond our control may also affect the supply of and demand for oil and natural gas.

Lower oil and natural gas prices also could adversely impact our cash forecast models used to determine whether the carrying values of our long-lived assets exceed our future cash flows, which could result in future impairment to our long-lived assets. Additionally, these circumstances could indicate that the carrying amount of our goodwill and intangible assets may exceed their fair value, which could result in a future goodwill impairment. Lower oil and natural gas prices also could affect our ability to retain skilled rig personnel and affect our ability to access capital to finance and grow our business. There can be no assurances as to the future level of demand for our services or future conditions in the oil and natural gas and oilfield services industries.

Our customers and thereby our business and profitability could be adversely affected by low oil prices and/or turmoil in the global economy.

Changes in general economic and political conditions may negatively impact our business, financial condition, results of operations and cash flows. As a result of the volatility of oil and natural gas prices, we are unable to fully predict the level of exploration, drilling and production activities of our customers and whether our customers and/or vendors will be able to sustain their operations and fulfill their commitments and obligations. If oil prices remain at the current relatively low levels or decrease and/or global economic conditions deteriorate, there could be a material adverse impact on the liquidity and operations of our customers, vendors and other worldwide business partners, which in turn could have a material impact on our results of operations and liquidity. Furthermore, these conditions may result in certain of our customers experiencing an inability to pay vendors, including us. In addition, we may experience difficulties forecasting future capital expenditures by our customers, which in turn could lead to either over capacity or, in the event of further recovery in oil prices and the world wide economy, undercapacity, either of which could adversely affect our operations. There can be no assurance that the global economic environment will not deteriorate again in the future due to one or more factors.

We operate in a highly competitive industry with excess drilling capacity, which may adversely affect our results of operations.

The oilfield services industry is very competitive with a significant amount of excess capacity, especially in low oil price environments. Contract drilling companies compete primarily on a regional basis, and competition may vary significantly from region to region at any particular time. Most rigs and drilling-related equipment can be moved from one region to another in response to changes in levels of activity and market conditions, which may result in an oversupply of such rigs and drilling-related equipment in certain areas, and accordingly, increased price competition. In addition, in recent years, the ability to deliver rigs with new technology and features has become an important factor in determining job awards. Our customers increasingly demand the services of newer, higher specification drilling rigs, which requires continued technological developments and increased capital expenditures. Our ability to continually provide technologically competitive drilling-related equipment and services can impact our ability to defend, maintain or increase prices, maintain market share, and negotiate acceptable contract terms with our customers. Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements for equipment. New technologies, services or standards could render some of our services, drilling rigs or equipment obsolete, which could adversely impact our ability to compete. Another key factor in job award determinations is our ability to maintain a strong safety record. If we are unable to remain competitive based on these and/or other competitive factors, we may be unable to increase or even maintain our market share, utilization rates and/or day rates for our services, which could adversely affect our business, financial condition, results of operations and cash flows.

We must renew customer contracts to remain competitive.

Our ability to renew existing customer contracts, or obtain new contracts, and the terms of any such contracts depends on market conditions and our customers' future drilling plans, which are subject to change. Due to the highly competitive nature of the industry, which can be exacerbated during periods of depressed market conditions, we may not be able to renew or replace expiring contracts or, if we are able to, we may not be able to secure or improve existing dayrates or other material terms, which could have an adverse effect on our business, financial condition and results of operations.

The nature of our operations presents inherent risks of loss, including environmental and weather-related risks, that could adversely affect our results of operations.

Our operations are subject to many hazards inherent in the drilling and workover industries, including environmental pollution, blowouts, cratering, explosions, fires, loss of well control, loss of or damage to the wellbore or underground reservoir, damaged or lost drilling equipment and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental and natural resources damage and damage to the property of others. Global climate change could lengthen these periods of reduced activity, but we cannot currently estimate to what degree. Our offshore operations involve the additional hazards of marine operations including pollution of coastal waters, damage to wildlife and natural habitats, capsizing, grounding, collision, damage from hurricanes and heavy weather or sea conditions and unsound ocean bottom conditions. Our operations are also subject to risks of war, civil disturbances or other political events.

Accidents may occur, we may be unable to obtain desired contractual indemnities, and our insurance may prove inadequate in certain cases. The occurrence of an event for which we are not fully insured or indemnified against, or the failure or inability of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses that could adversely affect our business, financial condition and liquidity. In addition, insurance may not be available to cover any or all of these risks. Even if available, insurance may be inadequate or insurance premiums or other costs may increase significantly in the future, making insurance prohibitively expensive. We expect to continue facing upward pressure in our insurance renewals, our premiums and deductibles may be higher, and some insurance coverage may either be unavailable or more expensive than it has been in the past. Moreover, our insurance coverage generally provides that we assume a portion of the risk in the form of a deductible or self-insured retention. We may choose to increase the levels of deductibles (and thus assume a greater degree of risk) from time to time in order to minimize our overall costs, which could exacerbate the impact of our losses on our financial condition and liquidity.

Our drilling contracts may in certain instances be renegotiated, suspended or terminated without an early termination payment.

Most of our multi-well and term drilling contracts require that an early termination payment be made to us if a contract is terminated by the customer prior to its expiration. However, such payments may not fully compensate us for the loss of a contract, and in certain circumstances such as, but not limited to, non-performance caused by significant operational or equipment issues (such as destruction of a drilling rig that is not replaced within a specified period of time), sustained periods of downtime due to a force majeure event, or other events beyond our control or some other breach of our contractual obligations, our customers may not be obligated to make an early termination payment to us at all. In addition, some contracts may be suspended, rather than terminated early, for an extended period of time, in some cases without adequate compensation. The early termination or suspension of a contract may result in a rig being idle for an extended period of time, which could have a material adverse effect on our business, financial condition and results of operations.

During periods of depressed market conditions, we may be subject to an increased risk of our customers (including government-controlled entities) seeking to renegotiate, repudiate or terminate their contracts and/or to otherwise exert commercial influence to our disadvantage. The downturn in the oil price environment resulted in downward pricing pressure and decreased demand for our drilling services with existing customers, resulting in renegotiations of pricing and other terms in our drilling contracts with certain customers and early termination of contracts by others. Our customers' ability to perform their obligations under the contracts, including their ability to pay us or fulfill their indemnity obligations, may also be impacted by an economic or industry downturn or other adverse conditions in the oil and gas industry. If we were to sustain a loss and our customers were unable to honor their indemnification and/or payment obligations, it could adversely affect our liquidity. If our customers cancel some of our contracts, and we are unable to secure new contracts on a timely basis and/or on substantially similar terms, or if contracts are suspended for an extended period of time with or without adequate compensation or renegotiated with pricing or other terms less favorable to us, it could adversely affect our financial condition and results of operations.

We may record additional losses or impairment charges related to sold or idle drilling rigs and other assets.

In 2019, 2018 and 2017, we recognized impairment charges of $290.5 million, $124.9 million and $6.9 million, respectively, related to tangible assets and equipment. Prolonged periods of low utilization or low dayrates, the cold stacking of idle assets, the sale of assets below their then carrying value or the decline in market value of our assets may cause us to experience further losses. If future cash flow estimates, based upon information available to management at the time, including oil and gas prices and expected utilization levels, indicate that the carrying value of any of our rigs may not be recoverable or if we sell assets for less than their then carrying value, we may recognize additional impairment charges on our fleet.

The loss of one or a number of our large customers could have a material adverse effect on our business, financial condition and results of operations.

In 2019, 2018 and 2017, we received approximately 41%, 41% and 45%, respectively, of our consolidated operating revenues from our three largest contract drilling customers (including their affiliates), with our largest customer and partner in our SANAD joint venture, Saudi Aramco, representing 22%, 24% and 29% of our consolidated operating revenues, respectively, for these periods. The loss of one or more of our larger customers would have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, if a significant customer experiences liquidity constraints or other financial difficulties it may be unable to make required payments or seek to renegotiate contracts, which could adversely affect our liquidity and profitability. Financial difficulties experienced by customers could also adversely affect our utilization rates in the affected market and may cause our counterparties to seek modifications to our contracts with them.

The profitability of our operations could be adversely affected by war, civil disturbance, terrorist activity or other political or economic instability, fluctuation in currency exchange rates and local import and export controls.

We derive a significant portion of our business from global markets, including major operations in the Middle East, South America, the Far East, North Africa and Russia. These operations are subject to various risks, including war, civil disturbances, labor strikes, political or economic instability, terrorist activity and governmental actions that may limit or disrupt markets, restrict the movement of funds or result in limits or restrictions in our ability to operate or compete, the deprivation of contractual rights or the taking of property without fair compensation. In some countries, our operations may be subject to the additional risk of fluctuating currency values and exchange controls. We also are subject to various laws and regulations that govern the operation and taxation of our business and the import and export of our equipment from country to country, the imposition, application and interpretation of which can prove to be uncertain.

For example, we are exposed to risks related to political instability in Venezuela. On January 28, 2019, the United States Treasury Department’s Office of Foreign Assets Control designated Petroleos de Venezuela S.A. (“PdVSA”) as a Specially Designated National under Executive Order 13850 (the “Order”). The Order prohibited, among other things, business dealings with PdVSA or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest. Currently, Nabors operates one rig in Venezuela, under contracts with Chevron and a joint venture that is majority-owned by PdVSA, Petropiar. The political uncertainty and civil unrest in Venezuela could have a significant impact on our operations there, including the risk that one or more of our rigs could be nationalized by the government or that we will not be paid for our services. Nabors continues to evaluate the potential impact of these developments on its business and operations in Venezuela.

To the extent that any of these risks arising from our operations in global markets are realized, it could have a material adverse effect on our business, financial condition and results of operations.

Our financial and operating flexibility could be affected by our long-term debt and other financial commitments.

The 2012 Revolving Credit Facility requires us to maintain a net funded debt to capital ratio of 0.60:1 or less. The net funded debt to capital ratio is calculated by dividing net funded debt by net capital. For purposes of the 2012 Revolving Credit Facility and the 2018 Revolving Credit Facility, net funded debt is total debt minus the sum of cash and cash equivalents (other than restricted cash). Net capital is the sum of net funded debt plus shareholders’ equity. As of December 31, 2019, our net funded debt to capital ratio was approximately 0.59:1.

The 2018 Revolving Credit Facility requires us to maintain a net leverage ratio 5.50:1 or less and an asset to debt coverage ratio of at least 2.50:1, as of the end of each calendar quarter. As of December 31, 2019, the net leverage ratio was 3.55:1 and the asset to debt coverage ratio was 4.28:1. The net leverage ratio is calculated by dividing net funded debt by EBITDA (as defined in the 2018 Revolving Credit Facility) of Nabors and its subsidiaries for the latest four consecutive fiscal quarters for which financial statements are required to have been delivered pursuant to the 2018 Revolving Credit Facility. The asset to debt coverage ratio is calculated by dividing (x) drilling-related fixed assets wholly owned by certain of Nabors' subsidiaries that are guaranteeing the 2018 Revolving Credit Facility (the ''2018 Revolver Guarantors'') or wholly owned subsidiaries of the 2018 Revolver Guarantors by (y) the commitments under the 2018 Revolving Credit Facility and certain other indebtedness up to $100 million. The asset to debt coverage ratio applies only during the period which Nabors Delaware fails to maintain an investment grade rating from at least two rating agencies, which was the case as of the date of this report.

The net funded debt to capital ratio, the net leverage ratio and the asset to debt coverage ratio are not measures of operating performance or liquidity defined by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies. The net funded debt to capital ratio is a method for calculating the amount of leverage a company has in relation to its capital.

As of December 31, 2019, our consolidated total outstanding indebtedness was $3.3 billion. We also have various financial commitments, such as leases, contracts and purchase commitments. Our ability to service our debt and other financial obligations depends in large part upon the level of cash flows generated by our operating subsidiaries' operations, our ability to monetize and/or divest non-core assets, availability under our unsecured revolving credit facilities and our ability to access the capital markets and/or other sources of financing. If we cannot repay or refinance our debt as it becomes due, we may be forced to sell assets or reduce funding in the future for working capital, capital expenditures and general corporate purposes, any of which could negatively impact our stock price or financial condition.

Our ability to access capital markets could be limited.

From time to time, we may need to access capital markets to obtain long-term and short-term financing. However, our ability to access capital markets could be limited or adversely affected by, among other things, oil and gas prices, our existing capital structure, our credit ratings, interest rates and the health or market perceptions of the drilling and overall oil and gas industry and the global economy. In addition, many of the factors that affect our ability to access capital markets, such as the liquidity of the overall capital markets and the state of the economy and oil and gas industry, are outside of our control. No assurance can be given that we will be able to access capital markets on terms acceptable to us when required to do so, which could adversely affect our business, liquidity and results of operations.

A downgrade in our credit rating could negatively impact our cost of and ability to access capital markets or other financing sources.

Our ability to access capital markets or to otherwise obtain sufficient financing may be affected by our senior unsecured debt ratings as provided by the major U.S. credit rating agencies. Factors that may impact our credit ratings include debt levels, asset purchases or sales, as well as near-term and long-term growth opportunities and industry conditions. Liquidity, asset quality, cost structure, market diversity, and commodity pricing levels and others also are considered by the rating agencies. Our senior unsecured debt has a non-investment grade rating. Further ratings downgrades may impact our cost of capital and ability to access capital markets or other financing sources, any of which could adversely affect our financial condition, results of operations and cash flows.

Changes in the method of determining London Interbank Offered Rate ("LIBOR"), or the replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to outstanding debt.

Amounts drawn under the 2012 Revolving Credit Facility and the 2018 Revolving Credit Facility bear interest rates in relation to LIBOR. On July 27, 2017, the Financial Conduct Authority ("FCA") in the United Kingdom announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve is considering replacing U.S. dollar LIBOR with a newly created index called the Broad Treasury Financing Rate, calculated with a broad set of short-term repurchase agreements backed by treasury securities. If LIBOR ceases to exist and a generally accepted market replacement is not available, we may need to renegotiate the 2012 Revolving Credit Facility or the 2018

Revolving Credit Facility and may not able to do so with terms that are favorable to us. The overall financial markets may be disrupted as a result of the phase-out or replacement of LIBOR. Disruption in the financial market or the inability to renegotiate the 2012 Revolving Credit Facility or the 2018 Revolving Credit Facility with favorable terms could have a material adverse effect on our financial condition, results of operations and cash flows.

We may be subject to changes in tax laws and have additional tax liabilities.

We operate through various subsidiaries in numerous countries throughout the world. Consequently, we are subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the United States or jurisdictions in which we or any of our subsidiaries operate or are organized.

The Tax Cuts and Jobs Act of 2017 (“Tax Reform Act”) (H.R. 1), adopted sweeping changes to the U.S. Internal Revenue Code which also could have a material adverse effect on our financial condition and results of operations. In addition to lowering the U.S. corporate income tax rate and numerous other changes, the new law imposes more stringent limitations on the deductibility of interest expense, the deductibility of net operating losses and imposes a type of minimum tax designed to reduce the benefits derived from intercompany transactions and payments that result in base erosion. Tax laws, treaties and regulations are highly complex and subject to interpretation. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. Although the Tax Reform Act has not had a material impact on our financial statements to date, if these tax laws, treaties or regulations change or any tax authority successfully challenges our assessment of the effects of such laws, treaties and regulations in any country, including our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries, this could have a material adverse effect on us, resulting in a higher effective tax rate on our consolidated earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.

The Company’s ability to use its net operating loss carryforwards, and possibly other tax attributes, to offset future taxable income for U.S. federal income tax purposes may be significantly limited due to various circumstances, including future transactions involving the sale or issuance of Company equity securities, or if taxable income does not reach sufficient levels.

As of December 31, 2019, the Company reported consolidated federal net operating loss (“NOL”) carryforwards of approximately $418.3 million and certain other favorable federal income tax attributes. The Company’s ability to use its NOL carryforwards and certain other attributes may be limited if it experiences an “ownership change” as defined in Section 382 (“Section 382”) of the Internal Revenue Code of 1986, as amended (the “Code”). An ownership change generally occurs if there is a more than 50 percentage point increase in the aggregate equity ownership of the Company by one or more “5 percent shareholders” (as that term is defined for purposes of Sections 382 and 383 of the Code) in any testing period, which is generally the three-year period preceding any potential ownership change, measured against their lowest percentage ownership at any time during such period.

There is no assurance that the Company will not experience an ownership change under Section 382 as a result of future actions that may significantly limit or possibly eliminate its ability to use its NOL carryforwards and potentially certain other tax attributes. Potential future transactions involving the sale, issuance, redemption or other disposition of common or preferred shares, the exercise of conversion or exchange options under the terms of any convertible or exchangeable debt, the repurchase of any such debt with Company shares, in each case, by a person owning, or treated as owning, 5% or more of the Company’s shares, or a combination of such transactions, may cause or increase the possibility that the Company will experience an ownership change under Section 382. Under Section 382, an ownership change would subject the Company to an annual limitation that applies to the amount of pre-ownership change NOLs (and possibly certain other tax attributes) that may be used to offset post-ownership change taxable income. If a Section 382 limitation applies, the limitation could cause the Company’s U.S. federal income taxes to be greater, or to be paid earlier, than they otherwise would be, and could cause all or a portion of the Company’s NOL carryforwards to expire unused. Similar rules and limitations may apply for state income tax purposes. The Company’s ability to use its NOL carryforwards will also depend on the amount of taxable income it generates in future periods. The Company’s NOL carryforwards may expire before it can generate sufficient taxable income to use them in full.

Changes to or noncompliance with laws and regulations or exposure to environmental liabilities could adversely affect our results of operations.

Drilling of oil and natural gas wells is subject to various laws and regulations in the jurisdictions where we operate, including comprehensive and frequently changing laws and regulations relating to the protection of human health and the environment, including those regulating the transport, storage, use, treatment, storage, disposal and remediation of, and exposure to, solid and hazardous wastes and materials. In addition, the Outer Continental Shelf Lands Act provides the federal government with broad discretion in regulating the leasing of offshore oil and gas production sites. Our costs to comply with these laws and regulations may be substantial. Violation of environmental laws or regulations could lead to the imposition of administrative, civil or criminal penalties, capital expenditures, delays in the permitting or performance of projects, and in some cases injunctive relief. Violations may also result in liabilities for personal injuries, property and natural resource damage and other costs and claims. We are not always successful in allocating all risks of these environmental liabilities to customers, and it is possible that customers who assume the risks will be financially unable to bear any resulting costs.

In addition, U.S. federal laws and the laws of other jurisdictions regulate the prevention of oil spills and the release of hazardous substances, and may impose liability for removal costs and natural resource, real or personal property and certain economic damages arising from any spills. Some of these laws may impose strict and/or joint and several liability for clean-up costs and damages without regard to the conduct of the parties. As an owner and operator of onshore and offshore rigs and other equipment, we may be deemed to be a responsible party under federal law. In addition, we are subject to various laws governing the containment and disposal of hazardous substances, oilfield waste and other waste materials and the use of underground storage tanks.

The expansion of the scope of laws or regulations protecting the environment has accelerated in recent years, particularly outside the United States, and we expect this trend to continue. For example, the U.S. Environmental Protection Agency (''EPA'') has promulgated final rules requiring the reporting of greenhouse gas emissions applicable to certain offshore oil and natural gas production and onshore oil and natural gas production, processing, transmission, storage and distribution facilities. In June 2016, the EPA published final standards to reduce methane emissions for certain new, modified, or reconstructed facilities in the oil and gas industry but, in June 2017, the EPA published a proposed rule that would stay certain portions of the June 2016 standards for two years and reconsider the entirety of the June 2016 standards. The requirements of the June 2016 standards currently remain in effect, pending the EPA taking final action on its proposed two-year stay, which will likely be promptly challenged. In October 2018, the EPA issued a proposed rule that would reconsider limits on methane emissions set by the June 2016 standards and reduce inspection and repair requirements.

Changes in environmental laws and regulations may also negatively impact the operations of oil and natural gas exploration and production companies, which in turn could have an adverse effect on us. For example, drilling, fluids, produced water and most of the other wastes associated with the exploration, development and production of oil or gas, if properly handled, are currently exempt from regulation as hazardous waste under the Resource Conservation and Recovery Act (''RCRA'') and instead, are regulated under RCRA's less stringent non-hazardous waste provisions. However, following the filing of a lawsuit in the U.S. District Court for the District of Columbia in May 2016 by several non-governmental environmental groups against the EPA for the agency's failure to timely assess its RCRA Subtitle D criteria regulations for oil and gas wastes, the EPA and the environmental groups entered into an agreement that was finalized in a Consent Decree issued by the District Court on December 28, 2016. Under the Consent Decree, the EPA is required to propose no later than March 15, 2019, a rulemaking for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or sign a determination that revision of the regulations is not necessary. If the EPA proposes a rulemaking for revised oil and gas waste regulations, the Consent Decree requires that the EPA take final action following notice and comment rulemaking no later than July 15, 2021. Any reclassification of such wastes as RCRA hazardous wastes could result in more stringent and costly handling, disposal and clean-up requirements.

Legislators and regulators in the United States and other jurisdictions where we operate also focus increasingly on restricting the emission of carbon dioxide, methane and other greenhouse gases that may contribute to warming of the Earth's atmosphere, and other climate changes. The U.S. Congress has considered, but not adopted, legislation designed to reduce emission of greenhouse gases, and some states in which we operate have passed legislation or adopted initiatives, such as the Regional Greenhouse Gas Initiative in the Northeastern United States, which establishes greenhouse gas inventories and/or cap-and-trade programs. Some international initiatives have been or may be adopted, which could result in increased costs of operations in covered jurisdictions. In December 2015, the United Nations

Framework Convention on Climate Change in Paris, France finalized an agreement, referred to as the “Paris Agreement’, requiring member countries to review and ‘‘represent a progression’’ in their intended nationally determined contributions, which set greenhouse gas emission reduction goals every five years beginning in 2020, including pledges to voluntarily limit or make future greenhouse gas emissions. The United States signed the Paris Agreement in 2016 but formally withdrew in August 2017. The withdrawal will take effect in November 2020. Several U.S. states formed the United States Climate Alliance to advance the objectives of the Paris Agreement at the state level despite the federal withdrawal.

In addition, the EPA has published findings that emissions of greenhouse gases present an endangerment to public health and the environment, which could lead to further regulation of greenhouse gas emissions under the Clean Air Act. The EPA has already issued rules requiring monitoring and reporting of greenhouse gas emissions from the oil and natural gas sector, including onshore and offshore production activities. Although in November 2016, the Bureau of Land Management (‘‘BLM’’) issued a rule requiring reductions in methane emissions from venting, flaring, and leaking activities on public lands, the BLM rescinded the rule in September 2018. Several states have sued the BLM seeking to restore the November 2016 rule, and other states may regulate methane emissions by state law. Future or more stringent federal or state regulation could dramatically increase operating costs for oil and natural gas companies, curtail production and demand for oil and natural gas in areas of the world where our customers operate, and reduce the market for our services by making wells and/or oilfields uneconomical to operate, which may in turn adversely affect results of operations.

We rely on third-party suppliers, manufacturers and service providers to secure equipment, components and parts used in rig operations, conversions, upgrades and construction.

Our reliance on third-party suppliers, manufacturers and service providers to provide equipment and services exposes us to volatility in the quality, price and availability of such items. Certain components, parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers. The failure of one or more third-party suppliers, manufacturers or service providers to provide equipment, components, parts or services, whether due to capacity constraints, production or delivery disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment, is beyond our control and could materially disrupt our operations or result in the delay, renegotiation or cancellation of drilling contracts, thereby causing a loss of contract drilling backlog and/or revenue to us, as well as an increase in operating costs.

Additionally, our suppliers, manufacturers, and service providers could be negatively impacted by changes in industry conditions or global economic conditions. If certain of our suppliers, manufacturers or service providers were to curtail or discontinue their business as a result of such conditions, it could result in a reduction or interruption in supplies or equipment available to us and/or a significant increase in the price of such supplies and equipment, which could adversely impact our business, financial condition and results of operations.

Any violation of the Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us.

A significant portion of our revenue is derived from operations outside the United States, which exposes us to complex foreign and U.S. regulations inherent in doing cross-border business and in each of the countries in which we transact business. We are subject to compliance with the United States Foreign Corrupt Practices Act (‘‘FCPA’’) and other similar anti-corruption laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. The SEC and U.S. Department of Justice have continued to focus on enforcement activities with respect to the FCPA. While our employees and agents are required to comply with applicable anti-corruption laws, and we have adopted policies and procedures and related training programs meant to ensure compliance, we cannot be sure that our internal policies, procedures and programs will always protect us from violations of these laws. Violations of these laws may result in severe criminal and civil sanctions as well as other penalties. The occurrence or allegation of these types of risks may adversely affect our business, financial condition and results of operations.

Provisions in our organizational documents may be insufficient to thwart a coercive hostile takeover attempt; conversely, these provisions and those in our outstanding debt and Saudi joint venture documents may deter a change of control transaction and decrease the likelihood of a shareholder receiving a change of control premium.

Companies generally seek to prevent coercive takeovers by parties unwilling to pay fair value for the enterprise they acquire. Provisions in our organizational documents that are meant to help us avoid a coercive takeover include:

- Authorizing the Board to issue a significant number of common shares and up to 25,000,000 preferred shares, as well as to determine the price, rights (including voting rights), conver preferences and privileges of the preferred shares, in each case without any vote or action by the holders of our common shares;

- Limiting the ability of our shareholders to call or bring business before special meetings;

- Prohibiting our shareholders from taking action by written consent in lieu of a meeting unless the consent is signed by all the shareholders then entitled to vote;

- Requiring advance notice of shareholder proposals for business to be conducted at general meetings and for nomination of candidates for election to our Board; and

- Reserving to our Board the ability to determine the number of directors comprising the full Board and to fill vacancies or newly created seats on the Board.

Certain actions taken by us could make it easier for another party to acquire control of the Company. For instance, in June 2012 we adopted an amendment to our bye-laws to declassify the Board, we did not renew our shareholder rights plan when it expired in July 2016, and in 2017 we amended our policy regarding nomination and proxy access for director candidates recommended by shareholders. Conversely, the provisions designed to prevent hostile takeovers, or protect holders of our debt instruments and our joint venture partner, may deter transactions in which shareholders would receive a change of control premium. For example, certain change of control transactions could accelerate the principal amounts outstanding, and require premiums payments, under our debt instruments, or trigger a call option to purchase our interest in SANAD, our joint venture with Saudi Aramco.

Legal proceedings and governmental investigations could affect our financial condition and results of operations.

We are subject to legal proceedings and governmental investigations from time to time that include employment, tort, intellectual property and other claims, and purported class action and shareholder derivative actions, including claims related to our acquisition of Tesco. We are also subject to complaints and allegations from former, current or prospective employees from time to time, alleging violations of employment-related laws or other whistle blower-related matters. Lawsuits or claims could result in decisions against us that could have an adverse effect on our financial condition or results of operations. See ‘‘Item 3—Legal Proceedings’’ for a discussion of certain existing legal proceedings.

Our business is subject to cybersecurity risks.

Our operations are increasingly dependent on information technologies and services. Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow, and include, among other things, storms and natural disasters, terrorist attacks, utility outages, theft, viruses, phishing, malware, design defects, human error, and complications encountered as existing systems are maintained, repaired, replaced, or upgraded. Risks associated with these threats include, among other things:

- theft or misappropriation of funds;

- loss, corruption, or misappropriation of intellectual property, or other proprietary, confidential or personally identifiable information (including customer, supplier, or employee data);

- disruption or impairment of our and our customers’ business operations and safety procedures;

- damage to our reputation with our customers and the market;
- exposure to litigation;
- loss or damage to our worksite data delivery systems; and
- increased costs to prevent, respond to or mitigate cybersecurity events.

Although we utilize various procedures and controls to mitigate our exposure to such risk, cybersecurity attacks and other cyber events are evolving and unpredictable. Moreover, we have no control over the information technology systems of our customers, suppliers, and others with which our systems may connect and communicate. As a result, the occurrence of a cyber incident could go unnoticed for a period time.

We do not presently maintain insurance coverage to protect against cybersecurity risks. If we procure such coverage in the future, we cannot ensure that it will be sufficient to cover any particular losses we may experience as a result of such cyberattacks. Any cyber incident could have a material adverse effect on our business, financial condition and results of operations.

Changes to United States tax, tariff and import/export regulations may have a negative effect on global economic conditions, financial markets and our business.

There have been ongoing discussions and commentary regarding potential significant changes to the United States trade policies, treaties, tariffs and taxes, including trade policies and tariffs regarding China. In 2018, the Office of the U.S. Trade Representative (the “USTR”) enacted tariffs on imports into the U.S. from China. In September 2018, the USTR enacted another tariff on the import of other Chinese products with an additional combined import value of approximately $200 billion. The tariff became effective on September 24, 2018, with an initial rate of 10%, with the potential for significant increases if the U.S. and China do not reach a new trade deal in the near term. There is significant uncertainty about the future relationship between the United States and other countries with respect to the trade policies, treaties, taxes, government regulations and tariffs that would be applicable. It is unclear what changes might be considered or implemented and what response to any such changes may be by the governments of other countries. Significant tariffs or other restrictions placed on Chinese imports and any related counter-measures that are taken by China could have an adverse effect on our financial condition or results of operations. Even in the absence of further tariffs, the related uncertainty and the market's fear of an escalating trade war might create forecasting difficulties for us and cause our customers and business partners to place fewer orders for our products and services, which could have a material adverse effect on our business, liquidity, financial condition, and/or results of operations. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between these nations and the United States. Any of these factors could depress economic activity and restrict our access to suppliers or customers and have a material adverse effect on our business, financial condition and results of operations and affect our strategy around the world. Given the relatively fluid regulatory environment in China and the United States and relative uncertainty with respect to tariffs, international trade agreements and policies, a trade war, further governmental action related to tariffs or international trade policies, or additional tax or other regulatory changes in the future could directly and adversely impact our financial results and results of operations.

Failure to realize the anticipated benefits of acquisitions, divestitures, investments, joint ventures and other strategic transactions may adversely affect our business, results of operations and financial position.

We undertake from time to time acquisitions, divestitures, investments, joint ventures, alliances and other strategic transactions that we expect to further our business objectives. For example, in October 2016, we announced an agreement to form a new joint venture in the Kingdom of Saudi Arabia, which commenced operations in December, 2017. The success of the Saudi joint venture depends, to a large degree, on the satisfactory performance of our joint venture partner’s obligations, including contributions of capital, drilling units and related equipment, and our ability to maintain an effective, working relationship with our joint venture partner.

We also completed the acquisition of Tesco in December 2017. We are still attempting to obtain certain regulatory approvals related to the Tesco acquisition, and may not be able to do so in certain jurisdictions.

The anticipated benefits of the Saudi joint venture, the Tesco acquisition, and other strategic transactions may not be fully realized, or may be realized more slowly than expected, and may result in operational and financial consequences, including, but not limited to, the loss of key customers, suppliers or employees, or the disposition of certain assets or operations, which may have an adverse effect on our business, financial condition and results of operations.

The loss of key executives or inability to attract and retain experienced technical personnel could reduce our competitiveness and harm prospects for future success.

The successful execution of our business strategies depends, in part, on the continued service of certain key executive officers and employees. We have employment agreements with some of our key personnel within the company, but no assurance can be given that any employee will remain with us, whether or not they have entered into an employment agreement. We do not carry key man insurance. In addition, our operations depend, in part, on our ability to attract and retain experienced technical professionals. Competition for such professionals is intense. The loss of key executive officers and/or our inability to retain or attract experienced technical personnel, could reduce our competitiveness and harm prospects for future success, which may adversely affect our business, financial condition and results of operations.

Significant issuances of common shares or exercises of stock options could adversely affect the market price of our common shares.

As of February 19, 2020, we had 800,000,000 authorized common shares, of which 419,928,615 shares were outstanding and entitled to vote, including 52,800,203 million held by our subsidiaries. In addition, 6,631,194 common shares were reserved for issuance pursuant to stock option and employee benefit plans, 31,997,773 common shares were reserved for issuance upon exchange of outstanding Exchangeable Notes, and 37,096,700 common shares were reserved for issuance upon conversion of outstanding mandatory convertible preferred shares. The sale, or availability for sale, of substantial amounts of our common shares in the public market, whether directly by us or resulting from the exercise of options (and, where applicable, sales pursuant to Rule 144 under the Securities Act) or the exchange of Exchangeable Notes or the conversion of mandatory convertible preferred shares for common shares, would be dilutive to existing shareholders, could adversely affect the prevailing market price of our common shares and could impair our ability to raise additional capital through the sale of equity securities.

Our common share price has been and may continue to be volatile.

The trading price of our common shares has fluctuated in the past and is subject to significant fluctuations in response to the following factors, some of which are beyond our control:

- variations in quarterly operating results;
- deviations in our earnings from publicly disclosed forward-looking guidance;
- variability in our revenues;
- our announcements of significant contracts, acquisitions, strategic partnerships or joint ventures;
- general conditions in and market perceptions of the oil and gas industry;
- uncertainty about current global economic conditions;
- fluctuations in stock market price and volume; and
- other general economic conditions.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our markets or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our stock, or provide more favorable relative recommendations about our competitors, our stock price could materially decline. If any analyst who may cover us were to cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to materially decline.

During 2019, our stock price on the NYSE ranged from a high of $4.08 per common share to a low of $1.50 per common share. In recent years, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price for many companies in industries similar to ours. Some of these fluctuations have been unrelated to the operating performance of the affected companies. These market fluctuations may decrease the market price of our common shares in the future.

As a holding company, we depend on our operating subsidiaries and investments to meet our financial obligations.

We are a holding company with no significant assets other than the stock of our subsidiaries. In order to meet our financial needs and obligations, we rely exclusively on repayments of interest and principal on intercompany loans that we have made to operating subsidiaries and income from dividends and other cash flow from such subsidiaries. There can be no assurance that such operating subsidiaries will generate sufficient net income to pay dividends or sufficient cash flow to make payments of interest and principal to Nabors in respect of intercompany loans. In addition, from time to time, such operating subsidiaries may enter into financing arrangements that contractually restrict or prohibit these types of upstream payments to Nabors. Nabors' debt instruments do not contain covenants prohibiting any such contractual restrictions. There may also be adverse tax consequences associated with such operating subsidiaries paying dividends. Finally, the ability of our subsidiaries to make distributions to us, may be restricted by the laws of the applicable subsidiaries' jurisdictions of organization and other laws and regulations. If subsidiaries are unable to distribute or otherwise make payments to us, we may not be able to pay interest or principal on obligations when due, and we cannot assure you that we will be able to obtain the necessary funds from other sources.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

Not applicable.

ITEM 2. *PROPERTIES*

Nabors' principal executive offices are located in Hamilton, Bermuda. We own or lease executive and administrative office space in Houston, Texas; Anchorage, Alaska; Calgary, Canada; Dubai in the United Arab Emirates; Bogota, Colombia; Dhahran, Saudi Arabia; and Sandnes, Norway. Our principal physical properties are rigs which are more fully described in Part I, Item 1.—Business.

Many of the international drilling rigs and some of the Alaska rigs in our fleet are supported by mobile camps which house the drilling crews and a significant inventory of spare parts and supplies. In addition, we own various trucks, forklifts, cranes, earth-moving and other construction and transportation equipment, which are used to support our operations. We also own or lease a number of facilities and storage yards used in support of operations in each of our geographic markets.

We own certain mineral interests in connection with our investment in development and production of natural gas, oil and natural gas liquids in the United States.

ITEM 3. *LEGAL PROCEEDINGS*

Nabors and its subsidiaries are defendants or otherwise involved in a number of lawsuits in the ordinary course of business. We estimate the range of our liability related to pending litigation when we believe the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. When a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the lawsuits or claims. As additional information becomes available, we assess the potential liability related to our pending litigation and claims and revise our estimates. Due to uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ from our estimates. For matters where an unfavorable outcome is reasonably possible and significant, we disclose the nature of the matter and a range of potential exposure, unless an estimate cannot be made at the time of disclosure. In the opinion of management and based on liability accruals provided, our ultimate exposure with respect to these pending lawsuits and claims is not expected to have a material adverse effect on our consolidated financial position or cash flows, although they could have a material adverse effect on our results of operations for a particular reporting period. See Note 15 — Commitments and Contingencies in Part II, Item 8.—Financial Statements and Supplementary Data for a description of such proceedings.

ITEM 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

PART II

ITEM 5. ***MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

Market Information.

Our common shares, par value $0.001 per share, are publicly traded on the New York Stock Exchange (the "NYSE") under the symbol "NBR".

On February 19, 2020, the closing price of our common shares as reported on the NYSE was $2.27.

Holders.

At February 19, 2020, there were approximately 1,874 shareholders of record of our common shares.

Dividends.

On February 20, 2020, our Board declared cash dividends of (i) $0.01 per outstanding Common Share, par value $0.001 per share, which will be paid on April 2, 2020, to holders of record at the close of business on March 12, 2020, and (ii) $0.75 per outstanding share of our 6.00% Mandatory Convertible Preferred Shares, Series A, par value $0.001 per share, which will be paid on May 1, 2020, to holders of record at the close of business on April 15, 2020.

The declaration and payment of future dividends will be at the discretion of the Board and will depend, among other things, on future earnings, general financial condition and liquidity, success in business activities, capital requirements and general business conditions in addition to legal requirements.

See Part I, Item 1A.—Risk Factors—*As a holding company, we depend on our operating subsidiaries to meet our financial obligations.*

Issuer Purchases of Equity Securities.

The following table provides information relating to our repurchase of common shares during the three months ended December 31, 2019:

Period (In thousands, except per share amounts)	Total Number of Shares Repurchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	Appr Dolla Share Y Pu Ur Pro
October 1 - October 31	23	$ 1.62	—	
November 1 - November 30	8	$ 2.05	—	
December 1 - December 31	26	$ 2.07	—	

(1) [redacted]yees and directors to satisfy certain tax withholding obligations due in connection with grants of shares under our 2013 Stock Plan and 2016 Stock Plan. E Stock Plan, the 2013 Stock Plan, the 2003 Employee Stock Plan and the 1999 Stock Option Plan for Non-Employee Directors provide for the withholding of shares to satisfy tax obligations a maximum number

[redacted]

of shares that can be withheld for this purpose. These shares were not purchased as part of a publicly announced program to purchase common shares.

(2) In August 2015, our Board authorized a share repurchase program under which we may repurchase up to $400.0 million of our common shares in the open market or in privately negotiatec program was renewed by the Board in February 2019. Through December 31, 2019, we repurchased 14.0 million of our common shares for an aggregate purchase price of approximately $11 this program. As of December 31, 2019, we had approximately $280.6 million that remained authorized under the program that may be used to repurchase shares. The repurchased shares a subsidiaries and are registered and tradable subject to applicable securities law limitations and have the same voting, dividend and other rights as other outstanding shares. As of Decemb subsidiaries held 52.8 million of our common shares.

Period (In thousands, except per share amounts)	**Total Number of Shares Repurchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Program**	
October 1 - October 31	—	$ —	—	
November 1 - November 30	—	$ —	—	
December 1 - December 31	133	$ 20.63	—	

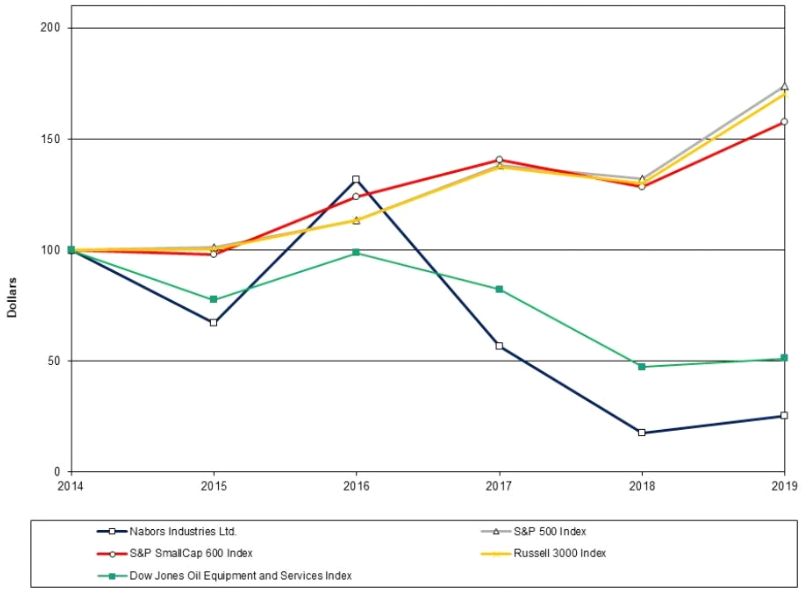
[redacted]rs authorized a share repurchase program under which we may repurchase, from time to time, up to $10.0 million of our mandatory convertible preferred s market or in privately negotiated transactions. Through December 31, 2019, we repurchased 136,772 mandatory convertible preferred shares for an aggregate purchase price of approximatel

Performance Graph

The following graph illustrates comparisons of five-year cumulative total returns among Nabors, the S&P 500 Index, S&P SmallCap 600 Index, Russell 3000 Index and Dow Jones Oil Equipment and Services Index. We present all of these indices. Total return assumes $100 invested on December 31, 2014 in shares of Nabors and in the

[redacted]

aforementioned indices noted above assuming reinvestment of dividends at the end of each calendar year, presented in the table below.



	2014	2015	2016	2017	2018	2019
Nabors Industries Ltd.	100	67	132	57	17	25
S&P 500 Index	100	101	114	138	132	174
S&P SmallCap 600 Index	100	98	124	140	129	158
Russell 3000 Index	100	100	113	137	130	170
Dow Jones Oil Equipment and Services Index	100	78	99	82	47	51

The foregoing graph is based on historical data and is not necessarily indicative of future performance. This graph shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to Regulations 14A or 14C under the Exchange Act or to the liabilities of Section 18 under the Exchange Act.

Related Shareholder Matters

Bermuda has exchange controls which apply to residents in respect of the Bermuda dollar. As an exempted company, Nabors is designated as non-resident for Bermuda exchange control purposes by the Bermuda Monetary Authority. Pursuant to our non-resident status, there are no Bermuda restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to non-residents who are holders of our common shares in all other currencies, including currency of the United States.

There is no reciprocal tax treaty between Bermuda and the United States. Under current Bermuda law, there is no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profit or income payable by Nabors or its operations. Furthermore, no Bermuda tax is levied on the sale or transfer (including by gift and/or on the death of the shareholder) of Nabors common shares (other than by shareholders resident in Bermuda).

Nabors has received an undertaking from the Minister of Finance in Bermuda that, in the event of any taxes being imposed, Nabors will be exempt from taxation in Bermuda until March 31, 2035.

ITEM 6. *SELECTED FINANCIAL DATA*

The following table summarizes selected financial information and should be read in conjunction with Part II, Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes thereto included under Part II, Item 8.—Financial Statements and Supplementary Data.

	Year Ended December 31,				
	2019	2018	2017	2016	
Operating Data (1)(2)	(In thousands, except per share amounts and ratio data)				
Operating revenues	$ 3,043,383	$ 3,057,619	$ 2,564,285	$ 2,227,839	$
Income (loss) from continuing operations, net of tax	(680,498)	(598,063)	(497,114)	(1,011,244)	
Income (loss) from discontinued operations, net of tax	(12)	(14,663)	(43,519)	(18,363)	
Net income (loss)	(680,510)	(612,726)	(540,633)	(1,029,607)	
Less: Net (income) loss attributable to noncontrolling interest	(22,375)	(28,222)	(6,178)	(135)	
Net income (loss) attributable to Nabors	(702,885)	(640,948)	(546,811)	(1,029,742)	
Less: Preferred stock dividend	(17,244)	(12,305)	—	—	
Net income (loss) attributable to Nabors common shareholders	(720,129)	(653,253)	(546,811)	(1,029,742)	
Earnings (losses) per share:					
Basic from continuing operations	$ (2.11)	$ (1.95)	$ (1.75)	$ (3.58)	$
Basic from discontinued operations	—	(0.04)	(0.15)	(0.06)	
Total Basic	$ (2.11)	$ (1.99)	$ (1.90)	$ (3.64)	$
Diluted from continuing operations	$ (2.11)	$ (1.95)	$ (1.75)	$ (3.58)	$
Diluted from discontinued operations	—	(0.04)	(0.15)	(0.06)	
Total Diluted	$ (2.11)	$ (1.99)	$ (1.90)	$ (3.64)	$
Weighted-average number of common shares outstanding:					
Basic	351,617	334,397	280,653	276,475	
Diluted	351,617	334,397	280,653	276,475	
Capital expenditures and acquisitions of businesses (3)	$ 423,967	$ 478,435	$ 769,848	$ 414,379	$

	As of December 31,				
	2019	2018	2017	2016	
Balance Sheet Data (1)(2)	(In thousands, except ratio data)				
Cash, cash equivalents and short-term investments	$ 452,496	$ 481,802	$ 365,366	$ 295,202	$
Working capital	592,118	761,486	527,860	333,905	
Property, plant and equipment, net	4,930,549	5,467,870	6,109,565	6,267,583	
Total assets	6,760,658	7,853,944	8,401,984	8,187,015	
Long-term debt	3,333,220	3,585,884	4,027,766	3,578,335	
Shareholders' equity	1,982,811	2,700,850	2,911,816	3,247,025	
Net Debt to capital ratio (4)	0.59:1	0.53:1	0.56:1	0.50:1	

[redacted]

[redacted]

(1) All periods present the operating activities of most of our wholly owned oil and gas businesses and our previously held equity interests in oil and gas joint ventures in Canada and Colom operations.

(2) Our acquisitions' results of operations and financial position have been included beginning on the respective dates of acquisition and include PetroMar Technologies (October 2018), SAI 2017), Tesco (December 2017), RDS (September 2017) and Nabors Arabia (May 2015). Following consummation of the merger of our Completion & Production Services business with C&J (March 2015), we ceased consolidating that business's results with our results of operations and began reporting our share of the earnings (losses) of CJES through earnings (losses) fro affiliates in our consolidated statements of income (loss). As a result of the CJES Chapter 11 filing, we ceased accounting for our investment in CJES under the equity method of accounti July 20, 2016.

(3) Represents capital expenditures and the total purchase price of acquisitions.

(4) The net debt to capital ratio is calculated by dividing net debt by net capitalization. Net debt is defined as total debt minus the sum of cash and cash equivalents and short-term investme capitalization is defined as net debt plus shareholders' equity. The net debt to capital ratio is not a measure of operating performance or liquidity defined by U.S. GAAP and may not be co similarly titled measures presented by other companies.

ITEM 7. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The following discussion and analysis of our financial condition and results of operations is based on, and should be read in conjunction with, our consolidated financial statements and the related notes thereto included under Part II, Item 8.—Financial Statements and Supplementary Data. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Part I, Item 1A.—Risk Factors and elsewhere in this annual report. See "Forward-Looking Statements."

Management Overview

We own and operate one of the world's largest land-based drilling rig fleets and provide offshore rigs in the United States and numerous international markets. Our business is comprised of our global land-based and offshore drilling rig operations and other rig related services and technologies. These services include tubular services, wellbore placement solutions, directional drilling, measurement-while-drilling, logging-while-drilling systems and services, equipment manufacturing, rig instrumentation and optimization software.

Outlook

The demand for our services is a function of the level of spending by oil and gas companies for exploration, development and production activities. The primary driver of customer spending is their cash flow and earnings which are largely driven by oil and natural gas prices and customers' production volumes. The oil and natural gas markets have traditionally been volatile and tend to be highly sensitive to supply and demand cycles.

Throughout much of 2019, we experienced increases in activity and pricing within our U.S. Drilling operating segment as well as moderate improvements within our Drilling Solutions operating segment. However, these increases were offset by declines in our International Drilling and Canada Drilling operating segments. During the latter part of 2019, we experienced an overall decline in market demand which adversely impacted our results for 2019. We expect the market to stabilize during the first half of 2020 with marginal increases in activity throughout the balance of the year. Internationally, we expect an increase in rig count throughout 2020.

Recent Developments

In December 2019, Nabors Delaware entered into Amendment No. 2 (the "Second Amendment") to its existing 2018 Revolving Credit Facility. Among other things, the Second Amendment replaced the net funded debt to capitalization covenant with a covenant to maintain net funded indebtedness at no greater than 5.5 times EBITDA (as defined in the Second Amendment). See further details of the Second Amendment within Note 10—Debt in Part II, Item 8. —Financial Statements and Supplementary Data.

In January 2020, Nabors completed a private placement offering of $600.0 million aggregate principal amount of senior guaranteed notes due 2026 (the "2026 Notes") and $400.0 million aggregate principal amount of senior guaranteed notes due 2028 (the "2028 Notes" and, together with the 2026 Notes, the "notes"). The 2026 and 2028 Notes will bear interest at an annual rate of 7.25% and 7.50%, respectively. The notes are fully and unconditionally guaranteed by certain of Nabors' indirect wholly owned subsidiaries. The proceeds from this offering were used primarily to repurchase $952.9 million aggregate principal amount, for a net premium of $2.7 million (excluding accrued interest), of certain of Nabors Delaware's senior notes that were tendered pursuant to an offer to purchase certain of our senior notes. The aggregate principal amount repurchased included approximately $407.7 million of our 5.50% senior notes due 2023, $379.7 million of our 4.625% senior notes due 2021 and $165.5 million of our 5.10% senior notes due 2023. The remaining proceeds were used to pay for transactional fees and for general corporate purposes, including the repayment of other debt. We also repurchased in the open market, aside from the tender offer, approximately $21.2 million aggregate principal amount of our various senior notes.

Financial Results

Comparison of the years ended December 31, 2019 and 2018

Operating revenues in 2019 totaled $3.0 billion, representing a decrease of $14.2 million from 2018. Although we experienced an increase in operating revenue within our U.S. Drilling operating segment as activity and pricing improved, this increase was more than offset by a decline in operating revenues within our Canada and International Drilling operating segments.

Net loss from continuing operations attributable to Nabors common shareholders totaled $720.1 million for 2019 ($2.11 per diluted share) compared to a net loss from continuing operations attributable to Nabors common shareholders of $638.6 million ($1.95 per diluted share) in 2018, or an $81.5 million increase in the net loss. Although our segments' adjusted operating income improved by approximately $30.5 million compared to the prior period, our net loss was adversely impacted by an increase in impairments and other charges of $146.0 million coupled with an increase in foreign currency exchange losses of approximately $16.8 million.

General and administrative expenses in 2019 totaled $258.7 million, representing a decrease of $7.1 million, or 3% from 2018. This is reflective of a reduction in workforce and general cost-reduction efforts across our operating segments and our corporate offices.

Research and engineering expenses in 2019 totaled $50.4 million, representing a decrease of $5.8 million, or 10%, from 2018. The decrease is primarily attributable to a reduction in staffing levels, fewer capital projects and other cost control efforts across many of our research and engineering projects and initiatives.

Depreciation and amortization expense in 2019 was $876.1 million, representing an increase of $9.2 million, or 1%, from 2018. The slight increase was primarily due to the increased number of rigs that were working in the U.S. during the period, which results in a higher active depreciation rate, coupled with incremental depreciation associated with capital expenditures as we upgraded existing rigs during the end of 2018 and early 2019.

Segment Results of Operations

Our business consists of five reportable segments: U.S. Drilling, Canada Drilling, International Drilling, Drilling Solutions and Rig Technologies.

Management evaluates the performance of our reportable segments using adjusted operating income (loss), which is our segment performance measure, because it believes that this financial measure reflects our ongoing profitability and performance. In addition, securities analysts and investors use this measure as one of the metrics on which they analyze our performance. Adjusted operating income (loss) represents income (loss) from continuing operations before income taxes, interest expense, earnings (losses) from unconsolidated affiliates, investment income (loss), impairments and other charges and other, net. A reconciliation of adjusted operating income to net income (loss) from continuing operations before income taxes can be found in Note 19—Segment Information in Part II, Item 8. —Financial Statements and Supplementary Data.

The following tables set forth certain information with respect to our reportable segments and rig activity:

	Year Ended December 31,		Increas
	2019	2018	201
	(In thousands, except percentages and rig		
U.S. Drilling			
Operating revenues	$ 1,240,936	$ 1,083,227	$ 157,70
Adjusted operating income (loss)	$ 64,313	$ (21,298)	$ 85,61
Average rigs working (1)	115.3	113.2	2
Canada Drilling			
Operating revenues	$ 68,274	$ 105,000	$ (36,72
Adjusted operating income (loss)	$ (14,483)	$ (6,166)	$ (8,31
Average rigs working (1)	10.9	16.9	(6
International Drilling			
Operating revenues	$ 1,324,142	$ 1,469,038	$ (144,89
Adjusted operating income (loss)	$ (8,903)	$ 74,221	$ (83,12
Average rigs working (1)	88.3	92.9	(4
Drilling Solutions			
Operating revenues	$ 252,790	$ 250,242	$ 2,54
Adjusted operating income (loss)	$ 59,465	$ 37,626	$ 21,83
Rig Technologies			
Operating revenues	$ 260,226	$ 270,988	$ (10,76
Adjusted operating income (loss)	$ (11,247)	$ (25,762)	$ 14,51

[redacted]ber of equivalent rigs operating during a given period. For example, one rig operating 182.5 days during a 365-day period represents 0.5 average rigs work

U.S. Drilling

Operating revenues increased in 2019 compared to 2018 primarily due to an increase in dayrates as market prices continued to improve throughout most of the year, resulting in approximately $97.2 million of the increase in operating revenues. Additionally, we experienced a slight increase in activity as reflected by a 2% increase in the average number of rigs working which accounted for approximately $26.4 million of the increase in operating revenue. Partially offsetting the increase in operating revenues were higher field support costs and depreciation expense associated with the increase in activity during the period.

Canada Drilling

Operating revenues decreased in 2019 compared to 2018 as reflected by the 36% decline in average rigs working. The decline in activity is mainly due to an industry-wide decline in rig count in Canada due to unfavorable economic conditions, causing customers to cancel or delay drilling programs. The decrease in operating revenues was partially offset by corresponding declines in operating costs and depreciation expense as a result of the decline in activity. This segment also benefited from various cost reduction initiatives.

International Drilling

Operating revenues decreased in 2019 compared to 2018 as they were unfavorably impacted by a reduction in pre-funded amortizing revenue of approximately $110 million as well as a decline in activity, as reflected by a 5% decrease in the average number of rigs working. The decrease in activity was partially attributed to the sale of our workover business in Argentina as well as fewer rigs working in Algeria, India, Kuwait and Venezuela. The decrease in operating revenue was partially offset by corresponding declines in operating costs and depreciation resulting from fewer rigs working during the period.

Drilling Solutions

Operating revenues increased marginally in 2019 compared to 2018. Although this segment experienced increased operating revenue due to growth in our performance tools and tubular running services offerings, this was mostly offset by a decline in wellbore placement as the U.S. market softened in the latter half of the year. The increase in

[redacted]

adjusted operating income was primarily driven by improved profitability from our wellbore placement and tubular running services offerings due to effective cost reduction efforts across this business.

Rig Technologies

Operating revenues decreased in 2019 compared to 2018 due to the overall decline in activity as well as fewer capital equipment sales. However, adjusted operating income (loss) was positively impacted by improved margins on current product offerings coupled with cost reduction initiatives.

Other Financial Information

Interest expense

Interest expense for 2019 was $204.3 million, representing a decrease of $22.8 million, or 10%, compared to 2018. The decrease was primarily due to the repayment of approximately $303.5 million aggregate principal of our 9.25% senior notes due January 2019 during 2018 utilizing the proceeds from our equity offering completed in May 2018. This decrease was further supplemented by the repurchase of approximately $468.3 million aggregate principal amount of our senior unsecured notes throughout 2019.

Impairments and other charges

Impairments and other charges for 2019 was $290.5 million, which primarily consisted of $203.7 million of impairments to goodwill and intangible assets. As part of our goodwill impairment test, we determined the carrying value of some of our reporting units exceeded their fair value. As such, we recognized impairments of $75.6 million for the remaining goodwill balance attributable to our International Drilling operating segment, $52.2 million for the remaining goodwill balance attributable to our U.S. Drilling operating segment and $28.1 million for the remaining goodwill balance attributable to the acquisition of 2TD reported within our Rig Technologies operating segment. Additionally, we recognized an impairment of $47.7 million to write off the intangible asset due to uncertainty in commercialization and demand stemming from lower commodity prices and rig counts. These non-cash pre-tax impairment charges were primarily the result of a sustained decline in our market capitalization and lower future cash flow projections due to expectations for future commodity prices below previous projections and the resulting impact on the lower demand projections for our products and services within these reporting units.

The balance of $86.8 million consisted of impairments and retirement provisions for several tangible and other assets. These assets included some of our older and smaller rigs in our Canada and International Drilling rig fleets of $17.8 million and $15.4 million, respectively, underutilized offshore rigs, obsolete rig components and inventories totaling $10.4 million and $43.2 million in various receivables or other assets impacted by foreign sanctions or other political risk issues, bankruptcies or other financial problems.

Other, net

Other, net for 2019 was $33.2 million of expense, which included foreign currency exchange losses of $20.9 million, net losses on sales and disposals of assets of approximately $7.1 million and an increase in litigation reserves of $5.2 million.

Other, net for 2018 was $29.5 million of expense, which included net losses on sales and disposals of assets of approximately $11.8 million, an increase in litigation reserves of $9.9 million and foreign currency exchange losses of $4.2 million.

Income tax expense (benefit)

Income tax expense for 2019 was $91.6 million, representing an increase of $12.3 million compared to 2018. The increase in tax expense during 2019 compared to 2018 was primarily attributable to the change in our geographic mix of pre-tax earnings (losses). The ratio of pre-tax earnings in certain high tax jurisdictions compared to low or zero tax jurisdictions increased in 2019 compared to 2018, resulting in an increase in income tax expense. This increase was partially offset by certain discrete items. During 2019, we recognized a $29.6 million tax benefit from the release of a valuation allowance in one of our foreign jurisdictions related to net operating loss carryforwards. This was partially offset by a $14.4 million settlement of a tax dispute in one of our foreign jurisdictions. During 2018, we recognized a non-cash expense of $52.0 million to reflect a valuation allowance on deferred tax assets in Canada.

Liquidity and Capital Resources

Financial Condition and Sources of Liquidity

Our primary sources of liquidity are cash and investments, availability under our revolving credit facilities and cash generated from operations. As of December 31, 2019, we had cash and short-term investments of $452.5 million and working capital of $592.1 million. As of December 31, 2018, we had cash and short-term investments of $481.8 million and working capital of $761.5 million. At December 31, 2019, we had $355.0 million of borrowings outstanding under our revolving credit facilities.

We had 18 letter-of-credit facilities with various banks outstanding as of December 31, 2019. Availability under these facilities was as follows:

Credit available	$
Less: Letters of credit outstanding, inclusive of financial and performance guarantees	
Remaining availability	$

Our ability to access capital markets or to otherwise obtain sufficient financing may be affected by our senior unsecured debt ratings as provided by the major credit rating agencies in the United States and our historical ability to access these markets as needed. While there can be no assurances that we will be able to access these markets in the future, we believe that we will be able to access capital markets or otherwise obtain financing in order to satisfy any payment obligation that might arise upon maturity, exchange or purchase of our notes and our debt facilities, loss of availability of our revolving credit facilities and our A/R Agreement, and that any cash payment due, in addition to our other cash obligations, would not ultimately have a material adverse impact on our liquidity or financial position. The major U.S. credit rating agencies have previously downgraded our senior unsecured debt rating to non-investment grade. These and any further ratings downgrades could adversely impact our ability to access debt markets in the future, increase the cost of future debt, and potentially require us to post letters of credit for certain obligations. See Part I, Item 1A.—Risk Factors—*A downgrade in our credit rating could negatively impact our cost of and ability to access capital markets or other financing sources.*

The 2018 Revolving Credit Facility requires us to maintain a net leverage ratio 5.50:1 or less and an asset to debt coverage ratio of at least 2.50:1, as of the end of each calendar quarter. The net leverage ratio became effective with the adoption of the Second Amendment. The asset to debt coverage ratio applies only during the period which Nabors Delaware fails to maintain an investment grade rating from at least two rating agencies, which was the case as of the date of this report. Our asset to debt coverage ratio was 4.28:1 as of December 31, 2019 and 3.82:1 as of December 31, 2018. Our net leverage ratio was 3.55:1 as of December 31, 2019.

As of the date of this report, we were in compliance with all covenants under the 2018 Revolving Credit Facility. If we fail to perform our obligations under the covenants, the revolving credit commitments under the 2018 Revolving Credit Facility could be terminated, and any outstanding borrowings under the facilities could be declared immediately due and payable. If necessary, we have the ability to manage these ratios by taking certain actions including reductions in discretionary capital or other types of controllable expenditures, monetization of assets, amending or renegotiating the revolving credit agreement, accessing capital markets through a variety of alternative methods, or any combination of these alternatives. We expect to remain in compliance with all covenants under the 2018 Revolving Credit Facility during the twelve month period following the date of this report based on our current operational and financial projections. However, we can make no assurance of continued compliance if our current projections or material underlying assumptions prove to be incorrect. If we fail to comply with the covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facility could be declared immediately due and payable.

The 2012 Revolving Credit Facility requires us to maintain a net funded debt to capital ratio of 0.60:1 or less. As of December 31, 2019 our net funded debt to capital ratio was 0.59:1. The 2012 Revolving Credit Facility expires in July 2020, or if we fail to comply with the net funded debt to capital covenant, the 2012 Revolving Credit Facility could be terminated earlier than July 2020. However, at such time as the 2012 Revolving Credit Facility becomes unavailable, we have the ability and intent to refinance the outstanding balance utilizing the 2018 Revolving Credit Facility, which has approximately $1.0 billion of available capacity as of December 31, 2019. The net funded debt to capital ratio, the net leverage ratio and the asset to debt coverage ratio are not measures of operating performance or liquidity defined by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies.

We are a holding company and therefore rely exclusively on repayments of interest and principal on intercompany loans that we have made to our operating subsidiaries and income from dividends and other cash flows from our operating subsidiaries. There can be no assurance that our operating subsidiaries will generate sufficient net income to pay us dividends or sufficient cash flows to make payments of interest and principal to us. See Part I., Item 1A.—Risk Factors—*As a holding company, we depend on our operating subsidiaries and investments to meet our financial obligations*.

Accounts Receivable Sales Agreement

On September 13, 2019, we entered into a $250.0 million accounts receivable sales agreement (the “A/R Agreement”) whereby certain U.S. operating subsidiaries of the Company (collectively, the “Originators”) sold or contributed, and will on an ongoing basis continue to sell or contribute, certain of its domestic trade accounts receivables to a wholly-owned, bankruptcy-remote, special purpose entity (the “SPE”). The SPE would in turn, sell, transfer, convey and assign to third-party financial institutions (the “Purchasers”), all the rights, title and interest in and to its pool of eligible receivables. The sale of these receivables qualified for sale accounting treatment in accordance with ASC 860.

The amount available for purchase under the A/R Agreement fluctuates over time based on the total amount of eligible receivables generated during the normal course of business after excluding excess concentrations and certain other ineligible receivables. The maximum purchase commitment of the Purchasers under the A/R Agreement is approximately $250.0 million, and the amount of receivables purchased by the Purchasers as of December 31, 2019 was $140.0 million. As of December 31, 2019, the total amount of eligible receivables available for purchase by the Purchasers was $171.7 million. See further details at Note 4 — Accounts Receivable Sale Agreement in Part II, Item 8. —Financial Statements and Supplementary Data.

Future Cash Requirements

Our current cash and investments, projected cash flows from operations, proceeds from equity or debt issuances and our revolving credit facilities are expected to adequately finance our purchase commitments, capital expenditures, acquisitions, scheduled debt service requirements, and all other expected cash requirements for the next 12 months.

Purchase commitments outstanding at December 31, 2019 totaled approximately $170.4 million, primarily for rig-related enhancements, new construction and equipment, as well as sustaining capital expenditures, other operating expenses and purchases of inventory. We can reduce planned expenditures if necessary or increase them if market conditions and new business opportunities warrant it. The level of our outstanding purchase commitments and our expected level of capital expenditures over the next 12 months represent a number of capital programs that are currently underway or planned.

We have historically completed a number of acquisitions and will continue to evaluate opportunities to acquire assets or businesses to enhance our operations. Several of our previous acquisitions were funded using existing cash or debt or by issuing our common shares. Future acquisitions may be funded using existing cash or by issuing debt or additional shares of the Company. Such capital expenditures and acquisitions will depend on our view of market conditions and other factors.

On August 25, 2015, our Board authorized a share repurchase program (the “program”) under which we may repurchase, from time to time, up to $400.0 million of our common shares by various means, including in the open market or in privately negotiated transactions. Authorization for the program, which was renewed in February 2019, does not have an expiration date and does not obligate us to repurchase any of our common shares. Since establishing the program, we have repurchased 14.0 million of our common shares for an aggregate purchase price of approximately $119.4 million under this program. As of December 31, 2019, the remaining amount authorized under the program that may be used to purchase shares was $280.6 million. The repurchased shares, which are held by our subsidiaries, are registered and tradable subject to applicable securities law limitations and have the same voting and other rights as other outstanding shares. As of December 31, 2019, our subsidiaries held 52.8 million of our common shares.

On May 23, 2019, our Board authorized a share repurchase program under which we may repurchase, from time to time, up to $10.0 million of our mandatory convertible preferred shares by various means, including in the open market or in privately negotiated transactions. This authorization does not have an expiration date and does not obligate us to repurchase any of our mandatory convertible preferred shares. During the year ended December 31, 2019, we repurchased 136,772 mandatory convertible preferred shares for an aggregate purchase price of approximately $2.9 million.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, both in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors and may involve material amounts.

See our discussion of guarantees issued by Nabors that could have a potential impact on our financial position, results of operations or cash flows in future periods included below under “Off-Balance Sheet Arrangements (Including Guarantees)”.

The following table summarizes our contractual cash obligations as of December 31, 2019:

	Payments due by Period				
	Total	< 1 Year	1-3 Years	3-5 Years	More tl
			(In thousands)		
Contractual cash obligations:					
Long-term debt: (1)					
Principal	$ 3,466,944	$ 637,162 (2)	$ 634,999 (3)	$ 1,413,281 (4)	$
Interest	517,821	150,653	217,379	127,321	
Operating leases (6)	58,071	15,586	17,443	7,393	
Purchase commitments (7)	170,412	167,393	2,998	21	

~~The table above excludes liabilities for unc~~ertain tax positions totaling $25.7 million as of December 31, 2019 because we are unable to make reasonably reliable estimates of the timing of cash settlements with the respective taxing authorities. Further details on the uncertain tax positions can be found in Note 11—Income Taxes in Part II, Item 8.—Financial Statements and Supplementary Data.

(1) See Note 10—Debt in Part II, Item 8.—Financial Statements and Supplementary Data

(2) Represents the aggregate principal amount of Nabors Delaware’s 5.00% senior notes due September 2020 and amounts outstanding under our 2012 Revolving Credit Facility due July 202(

(3) Represents the aggregate principal amount of Nabors Delaware’s 4.625% senior notes due September 2021. Approximately $379.7 million aggregate principal amount of our 4.625% senior pursuant to the previously announced offer to purchase and consent solicitation during January 2020.

(4) Represents the aggregate principal amount of Nabors Delaware’s 5.50% senior notes due January 2023, 5.10% senior notes due September 2023 and 0.75% senior exchangeable notes due Approximately $407.7 million aggregate principal amount of our 5.50% senior notes and $165.5 million aggregate principal amount of our 5.10% senior notes were tendered pursuant to the announced offer to purchase and consent solicitation during January 2020.

(5) Represents the aggregate principal amount of Nabors Delaware’s 5.75% senior notes due January 2025.

(6) See Note 15—Commitments and Contingencies in Part II, Item 8.—Financial Statements and Supplementary Data.

(7) Purchase commitments include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quanti purchased; fixed, minimum or variable pricing provisions; and the approximate timing of the transaction.

During the three months ended December 31, 2019, our Board declared a cash dividend of $0.01 per common share. This quarterly cash dividend was paid on January 3, 2020 to shareholders of record on December 13, 2019 in the amount of $3.6 million. Additionally, during the three months ended December 31, 2019, our Board declared a cash dividend of $0.75 per mandatory convertible preferred share, which was paid on February 3, 2020 to shareholders of record at the close of business on January 15, 2020 in the amount of $4.3 million. During the year ended December 31, 2019, we paid cash dividends totaling $49.6 million. See Part II, Item 5.—Market Price of and Dividends on the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity—Dividends.

Cash Flows

Our cash flows depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Sustained decreases in the price of oil or natural gas could have a material impact on these activities, and could also materially affect our cash flows. Certain sources and uses of cash, such as the level of discretionary capital expenditures or acquisitions, purchases and sales of investments, loans, issuances and repurchases of debt and of our common shares are within our control and are adjusted as necessary based on market conditions. We discuss our 2019 and 2018 cash flows below.

Operating Activities. Net cash provided by operating activities totaled $684.6 million during 2019, compared to net cash provided of $325.8 million during 2018. Operating cash flows are our primary source of capital and liquidity. The increase in cash flows from operations is primarily attributable to increases in activity and margins in our U.S. Drilling operating segment. Changes in working capital items such as collection of receivables, other deferred revenue arrangements and payments of operating payables are significant factors affecting operating cash flows. Changes in working capital items provided $136.7 million in cash flows during 2019 and used $216.2 million in cash flows during 2018.

Investing Activities. Net cash used for investing activities totaled $355.9 million during 2019 compared to net cash used of $367.1 million in 2018. Our primary use of cash for investing activities is for capital expenditures related to rig-related enhancements, new construction and equipment, as well as sustaining capital expenditures. During 2019 and 2018, we used cash for capital expenditures totaling $427.7 million and $458.9 million, respectively.

We received $60.3 million in proceeds from insurance claims and sales of assets during 2019 compared to $109.1 million in 2018. Additionally, we paid $20.9 million, net, for businesses acquired in 2018.

Financing Activities. Net cash used for financing activities totaled $331.6 million during 2019. During 2019, we received net proceeds of $185.0 million in amounts borrowed under our revolving credit facilities, partially offset by a $455.4 million repayment on our senior notes. Additionally, we paid dividends totaling $49.6 million to our common and preferred shareholders.

Net cash provided by financing activities totaled $155.6 million during 2018. In 2018, we received net proceeds of $579.3 million from the issuance of common and mandatory convertible preferred shares and redeemable noncontrolling interest contributions totaling $156.9 million from our joint partner in SANAD. During 2018, we paid dividends totaling $87.1 million to our common and preferred shareholders. Additionally, we received net proceeds of $778.7 million in connection with the issuance of our 5.75% senior notes. This was offset by the repayment of the remaining balances of our 6.15% and 9.25% senior notes totaling $774.8 million, repurchase of $103.5 million of senior notes that matured in 2020 and beyond, and $380.0 million pay down on our 2012 Revolving Credit Facility and commercial paper program.

Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to transactions, agreements or other contractual arrangements defined as "off-balance sheet arrangements" that could have a material future effect on our financial position, results of operations, liquidity and capital resources. The most significant of these off-balance sheet arrangements include the A/R Agreement (see —Accounts Receivable Sale Agreement, above) and certain agreements and obligations under which we provide financial or performance assurance to third parties. Certain of these financial or performance assurances serve as guarantees, including standby letters of credit issued on behalf of insurance carriers in conjunction with our workers' compensation insurance program and other financial surety instruments such as bonds. In addition, we have provided indemnifications, which serve as guarantees, to some third parties. These guarantees include indemnification provided by us to our share transfer agent and our insurance carriers. We are not able to estimate the potential future maximum payments that might be due under our indemnification guarantees. Management believes the likelihood that we would be required to perform or otherwise incur any material losses associated with any of these guarantees is remote.

The following table summarizes the total maximum amount of financial guarantees issued by Nabors:

	Maximum Amount			
	2020	2021	2022	Thereafter
	(In thousands)			
Financial standby letters of credit and other financial surety instruments	$ 216,053	3,690	—	—

Other Matters

Recent Accounting Pronouncements

See Note 2—Summary of Significant Accounting Policies in Part II, Item 8.—Financial Statements and Supplementary Data.

Critical Accounting Estimates

The preparation of our financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. We analyze our estimates based on our historical experience and various other assumptions that we believe to be reasonable under the circumstances. However, actual results could differ from our estimates. The following is a discussion of our critical accounting estimates. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material impact on our consolidated financial position or results of operations.

For a summary of all of our significant accounting policies, see Note 2—Summary of Significant Accounting Policies in Part II, Item 8.—Financial Statements and Supplementary Data.

Depreciation of Property, Plant and Equipment. The drilling and drilling services industries are very capital intensive. Property, plant and equipment represented 73% of our total assets as of December 31, 2019, and depreciation and amortization constituted 24% of our total costs and other deductions in 2019.

Depreciation for our primary operating assets, drilling rigs, is calculated based on the units-of-production method. For each day a rig is operating, we depreciate it over an approximate 4,927-day period, with the exception of our jackup rigs which are depreciated over an 8,030-day period, after provision for salvage value. For each day a rig asset is not operating, it is depreciated over an assumed depreciable life of 20 years, with the exception of our jackup rigs, where a 30-year depreciable life is typically used, after provision for salvage value.

Depreciation on our buildings, oilfield hauling and mobile equipment, aircraft equipment, and other machinery and equipment is computed using the straight-line method over the estimated useful life of the asset after provision for salvage value (buildings—10 to 30 years; aircraft equipment—5 to 20 years; oilfield hauling and mobile equipment and other machinery and equipment—3 to 10 years).

These depreciation periods and the salvage values of our property, plant and equipment were determined through an analysis of the useful lives of our assets and based on our experience with the salvage values of these assets.

Periodically, we review our depreciation periods and salvage values for reasonableness given current conditions. Depreciation of property, plant and equipment is therefore based upon estimates of the useful lives and salvage value of those assets. Estimation of these items requires significant management judgment. Accordingly, management believes that accounting estimates related to depreciation expense recorded on property, plant and equipment are critical.

There have been no factors related to the performance of our portfolio of assets, changes in technology or other factors indicating that these estimates do not continue to be appropriate. Accordingly, for the years ended December 31, 2019, 2018 and 2017, no significant changes have been made to the depreciation rates applied to property, plant and equipment, the underlying assumptions related to estimates of depreciation, or the methodology applied. However, certain events could occur that would materially affect our estimates and assumptions related to depreciation. Unforeseen changes in operations or technology could substantially alter management's assumptions regarding our ability to realize the return on our investment in operating assets and therefore affect the useful lives and salvage values of our assets.

Impairment of Long-Lived Assets. As discussed above, the drilling and drilling services industries are very capital intensive. We review our assets for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the estimated undiscounted future cash flows are not sufficient to support the asset's recorded value, an impairment charge is recognized to the extent the carrying amount of the long-lived asset exceeds its estimated fair value. Management considers a number of factors such as estimated future cash flows from the assets, appraisals and current market value analysis in determining fair value. The determination of future cash flows requires the estimation of utilization, dayrates, operating margins, sustaining capital and remaining economic life. Such estimates can change based on market conditions, technological advances in the industry or changes in regulations governing the industry. Significant and unanticipated changes to the assumptions could result in future impairments. A significantly prolonged period of lower oil and natural gas prices could continue to adversely affect the demand for and prices of our services, which could result in future impairment charges. As the determination of whether impairment charges should be recorded on our long-lived assets is subject to significant management judgment, and an impairment of these assets could result in a material charge on our consolidated statements of income (loss), management believes that accounting estimates related to impairment of long-lived assets are critical.

Assumptions in the determination of future cash flows are made with the involvement of management personnel at the operational level where the most specific knowledge of market conditions and other operating factors exists. For 2019, 2018 and 2017, no significant changes have been made to the methodology utilized to determine future cash flows.

For an asset classified as held for sale, we consider the asset impaired when its carrying amount exceeds fair value less its cost to sell. Fair value is determined in the same manner as a long-lived asset that is held and used.

Impairment of Goodwill and Intangible Assets. We review goodwill and intangible assets with indefinite lives for impairment annually during the second quarter of each fiscal year or more frequently if events or changes in circumstances indicate that the carrying amount of such goodwill and intangible assets may exceed their fair value. We perform our impairment tests for goodwill for all of our reporting units within our reportable segments. Our business consists of U.S. Drilling, Canada Drilling, International Drilling, Drilling Solutions and Rig Technologies reportable segments. Our Rig Technologies reportable segment includes our Canrig, RDS and 2TD reporting units. We initially assess goodwill for impairment based on qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one of our reporting units is greater than its carrying amount. If the carrying amount exceeds the fair value, an impairment charge will be recognized in an amount equal to the excess; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

As part of our annual goodwill impairment test performed during the second quarter of 2019, we determined the carrying value of some of our reporting units exceeded their fair value. As such, we recognized an impairment of $75.6 million for the remaining goodwill balance attributable to our International Drilling operating segment and $18.0 million for a partial impairment to our goodwill balance related to the acquisition of 2TD in 2014, reported within our Rig Technologies operating segment. These non-cash pre-tax impairment charges were primarily the result of a sustained decline in our market capitalization and lower future cash flow projections due to expectations for future commodity prices and the resulting impact on the demand for our products and services within these reporting units.

During the fourth quarter of 2019, due to current industry conditions such as the drop in U.S. rig count as well as the recent commodity prices and the corresponding impact on future expectations of demand for our products and services, including the effect that these factors have had on our stock price, we performed a quantitative impairment assessment of our goodwill as of December 31, 2019. Based on the results of our goodwill test, we recognized additional impairment charges of $52.2 million for the remaining goodwill balance attributable to our U.S. Drilling operating segment and $10.1 million for the remaining goodwill balance attributable to the acquisition of 2TD within our Rig Technologies operating segment.

Our estimated fair values of our reporting units incorporate judgment and the use of estimates by management. The fair values calculated in these impairment tests were determined using discounted cash flow models, which require the use of significant unobservable inputs, representative of a Level 3 fair value measurement. Our cash flow models involve assumptions based on our utilization of rigs or other oil and gas service equipment, revenues and earnings from affiliates, as well as direct costs, general and administrative costs, depreciation, applicable income taxes, capital expenditures and working capital requirements. Our fair value estimates of these reporting units are sensitive to varying dayrates, utilization and costs. A significantly prolonged period of lower oil and natural gas prices, other than those assumed in developing our forecasts, or changes in laws and regulations could adversely affect the demand for and prices of our services, which could in turn result in future goodwill and other intangible asset impairment charges for these reporting units due to the potential impact on our estimate of our future operating results. Our discounted cash flow projections for each reporting unit were based on financial forecasts. The future cash flows were discounted to present value using discount rates determined to be appropriate for each reporting unit. Terminal values for each reporting unit were calculated using a Gordon Growth methodology with a long-term growth rate of approximately 2%.

Another factor in determining whether impairment has occurred is the relationship between our market capitalization and our book value. As part of our annual review, we compared the sum of our reporting units' estimated fair value, which included the estimated fair value of non-operating assets and liabilities, less debt, to our market capitalization and assessed the reasonableness of our estimated fair value. Any of the above-mentioned factors may cause us to re-evaluate goodwill during any quarter throughout the year.

Income Taxes. We operate in a number of countries and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. We are currently contesting tax assessments in a number of countries and may contest future assessments. We believe the ultimate resolution of the outstanding assessments, for which we have not made any accrual, will not have a material adverse effect on our consolidated financial statements. We recognize uncertain tax positions that we believe have a greater than 50 percent likelihood of being sustained. We cannot predict or provide assurance as to the ultimate outcome of any existing or future assessments.

Audit claims of approximately $18.6 million attributable to income tax have been assessed against us. We have contested, or intend to contest, these assessments, including through litigation if necessary, and we believe the ultimate resolution, for which we have not made any accrual, will not have a material adverse effect on our consolidated financial statements. Tax authorities may issue additional assessments or pursue legal actions as a result of tax audits and we cannot predict or provide assurance as to the ultimate outcome of such assessments and legal actions.

Applicable income and withholding taxes have not been provided on undistributed earnings of our subsidiaries. We do not intend to repatriate such undistributed earnings except for distributions upon which incremental income and withholding taxes would not be material.

In certain jurisdictions we have recognized deferred tax assets and liabilities. Judgment and assumptions are required in determining whether deferred tax assets will be fully or partially utilized. When we estimate that all or some portion of certain deferred tax assets such as net operating loss carryforwards will not be utilized, we establish a valuation allowance for the amount ascertained to be unrealizable. We continually evaluate strategies that could allow for future utilization of our deferred assets. Any change in the ability to utilize such deferred assets will be accounted for in the period of the event affecting the valuation allowance. If facts and circumstances cause us to change our expectations regarding future tax consequences, the resulting adjustments could have a material effect on our financial results or cash flow.

Litigation and Self-Insurance Reserves. Our operations are subject to many hazards inherent in the drilling and drilling services industries, including blowouts, cratering, explosions, fires, loss of well control, loss of or damage to the wellbore or underground reservoir, damaged or lost drilling equipment and damage or loss from inclement weather or natural disasters. Any of these and other hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental and natural resources damage and damage to the property of others. Our offshore operations are also subject to the hazards of marine operations including capsizing, grounding, collision and other damage from hurricanes and heavy weather or sea conditions and unsound ocean bottom conditions. Our operations are subject to risks of war or acts of terrorism, civil disturbances and other political events.

Accidents may occur, we may be unable to obtain desired contractual indemnities, and our insurance may prove inadequate in certain cases. There is no assurance that our insurance or indemnification agreements will adequately protect us against liability from all of the consequences of the hazards described above. Moreover, our insurance coverage generally provides that we assume a portion of the risk in the form of a deductible or self-insured retention.

Based on the risks discussed above, it is necessary for us to estimate the level of our liability related to insurance and record reserves for these amounts in our consolidated financial statements. Reserves related to self-insurance are based on the facts and circumstances specific to the claims and our past experience with similar claims. The actual outcome of self-insured claims could differ significantly from estimated amounts. We maintain actuarially determined accruals in our consolidated balance sheets to cover self-insurance retentions for workers' compensation, employers' liability, general liability and automobile liability claims. These accruals are based on certain assumptions developed utilizing historical data to project future losses. Loss estimates in the calculation of these accruals are adjusted based upon actual claim settlements and reported claims. These loss estimates and accruals recorded in our financial statements for claims have historically been reasonable in light of the actual amount of claims paid.

Because the determination of our liability for self-insured claims is subject to significant management judgment and in certain instances is based on actuarially estimated and calculated amounts, and because such liabilities could be material in nature, management believes that accounting estimates related to self-insurance reserves are critical.

During 2019, 2018 and 2017, no significant changes were made to the methodology used to estimate insurance reserves. For purposes of earnings sensitivity analysis, if the December 31, 2019 reserves were adjusted by 10%, total costs and other deductions would change by $14.5 million, or .39%.

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES***

We may be exposed to certain market risks arising from the use of financial instruments in the ordinary course of business. This risk arises primarily as a result of potential changes in the fair market value of financial instruments due to adverse fluctuations in foreign currency exchange rates, credit risk, interest rates, and marketable and non-marketable security prices as discussed below.

Foreign Currency Risk. We operate in a number of international areas and are involved in transactions denominated in currencies other than U.S. dollars, which exposes us to foreign exchange rate risk and foreign currency devaluation risk. The most significant exposures arise in connection with our operations in Argentina and Canada, which usually are substantially unhedged.

At various times, we utilize local currency borrowings (foreign-currency- denominated debt), the payment structure of customer contracts and foreign exchange contracts to selectively hedge our exposure to exchange rate fluctuations in connection with monetary assets, liabilities, cash flows and commitments denominated in certain foreign currencies. A foreign exchange contract is a foreign currency transaction, defined as an agreement to exchange different currencies at a given future date and at a specified rate. A hypothetical 10% increase in the value of all our foreign currencies relative to the U.S. dollar as of December 31, 2019 would result in a $10.8 million increase in the fair value of our net monetary liabilities denominated in currencies other than U.S. dollars.

Credit Risk. Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, short-term and long-term investments and accounts receivable. Cash equivalents such as deposits and temporary cash investments are held by major banks or investment firms. Our short-term and long-term investments are managed within established guidelines that limit the amounts that may be invested with any one issuer and provide guidance as to issuer credit quality. We believe that the credit risk in our cash and investment portfolio is minimized as a result of the mix of our investments. In addition, our trade receivables are with a variety of U.S., international and foreign-country national oil and gas companies. Management considers this credit risk to be limited due to the financial resources of these companies. We perform ongoing credit evaluations of our customers, and we generally do not require material collateral. We do occasionally require prepayment of amounts from customers whose creditworthiness is in question prior to providing services to them. We maintain reserves for potential credit losses, and these losses historically have been within management’s expectations.

Interest Rate and Marketable and Non-marketable Security Price Risk. Our financial instruments that are potentially sensitive to changes in interest rates include our floating rate debt instruments (our revolving credit facilities), our fixed rate debt securities comprised of our 5.0%, 4.625%, 5.50%, 5.10% and 5.75% senior notes, our 0.75% senior exchangeable notes, our investments in debt securities (including corporate and mortgage-CMO debt securities) and our investments in overseas funds that invest primarily in a variety of public and private U.S. and non-U.S. securities (including asset-backed and mortgage-backed securities, global structured-asset securitizations, whole-loan mortgages and participations in whole loans and whole-loan mortgages), which are classified as long-term investments.

We may utilize derivative financial instruments that are intended to manage our exposure to interest rate risks. We account for derivative financial instruments under the Derivatives Topic of the ASC. The use of derivative financial instruments could expose us to further credit risk and market risk. Credit risk in this context is the failure of a counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty would owe us, which can create credit risk for us. When the fair value of a derivative contract is negative, we would owe the counterparty, and therefore, we would not be exposed to credit risk. We attempt to minimize credit risk in derivative instruments by entering into transactions with major financial institutions that have a significant asset base. Market risk related to derivatives is the adverse effect on the value of a financial instrument that results from changes in interest rates. We try to manage market risk associated with interest-rate contracts by establishing and monitoring parameters that limit the type and degree of market risk that we undertake.

Fair Value of Financial Instruments. The fair value of our fixed rate long-term debt and revolving credit facilities is estimated based on quoted market prices or prices quoted from third-party financial institutions. The carrying and fair values of these liabilities were as follows:

	As of December 31,					
	2019			2018		
	Interest Rate	Carrying Value	Fair Value	Interest Rate	Carrying Value	
			(In thousands)			
5.00% senior notes due September 2020	5.44 %	$ 282,046	$ 284,907	5.25 %	$ 614,748	$
4.625% senior notes due September 2021	4.76 %	634,588	632,516	4.75 %	668,347	
5.50% senior notes due January 2023	5.90 %	501,003	483,834	5.84 %	586,000	
5.10% senior notes due September 2023	5.24 %	336,810	303,860	5.26 %	342,923	
0.75% senior exchangeable notes due January 2024	5.97 %	472,603	431,503	6.04 %	450,689	
5.75% senior notes due February 2025	6.01 %	781,502	705,040	5.87 %	791,502	
2012 Revolving credit facility	3.71 %	355,000	355,000	3.58 %	170,000	
2018 Revolving credit facility	— %	—	—	— %	—	
Other	— %	—	—	— %	561	
		3,363,552	$ 3,196,661		3,624,770	$
Less: current portion		—			561	
Less: deferred financing costs		30,332			38,325	
		$ 3,333,220			$ 3,585,884	

The fair values of our cash equivalents, trade receivables and trade payables approximate their carrying values due to the short-term nature of these instruments. Our short-term investments as of December 31, 2019 and 2018 were carried at fair market value and totaled $16.5 million and $34.0 million, respectfully.

Our investments in debt securities and a portion of our long-term investments are sensitive to changes in interest rates. Additionally, our investment portfolio of debt and equity securities, which are carried at fair value, exposes us to price risk. A hypothetical 10% decrease in the market prices for all securities as of December 31, 2019 would decrease the fair value of our marketable securities by $1.7 million.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Nabors Industries Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Nabors Industries Ltd. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of income (loss), of comprehensive income (loss), of changes in equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 21 to the consolidated financial statements, the Company has changed its method for accounting for leases in 2019 due to the adoption of ASU No. 2016-02, Leases (Topic 842).

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Goodwill for Certain Reporting Units within the U.S. and International Drilling Segments

As described in Note 2 to the consolidated financial statements, the Company had a consolidated goodwill balance of $28.4 million as of December 31, 2019. During the year ended December 31, 2019, the Company recorded consolidated impairment losses of $156.0 million for goodwill for certain reporting units including $52.2 million and $75.6 million in the U.S. and International Drilling segments, respectively. Management reviews goodwill for impairment annually during the second quarter of each fiscal year or more frequently if events or changes in circumstances indicate that the carrying amount of such goodwill may exceed their fair value. Management initially assesses goodwill for impairment based on qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one or more of its reporting units is greater than its carrying amount. If the carrying amount exceeds the fair value, an impairment charge will be recognized in an amount equal to the excess; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The fair values calculated in these impairment tests were determined using discounted cash flow models which require the use of significant unobservable inputs, representative of a Level 3 fair value measurement. The cash flow models involve assumptions, that vary by reporting unit, and include the Company’s utilization of rigs or other oil and gas service equipment, revenues and earnings from affiliates, as well as direct costs, general and administrative costs, depreciation, applicable income taxes, capital expenditures and working capital requirements. As disclosed by management, the fair value estimates of these reporting units are sensitive to varying dayrates, utilization and costs. The future cash flows were discounted to present value using discount rates determined to be appropriate for each reporting unit. Terminal values for each reporting unit were calculated using a Gordon Growth methodology with a long-term growth rate of 2%.

The principal considerations for our determination that performing procedures relating to the impairment of goodwill for certain reporting units within the U.S. and International Drilling segments is a critical audit matter are there was significant judgment by management when developing the fair value for certain reporting units. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the cash flow models and significant assumptions, which vary by reporting unit for the related impairment assessments, including utilization of rigs, dayrates, applicable income taxes, capital expenditures, long term growth rates and discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and in evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessment of goodwill for certain reporting units, including controls over the fair value estimates. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the discounted cash flow models; testing the completeness, accuracy, and relevance of underlying data used in the models; and evaluating the significant assumptions used by management, which vary by reporting unit, including utilization of rigs, dayrates, applicable income taxes, capital expenditures, long term growth rates and discount rates. Evaluating management's assumptions involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting units, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow models and certain significant assumptions, including discount rates.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
February 25, 2020

We have served as the Company's auditor since 1987.

NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2019	
	(In thousands, excep share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 435,990	$
Short-term investments	16,506	
Accounts receivable, net	453,042	
Inventory, net	176,341	
Assets held for sale	2,530	
Other current assets	164,257	
Total current assets	1,248,666	
Property, plant and equipment, net	4,930,549	
Goodwill	28,380	
Deferred income taxes	305,844	
Other long-term assets	247,219	
Total assets (1)	$ 6,760,658	$
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt	$ —	$
Trade accounts payable	295,159	
Accrued liabilities	333,282	
Income taxes payable	14,628	
Current lease liabilities	13,479	
Total current liabilities	656,548	
Long-term debt	3,333,220	
Other long-term liabilities	292,184	
Deferred income taxes	3,149	
Total liabilities (1)	4,285,101	
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interest in subsidiary (Note 13)	425,392	
Shareholders' equity:		
Preferred shares, par value $0.001 per share:		
Series A 6% Cumulative Mandatory Convertible; $50 per share liquidation preference; issued 5,613 and 5,750, respectively	6	
Common shares, par value $0.001 per share:		
Authorized common shares 800,000; issued 416,198 and 409,652, respectively	416	
Capital in excess of par value	3,412,972	
Accumulated other comprehensive income (loss)	(11,788)	
Retained earnings (accumulated deficit)	(104,775)	
Less: treasury shares, at cost, 52,800 and 52,800 common shares, respectively	(1,314,020)	
Total shareholders' equity	1,982,811	
Noncontrolling interest	67,354	
Total equity	2,050,165	
Total liabilities and equity	$ 6,760,658	$

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(1) The consolidated balance sheets include assets and liabilities of consolidated joint ventures. See Note 13—Joint Ventures for additional information.

The accompanying notes are an integral part of these consolidated financial statements.

NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Year Ended December 31,	
	2019	2018
	(In thousands, except per share an	
Revenues and other income:		
Operating revenues	$ 3,043,383	$ 3,057,619
Earnings (losses) from unconsolidated affiliates	(5)	1
Investment income (loss)	10,218	(9,499)
Total revenues and other income	3,053,596	3,048,121
Costs and other deductions:		
Direct costs	1,929,331	1,976,974
General and administrative expenses	258,731	265,822
Research and engineering	50,359	56,147
Depreciation and amortization	876,091	866,870
Interest expense	204,311	227,124
Impairments and other charges	290,471	144,446
Other, net	33,224	29,532
Total costs and other deductions	3,642,518	3,566,915
Income (loss) from continuing operations before income taxes	(588,922)	(518,794)
Income tax expense (benefit):		
Current	55,625	2,388
Deferred	35,951	76,881
Total income tax expense (benefit)	91,576	79,269
Income (loss) from continuing operations, net of tax	(680,498)	(598,063)
Income (loss) from discontinued operations, net of tax	(12)	(14,663)
Net income (loss)	(680,510)	(612,726)
Less: Net (income) loss attributable to noncontrolling interest	(22,375)	(28,222)
Net income (loss) attributable to Nabors	$ (702,885)	$ (640,948)
Less: Preferred stock dividend	(17,244)	(12,305)
Net income (loss) attributable to Nabors common shareholders	$ (720,129)	$ (653,253)
Amounts attributable to Nabors common shareholders:		
Net income (loss) from continuing operations	$ (720,117)	$ (638,590)
Net income (loss) from discontinued operations	(12)	(14,663)
Net income (loss) attributable to Nabors common shareholders	$ (720,129)	$ (653,253)
Earnings (losses) per share:		
Basic from continuing operations	$ (2.11)	$ (1.95)
Basic from discontinued operations	—	(0.04)
Total Basic	$ (2.11)	$ (1.99)
Diluted from continuing operations	$ (2.11)	$ (1.95)
Diluted from discontinued operations	—	(0.04)
Total Diluted	$ (2.11)	$ (1.99)
Weighted-average number of common shares outstanding:		
Basic	351,617	334,397
Diluted	351,617	334,397

The accompanying notes are an integral part of these consolidated financial statements.

NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31	
	2019	2018
	(In thousands)	
Net income (loss) attributable to Nabors	$ (702,885)	$ (640,948)
Other comprehensive income (loss), before tax:		
Translation adjustment attributable to Nabors	16,943	(31,962)
Unrealized gains (losses) on marketable securities:		
Unrealized gains (losses) on marketable securities	—	—
Less: reclassification adjustment for (gains) losses included in net income (loss)	—	—
Unrealized gains (losses) on marketable securities	—	—
Pension liability amortization and adjustment	217	216
Unrealized gains (losses) and amortization on cash flow hedges	567	567
Adoption of ASU No. 2016-01	—	(9,144)
Other comprehensive income (loss), before tax	17,727	(40,323)
Income tax expense (benefit) related to items of other comprehensive income (loss)	190	187
Other comprehensive income (loss), net of tax	17,537	(40,510)
Comprehensive income (loss) attributable to Nabors	(685,348)	(681,458)
Net income (loss) attributable to noncontrolling interest	22,375	28,222
Translation adjustment attributable to noncontrolling interest	55	(251)
Comprehensive income (loss) attributable to noncontrolling interest	22,430	27,971
Comprehensive income (loss)	$ (662,918)	$ (653,487)

The accompanying notes are an integral part of these consolidated financial statements.

NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2019	**2018**	
		(In thousands)	
Cash flows from operating activities:			
Net income (loss)	$ (680,510)	$ (612,726)	$
Adjustments to net income (loss):			
Depreciation and amortization	876,103	868,509	
Deferred income tax expense (benefit)	35,894	71,579	
Impairments and other charges	213,404	62,578	
Amortization of debt discount and deferred financing costs	30,931	32,213	
Losses (gains) on debt buyback	(11,468)	5,268	
Losses (gains) on long-lived assets, net	40,346	95,741	
Losses (gains) on investments, net	(1,257)	14,195	
Provision (recovery) of bad debt	20,626	1,285	
Share-based compensation	24,660	26,396	
Foreign currency transaction losses (gains), net	20,876	4,235	
Noncontrolling interest	(22,375)	(28,222)	
Equity in (earnings) losses from unconsolidated affiliates, net of dividends	5	164	
Other	667	720	
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	276,685	(66,486)	
Inventory	(18,695)	(13,981)	
Other current assets	5,157	31,770	
Other long-term assets	13,106	11,717	
Trade accounts payable and accrued liabilities	(142,857)	(76,561)	
Income taxes payable	(4,857)	(41,939)	
Other long-term liabilities	8,117	(60,682)	
Net cash provided by (used for) operating activities	684,558	325,773	
Cash flows from investing activities:			
Purchases of investments	(4,323)	(676)	
Sales and maturities of investments	18,849	4,287	
Cash paid for acquisition of businesses, net of cash acquired	(2,929)	(20,859)	
Capital expenditures	(427,741)	(458,938)	
Proceeds from sales of assets and insurance claims	60,288	109,098	
Net cash (used for) provided by investing activities	(355,856)	(367,088)	
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	800,000	
Reduction in long-term debt	(455,360)	(878,278)	
Debt issuance costs	(1,767)	(21,277)	
Proceeds from revolving credit facilities	1,050,000	1,135,000	
Reduction in revolving credit facilities	(865,000)	(1,475,000)	
Proceeds from (payment for) commercial paper	—	(40,000)	
Cash proceeds (payments) from equity component of exchangeable debt	—	—	
Purchase of capped call hedge transactions	—	—	
Payments on term loan	—	—	
Proceeds from (payments for) short-term borrowings	(561)	380	
Proceeds from issuance of common shares, net of issuance costs	—	301,404	
Proceeds from issuance of preferred stock, net of issuance costs	—	277,927	
Repurchase of common shares	—	—	
Dividends to common and preferred shareholders	(49,583)	(87,098)	
Redeemable noncontrolling interest contribution	—	156,935	
Noncontrolling interest contribution	—	—	
Distributions to noncontrolling interest	(4,552)	(5,452)	
Other	(4,750)	(8,912)	
Net cash (used for) provided by financing activities	(331,573)	155,629	
Effect of exchange rate changes on cash and cash equivalents	(6,171)	(5,263)	
Net increase (decrease) in cash and cash equivalents and restricted cash	(9,042)	109,051	
Cash and cash equivalents and restricted cash, beginning of period	451,080	342,029	
Cash and cash equivalents and restricted cash, end of period	$ 442,038	$ 451,080	$
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents, beginning of period	447,766	336,997	
Restricted cash, beginning of period	3,314	5,032	
Cash and cash equivalents and restricted cash, beginning of period	$ 451,080	$ 342,029	$
Cash and cash equivalents, end of period	435,990	447,766	
Restricted cash, end of period	6,048	3,314	
Cash and cash equivalents and restricted cash, end of period	$ 442,038	$ 451,080	$

The accompanying notes are an integral part of these consolidated financial statements.

NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands)	Mandatory Convertible Preferred Shares: Shares	Mandatory Convertible Preferred Shares: Par Value	Common Shares: Shares	Common Shares: Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Treasury Shares	Non-controlling Interest
As of December 31, 2016	—	—	333,598	334	2,521,332	(12,119)	2,033,427	(1,295,949)	7,770
Net income (loss)	—	—	—	—	—	—	(546,811)	—	6,178
Dividends declared to common shareholders ($0.24 per share)	—	—	—	—	—	—	(68,612)	—	—
Repurchase of treasury shares	—	—	—	—	—	—	—	(18,071)	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	23,304	—	—	282
Issuance of common shares for stock options exercised, net of surrender of unexercised stock options	—	—	842	1	(10,736)	—	—	—	—
Equity component of exchangeable debt	—	—	—	—	116,195	—	—	—	—
Capped call transaction	—	—	—	—	(40,250)	—	—	—	—
Adoption of ASU No. 2016-09	—	—	—	—	1,943	—	5,150	—	—
Share-based compensation	—	—	—	—	31,896	—	—	—	—
Issuance to Tesco shareholders	—	—	32,078	32	178,961	—	—	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	13,018
Other	—	—	992	1	(8,212)	—	—	—	(291
As of December 31, 2017	—	$ —	367,510	$ 368	$ 2,791,129	$ 11,185	$ 1,423,154	$ (1,314,020)	$ 26,957
Net income (loss)	—	—	—	—	—	—	(640,948)	—	28,222
Dividends declared to common shareholders ($0.24 per share)	—	—	—	—	—	—	(82,973)	—	—
Dividends declared to preferred shareholders ($2.14 per share)	—	—	—	—	—	—	(12,305)	—	—
Common share issuance	—	—	40,250	40	301,363	—	—	—	—
Convertible preferred share issuance	5,750	6	—	—	277,921	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	(40,510)	—	—	(251
Share-based compensation	—	—	—	—	26,396	—	—	—	—
Adoption of ASU No. 2016-01	—	—	—	—	—	—	9,144	—	—
Adoption of ASU No. 2016-16	—	—	—	—	—	—	(34,132)	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	(5,452
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	—	(11,098)	—	—
Other	—	—	1,892	2	(3,872)	—	—	—	—
As of December 31, 2018	5,750	$ 6	409,652	$ 410	$ 3,392,937	$ (29,325)	$ 650,842	$ (1,314,020)	$ 49,476
Net income (loss)	—	—	—	—	—	—	(702,885)	—	22,375
Dividends declared to common shareholders ($0.04 per share)	—	—	—	—	—	—	(14,953)	—	—
Dividends declared to preferred shareholders ($2.14 per share)	—	—	—	—	—	—	(17,245)	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	17,537	—	—	55
Share-based compensation	—	—	—	—	24,659	—	—	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	(4,552
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	—	(20,534)	—	—
Other	(137)	—	6,546	6	(4,624)	—	—	—	—
As of December 31, 2019	5,613	$ 6	416,198	$ 416	$ 3,412,972	$ (11,788)	$ (104,775)	$ (1,314,020)	$ 67,354

The accompanying notes are an integral part of these consolidated financial statements.

Nabors Industries Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations

Unless the context requires otherwise, references in this annual report to “we,” “us,” “our,” “the Company,” or “Nabors” mean Nabors Industries Ltd., together with our subsidiaries where the context requires. References in this annual report to “Nabors Delaware” mean Nabors Industries, Inc., a wholly owned subsidiary of Nabors.

Our business is comprised of our global land-based and offshore drilling rig operations and other rig related services and technologies. These services include tubular running services, wellbore placement solutions, directional drilling, measurement-while-drilling (“MWD”), logging-while-drilling (“LWD”) systems and services, equipment manufacturing, rig instrumentation and optimization software.

The consolidated financial statements and related footnotes are presented in accordance with U.S. GAAP.

Note 2 Summary of Significant Accounting Policies

Principles of Consolidation

Our consolidated financial statements include the accounts of Nabors, as well as all majority owned and non-majority owned subsidiaries required to be consolidated under U.S. GAAP. All significant intercompany accounts and transactions are eliminated in consolidation.

In addition to the consolidation of our majority owned subsidiaries, we also consolidate variable interest entities (“VIE’s”) when we are determined to be the primary beneficiary of a VIE. Determination of the primary beneficiary of a VIE is based on whether an entity has (1) the power to direct activities that most significantly impact the economic performance of the VIE and (2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our determination of the primary beneficiary of a VIE considers all relationships between us and the VIE. Our joint venture, SANAD, which is equally owned by Saudi Aramco and Nabors, has been consolidated. As we have the power to direct activities that most significantly impact SANAD’s economic performance, including operations, maintenance and certain sourcing and procurement, we have determined Nabors to be the primary beneficiary. See Note 13—Joint Ventures.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and various other short-term investments with original maturities of three months or less.

Short-term Investments

Short-term investments consist primarily of equity securities which are stated at fair value with any changes in fair value recognized in investment income (loss) in our consolidated statements of income (loss).

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out or weighted-average costs methods and includes the cost of materials, labor and manufacturing overhead. Inventory, which is net of reserves of $35.0 million and $27.9 million as of December 31, 2019 and 2018, respectively, included the following:

	Decembe	
	2019	
	(In thousa	
Raw materials	$	130,414
Work-in-progress		5,498
Finished goods		40,429
	$	176,341

Property, Plant and Equipment

Property, plant and equipment, including renewals and betterments, are stated at cost, while maintenance and repairs are expensed currently. Interest costs applicable to the construction of qualifying assets are capitalized as a component of the cost of such assets. We provide for the depreciation of our drilling rigs using the units-of-production method. For each day a rig is operating, we depreciate it over an approximate 4,927-day period, with the exception of our jackup rigs which are depreciated over an 8,030-day period, after provision for salvage value. For each day a rig asset is not operating, it is depreciated over an assumed depreciable life of 20 years, with the exception of our jackup rigs, where a 30-year depreciable life is used, after provision for salvage value.

Depreciation on our buildings, oilfield hauling and mobile equipment, and other machinery and equipment is computed using the straight-line method over the estimated useful life of the asset after provision for salvage value (buildings—10 to 30 years; oilfield hauling and mobile equipment and other machinery and equipment—3 to 10 years). Amortization of capitalized leases is included in depreciation and amortization expense. Upon retirement or other disposal of fixed assets, the cost and related accumulated depreciation are removed from the respective property, plant and equipment accounts and any gains or losses are included in our consolidated statements of income (loss).

We review our assets for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the estimated undiscounted future cash flows are not sufficient to support the asset's recorded value, an impairment charge is recognized to the extent the carrying amount of the long-lived asset exceeds its estimated fair value. Management considers a number of factors such as estimated future cash flows from the assets, appraisals and current market value analysis in determining fair value. The determination of future cash flows requires the estimation of utilization, dayrates, operating margins, sustaining capital and remaining economic life. Such estimates can change based on market conditions, technological advances in the industry or changes in regulations governing the industry. Significant and unanticipated changes to the assumptions could result in future impairments. A significantly prolonged period of lower oil and natural gas prices could adversely affect the demand for and prices of our services, which could result in future impairment charges. As the determination of whether impairment charges should be recorded on our long-lived assets is subject to significant management judgment, and an impairment of these assets could result in a material charge on our consolidated statements of income (loss), management believes that accounting estimates related to impairment of long-lived assets are critical.

For an asset classified as held for sale, we consider the asset impaired when its carrying amount exceeds fair value less its cost to sell. Fair value is determined in the same manner as a long-lived asset that is held and used.

Goodwill

We review goodwill for impairment annually during the second quarter of each fiscal year or more frequently if events or changes in circumstances indicate that the carrying amount of such goodwill and intangible assets may exceed their fair value. We initially assess goodwill for impairment based on qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one of our reporting units is greater than its carrying amount. If the carrying amount exceeds the fair value, an impairment charge will be recognized in an amount equal to the excess; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

Our estimated fair values of our reporting units incorporate judgment and the use of estimates by management. The fair values calculated in these impairment tests were determined using discounted cash flow models, which require the use of significant unobservable inputs, representative of a Level 3 fair value measurement. Our cash flow models involve assumptions based on our utilization of rigs or other oil and gas service equipment, revenues and earnings from affiliates, as well as direct costs, general and administrative costs, depreciation, applicable income taxes, capital expenditures and working capital requirements. Our fair value estimates of these reporting units are sensitive to varying dayrates, utilization and costs. A significantly prolonged period of lower oil and natural gas prices, other than those assumed in developing our forecasts, or changes in laws and regulations could adversely affect the demand for and prices of our services, which could in turn result in future goodwill and other intangible asset impairment charges for these reporting units due to the potential impact on our estimate of our future operating results. Our discounted cash flow projections for each reporting unit were based on financial forecasts. The future cash flows were discounted to present value using discount rates determined to be appropriate for each reporting unit. Terminal values for each reporting unit were calculated using a Gordon Growth methodology with a long-term growth rate of approximately 2%.

Another factor in determining whether impairment has occurred is the relationship between our market capitalization and our book value. As part of our annual review, we compared the sum of our reporting units' estimated fair value, which included the estimated fair value of non-operating assets and liabilities, less debt, to our market capitalization and assessed the reasonableness of our estimated fair value. Any of the above-mentioned factors may cause us to re-evaluate goodwill during any quarter throughout the year.

The change in the carrying amount of goodwill for our segments for the years ended December 31, 2019 and 2018 was as follows:

	Balance at December 31, 2017	Acquisitions and Purchase Price Adjustments	Disposals and Impairments	Cumulative Translation Adjustment	Other Adjustments	
			(In thousands)			
U.S. Drilling	$ 50,149	$ —	$ —	$ —	$ —	$
International Drilling	75,634	—	—	—	—	
Drilling Solutions	—	11,436 (1)	—	—	—	
Rig Technologies	47,443	—	—	(748)	—	
Total	$ 173,226	$ 11,436	$ —	$ (748)	$ —	$

	Balance at December 31, 2018	Acquisitions and Purchase Price Adjustments	Disposals and Impairments	Cumulative Translation Adjustment	Other Adjustment	
			(In thousands)			
U.S. Drilling	$ 50,149	$ —	$ (52,203)(2)	$ —	$ 2,054	$
International Drilling	75,634	—	(75,634)(2)	—	—	
Drilling Solutions	11,436	—	—	—	—	
Rig Technologies	46,695	—	(28,136)(2)	439	(2,054)	
Total	$ 183,914	$ —	$ (155,973)	$ 439	$ —	$

[redacted] in connection with our acquisition of PetroMar Technologies. See Note 5—Acquisitions for additional discussion.
(2) We determined the carrying value of some of our reporting units exceeded their fair value. As such, we recognized a goodwill impairment of $156.0 million. See Note 3—Impairments and

Goodwill for the consolidated company, totaling approximately $8.2 million, is expected to be deductible for tax purposes.

Litigation and Insurance Reserves

We estimate our reserves related to litigation and insurance based on the facts and circumstances specific to the litigation and insurance claims and our past experience with similar claims. We maintain actuarially determined accruals in our consolidated balance sheets to cover self-insurance retentions. See Note 15—Commitments and Contingencies regarding self-insurance accruals. We estimate the range of our liability related to pending litigation when we believe the amount and range of loss can reasonably be estimated. We record our best estimate of a loss when the loss is considered probable. When a liability is probable and there is a range of estimated loss with no best estimate in the range, we record

[redacted]

the minimum estimated liability related to the lawsuits or claims. As additional information becomes available, we assess the potential liability related to our pending litigation and claims and revise our estimates. Due to uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ from our estimates. For matters where an unfavorable outcome is reasonably possible and significant, we disclose the nature of the matter and a range of potential exposure, unless an estimate cannot be made at the time of disclosure.

Revenue Recognition

We recognize revenues and costs on daywork contracts daily as the work progresses over the contract term. For certain contracts, we receive lump sum payments for the mobilization of rigs and other drilling equipment. We defer revenue related to mobilization periods and recognize the revenue over the term of the related drilling contract.

Costs incurred related to a mobilization period for which a contract is secured are deferred and recognized over the term of the related drilling contract. Costs incurred to relocate rigs and other drilling equipment to areas in which a contract has not been secured are expensed as incurred. We defer recognition of revenue on amounts received from customers for prepayment of services until those services are provided.

We recognize revenue for top drives and other capital equipment we manufacture upon transfer of control, which generally occurs when the product has been shipped to the customer.

We recognize, as operating revenue, proceeds from business interruption insurance claims in the period that the claim is realizable. Proceeds from casualty insurance settlements in excess of the carrying value of damaged assets are recognized in other, net in our consolidated statement of income (loss) in the period that the applicable proof of loss documentation is received. Proceeds from casualty insurance settlements that are expected to be less than the carrying value of damaged assets are recognized at the time the loss is incurred and recorded in other, net in our consolidated statement of income (loss).

We recognize reimbursements received for out of pocket expenses incurred as revenues and account for out of pocket expenses as direct costs.

Research and Engineering

Research and engineering expenses are expensed as incurred and include costs associated with the research and development of new products and services and costs associated with sustaining engineering of existing products and services. As a result of our acquisition of Robotic Drilling Systems AS (“RDS”) and PetroMar Technologies, we recorded intangible assets related to in process research and development of $32.5 million and $21.7 million, respectively. As these products are developed, we will transfer the balances to completed technology and begin amortizing the intangible assets over the estimated useful life. No transfers occurred during the years ended December 31, 2019, 2018 or 2017.

Income Taxes

We are a Bermuda exempted company and are not subject to income taxes in Bermuda. We have provided for income taxes based on the tax laws and rates in effect in the countries where we operate and earn income. The income taxes in these jurisdictions vary substantially. Our worldwide effective tax rate for financial statement purposes will continue to fluctuate from year to year due to the change in the geographic mix of pre-tax earnings.

On December 22, 2017, the United States enacted the Tax Cut and Jobs Act of 2017 (“Tax Reform Act”). Among a number of significant changes to the current U.S. federal income tax rules, the Tax Reform Act reduces the marginal U.S. corporate income tax rate from 35 percent down to 21 percent, limits the current deduction for net interest expense, limits the use of net operating losses to offset future taxable income, and imposes a type of minimum tax designed to reduce the benefits derived from intercompany transactions and payments that result in base erosion. As a result of the Tax Reform Act, we were required to revalue deferred tax assets and liabilities from 35 percent to 21 percent and recognized expense of approximately $138.6 million, which is included as a component of income tax expense in continuing operations for the year ended December 31, 2017. Our US operations do not have any controlled foreign corporations and as such are not subject to the Global Intangible Low-Taxed Income provisions of the Tax Reform Act.

We recognize increases to our tax reserves for uncertain tax positions along with interest and penalties as an increase to other long-term liabilities.

For U.S. and other jurisdictional income tax purposes, we have net operating loss carryforwards that we are required to assess quarterly for potential valuation allowances. We consider the sufficiency of existing temporary differences and expected future earnings levels in determining the amount, if any, of valuation allowance required against such carryforwards and against deferred tax assets.

Foreign Currency Translation

For certain of our foreign subsidiaries, such as those in Canada, the local currency is the functional currency, and therefore translation gains or losses associated with foreign-denominated monetary accounts are accumulated in a separate section of the consolidated statements of changes in equity. For our other international subsidiaries, the U.S. dollar is the functional currency, and therefore local currency transaction gains and losses, arising from remeasurement of payables and receivables denominated in local currency, are included in our consolidated statements of income (loss).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. Actual results could differ from such estimates. Areas where critical accounting estimates are made by management include:

- depreciation of property, plant and equipment;
- impairment of long-lived assets;
- impairment of goodwill and intangible assets;
- income taxes;
- litigation and self-insurance reserves; and
- fair value of assets acquired and liabilities assumed.

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases, relating to leases to increase transparency and comparability among companies. This standard requires that all leases with an initial term greater than one year be recorded on the balance sheet as an asset and a lease liability. Additionally, this standard requires disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. We adopted this guidance under the modified retrospective approach as of January 1, 2019. We preliminarily determined that our drilling contracts contained a lease component, and the adoption would require us to separately recognize revenue associated with the lease and services components. In July 2018, the FASB issued ASU No. 2018-11, which provides a practical expedient that allows entities to combine lease and non-lease components where the revenue recognition pattern is the same and where the lease component, when accounted for separately, would be considered an operating lease. Our drilling contracts contain a lease component related to the underlying drilling equipment, in addition to the service component provided by our crews and our expertise to operate such drilling equipment. We have determined that the non-lease service component of our drilling contracts is the predominant element of the combined component and will account for the combined components as a single performance obligation under Topic 606, Revenue from Contracts with Customers. We have elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows us to carry forward the historical accounting relating to lease identification and classification for existing leases upon adoption. With respect to leases whereby we are the lessee, we recognized upon adoption on January 1, 2019 lease liabilities and offsetting "right of use" assets of approximately $42.8 million based on the present value of the remaining minimum rental payments. See Note 21 — Leases.

In February 2018, the FASB issued ASU No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. In addition, the standard requires certain disclosures regarding stranded tax effects. This guidance is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We have elected to not reclassify the stranded tax effects within accumulated other comprehensive income to retained earnings and therefore there is no impact on our consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which changes accounting requirements for the recognition of credit losses from an incurred or probable impairment methodology to a current expected credit losses (CECL) methodology. The guidance is effective for interim and annual periods beginning after December 15, 2019. The guidance will be applied using the modified retrospective method with a cumulative effect adjustment to beginning retained earnings. Trade receivables (including the allowance for doubtful accounts) is the only financial instrument in scope for ASU 2016-13 currently held by the Company. We are currently evaluating the effect the guidance will have on our consolidated financial statements.

Note 3 Impairments and Other Charges

The components of impairments and other charges are provided below:

	Year Ended December	
	2019	**2018**
		(In thousands)
Tangible Assets & Equipment:		
Provision for retirement of assets	$ 33,205	$ 14,617
Impairment of long-lived assets	10,363	45,570
Subtotal	43,568	60,187
Goodwill & Intangible Assets:		
Goodwill impairments	155,973	—
Intangible asset impairment	47,731	—
Subtotal	203,704	—
Other Charges:		
Provision for international activities	43,220	—
Severance and transaction-related costs	11,447	14,323
Loss (gain) on debt buyback	(11,468)	5,268
Divestiture of International assets	—	64,668
Total	$ 290,471	$ 144,446

For the year ended December 31, 2019

Tangible Assets and Equipment

During 2019, as a result of the extended period of reduced demand for some of our legacy asset classes, we retired some of our rigs within our Canada Drilling and International Drilling reportable segments resulting in a loss of $17.8 million and $15.4 million, respectively. Additionally, we recorded impairments totaling $2.5 million comprised of underutilized offshore platform rigs in our International Drilling reportable segment. These impairments resulted from the lack of future contractual opportunities on specific rigs as result of current market conditions across certain geographic regions. The balance of the impairment charge primarily related to obsolete inventory within our Rig Technologies reportable segment.

Goodwill impairments

During 2019, we recognized goodwill impairment charges of $156.0 million. As part of our annual goodwill impairment test performed during the second quarter of 2019, we determined the carrying value of some of our reporting units exceeded their fair value. As such, we recognized impairments of $75.6 million for the remaining goodwill balance attributable to our International Drilling operating segment and $18.0 million for a partial impairment to our goodwill balance attributable to the acquisition of 2TD reported within our Rig Technologies operating segment. These non-cash pre-tax impairment charges were primarily the result of a sustained decline in our market capitalization and lower future cash flow projections due to expectations for future commodity prices below previous projections and the resulting impact on the lower demand projections for our products and services within these reporting units.

During the fourth quarter of 2019, due to current industry conditions such as the drop in U.S. rig count as well as the recent commodity prices and the corresponding impact on future expectations of demand for our products and services, including the effect that these factors have had on our stock price, we performed a quantitative impairment assessment of our goodwill as of December 31, 2019. Based on the results of our goodwill test, we recognized additional impairment charges of $52.2 million for the remaining goodwill balance attributable to our U.S. Drilling operating segment and $10.1 million for the remaining goodwill balance attributable to the acquisition of 2TD within our Rig Technologies operating segment.

Intangible impairments

We determined the fair value of our rotary steerable tools in-process research and development intangible asset associated with our acquisition of 2TD was less than the current book value. As such, we recognized an impairment of $47.7 million to write off the intangible asset due to uncertainty in commercialization and demand stemming from lower commodity prices and rig counts.

Provision for international activities

During 2019, we recorded provisions aggregating to $43.2 million for certain assets, including receivables related to our international activities. The provisions were attributable to a number of foreign countries, which have been adversely impacted by foreign sanctions or other political risk issues, bankruptcies or other financial problems.

Severance and transaction related costs

During 2019, we recognized charges of $11.4 million due to severance and other related costs incurred to right-size our cost structure.

Loss (gain) on early extinguishment of debt

During 2019, we repurchased $468.3 million aggregate principal amount of our senior notes and recognized a gain of $11.5 million as part of the debt extinguishment. See Note 10—Debt for additional discussion.

For the year ended December 31, 2018

Tangible Assets and Equipment

During 2018, as a result of the decline in oil and gas prices in the fourth quarter and the extended period of reduced demand for some of our legacy asset classes, we retired 13 of our remaining SCR rigs within the U.S. Drilling reportable segment resulting in a loss of $14.6 million. Additionally, we recorded impairments totaling $45.6 million primarily comprised of underutilized rigs in our International Drilling and U.S. Drilling reportable segments. These impairments were deemed necessary due to the lack of future contractual opportunities on specific rigs as result of a change in market conditions across certain geographic regions. The balance of the impairment charge primarily related to obsolete inventory within our Rig Technologies reportable segment.

Transaction related costs

During 2018, we incurred $14.3 million in transaction related costs, including professional fees, severances, facility closure costs and other cost rationalization items, primarily in connection with the acquisition of Tesco.

Loss (gain) on early extinguishment of debt

During 2018, we repurchased $873.0 million aggregate principal amount of our senior notes. We paid the holders an aggregate of approximately $906.5 million in cash, reflecting principal and accrued and unpaid interest and prepayment premium and recognized a loss of $5.3 million as part of the debt extinguishment. See Note 10—Debt for additional discussion.

Divestiture of International assets

During 2018, we recognized a loss of $64.7 million on the sale of three offshore drilling rigs and eight workover rigs within our International Drilling reportable segment.

For the year ended December 31, 2017

Tangible Assets and Equipment

In 2017, we recorded impairments totaling $6.9 million primarily comprised of underutilized rigs in our International Drilling reportable segment. These impairments were deemed necessary due to the lack of future contractual opportunities because the rigs were smaller and lower horsepower than our newer rigs and also rigs competing in an overcrowded offshore market.

Transaction related costs

During 2017, we incurred $21.6 million in transaction related costs, including professional fees, severances, facility closure costs and other cost rationalization items, primarily in connection with the acquisition of Tesco.

Loss (gain) on early extinguishment of debt

During 2017, we repurchased $367.9 million aggregate principal amount of our senior notes. We paid the holders an aggregate of approximately $381.7 million in cash, reflecting principal and accrued and unpaid interest and prepayment premium and recognized a loss of $16.0 million as part of the debt extinguishment. See Note 10—Debt for additional discussion.

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Note 4 Accounts Receivable Sales Agreement

On September 13, 2019, we entered into a $250.0 million accounts receivable sales agreement (the “A/R Agreement”) whereby certain U.S. operating subsidiaries of the Company (collectively, the “Originators”), sold or contributed, and will on an ongoing basis continue to sell or contribute, certain of its domestic trade accounts receivables to a wholly-owned, bankruptcy-remote, special purpose entity (the “SPE” and “Seller”). The SPE would in turn, sell, transfer, convey and assign to third-party financial institutions (the “Purchasers”), all the rights, title and interest in and to its pool of eligible receivables. The sale of these receivables qualified for sale accounting treatment in accordance with ASC 860. During the period of this program, cash receipts from the Purchasers at the time of the sale were classified as operating activities in our consolidated statement of cash flows. Subsequent collections on the pledged receivables, which were not sold, will be classified as operating cash flows in our consolidated statement of cash flows at the time of collection.

Nabors Delaware and/or another subsidiary of Nabors will act as servicers of the sold receivables. The servicers administer, collect and otherwise enforce these receivables and are compensated for doing so on terms that are generally consistent with what would be charged by an unrelated servicer. The servicers initially receive payments made by obligors on the receivables, then remit those payments in accordance with the Receivables Purchase Agreement. The servicers and the Originators have contingent indemnification obligations to the SPE, and the SPE has contingent indemnification obligations to the Purchasers, in each case customary for transactions of this type. These contingent indemnification obligations are guaranteed by the Company pursuant to an Indemnification Guarantee in favor of the Purchasers. The Purchasers have no recourse for receivables that are uncollectible as a result of the insolvency or inability to pay of the account debtors.

The maximum purchase commitment of the Purchasers under the A/R Agreement is $250.0 million. The amount available for sale to the Purchasers under the A/R Agreement fluctuates over time based on the total amount of eligible receivables generated during the normal course of business after excluding excess concentrations and certain other ineligible receivables. As of December 31, 2019, the total amount of eligible receivables available for purchase by the Purchasers was $171.7 million, of which $140.0 million had been sold to the Purchasers. Trade accounts receivable sold by the SPE to the Purchasers are derecognized from our condensed consolidated balance sheet. The fair value of the sold receivables approximated book value due to the short-term nature of the receivables and, as a result, no gain or loss on the sale of the receivables was recorded. Trade receivables pledged by the SPE as collateral to the Purchasers (excluding receivables sold to the Purchasers) totaled $143.6 million as of December 31, 2019 and are included in accounts receivable, net in our condensed consolidated balance sheet. The assets of the SPE cannot be used by the Company for general corporate purposes. Additionally, creditors of the SPE do not have recourse to assets of the Company (other than assets of the SPE).

Note 5 Acquisitions

2018 Acquisitions

On October 3, 2018, we purchased PetroMar Technologies, a small developer and operator of LWD downhole tools focusing on high-value formation data to facilitate completion optimization particularly in unconventional reservoirs. The tools complement our existing wellbore placement capabilities and will be included in our Drilling Solutions operating segment. Under the terms of the transaction, we paid an initial purchase price of $25.0 million. We may also be required to make future payments that are contingent upon the future financial performance of this operation. As part of our purchase price allocation, we have recorded intangible assets of $36.2 million ($13.7 million of developed technology, $21.7 million of in process research and development and $0.8 million for tradename), goodwill of approximately $11.4 million and other liabilities of $22.6 million (net of other working capital items) primarily related to the estimate of contingent payments on future financial performance as noted above. The pro forma effect on revenue and net income (loss) have been determined to be immaterial to our financial statements. After further tests, the acquisition is not significant and as such we have not included disclosures of the allocation of the purchase price or any pro forma information.

2017 Acquisitions

Robotic Drilling Systems

On September 5, 2017 we paid approximately $50.7 million in cash, subject to customary closing adjustments, to acquire Robotic Drilling Systems AS (“RDS”), a provider of automated tubular and tool handling equipment for the onshore and offshore drilling markets based in Stavanger, Norway. This transaction will allow us to integrate RDS’s highly capable team and product offering with the technology portfolio of our Rig Technologies segment and strengthens the development of our drilling automation solutions. As part of our purchase price allocation, we have recorded intangible assets of $53.3 million ($20.8 million of developed technology and $32.5 million of in process research and development), goodwill of approximately $5.7 million and other liabilities of $7.3 million (net of other working capital items). The intangible assets related to developed technology are being amortized using the straight-line method over the estimated useful life of 10 years. We have consolidated the operating results of RDS since the acquisition date and reported those results in our Rig Technologies segment. The pro forma effect on revenue and net income (loss) have been determined to be immaterial to our financial statements. Further, tests of significance for this acquisition do not result in a significant acquisition and as such we have not included disclosures of the allocation of the purchase price or any pro forma information.

Tesco Corporation

On December 15, 2017, Nabors completed the acquisition of Tesco Corporation (“Tesco”). Tesco’s tubular services business benefits our Drilling Solutions segment as we expanded into numerous key regions globally. Additionally, the acquisition combined Tesco’s rig equipment manufacturing, rental and aftermarket service business into our Rig Technologies segment, creating a leading rig equipment and drilling automation provider. Under the terms of the acquisition, Nabors acquired all common shares of Tesco in an all-stock transaction, with Tesco shareholders receiving 0.68 common shares of Nabors for each Tesco share owned, or approximately 32.1 million Nabors common shares. The fair value of common shares issued was $179.0 million based on the closing price of Nabors common shares as of the last trading day prior to the issuance as stipulated in the acquisition agreement.

The following table provides the final allocation of the purchase price as of the acquisition date.

(In thousands)	
Assets:	
Cash and cash equivalents	$
Accounts receivable	
Inventory	
Other current assets	
Property, plant and equipment	
Other long-term assets	
Total assets	
Liabilities:	
Accounts payable	$
Accrued liabilities	
Other long-term liabilities	
Total liabilities	
Net assets acquired	$

We have consolidated the operating results of Tesco since the acquisition date and reported those results in our Drilling Solutions and Rig Technologies segments. We included an additional $7.7 million in operating revenues and $0.1 million in earnings from the acquisition date through December 31, 2017 in our consolidated statements of income (loss) as a result of this acquisition.

Note 6 Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable. We primarily apply the market approach for recurring fair value measurements and endeavor to utilize the best information available. Accordingly, we employ valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The use of unobservable inputs is intended to allow for fair value determinations in situations where there is little, if any, market activity for the asset or liability at the measurement date. We are able to classify fair value balances utilizing a fair value hierarchy based on the observability of those inputs. Under the fair value hierarchy:

- Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market;

- Level 2 measurements include quoted market prices for identical assets or liabilities in an active market that have been adjusted for items such as effects of restrictions for transferabi are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets; and

- Level 3 measurements include those that are unobservable and of a subjective nature.

Our financial assets and liabilities that are accounted for at fair value on a recurring basis as of December 31, 2019 and 2018 consisted of available-for-sale equity and debt securities. Our debt securities could transfer into or out of a Level 1 or 2 measure depending on the availability of independent and current pricing at the end of each quarter. During 2019, there were no transfers of our financial assets between Level 1 and Level 2 measures. Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of December 31, 2019 and 2018, our short-term investments were carried at fair market value and totaled $16.5 million and $34.0 million, respectively, and primarily consisted of Level 1 measurements. No material Level 2 or Level 3 measurements exist as of any of the periods presented.

Nonrecurring Fair Value Measurements

We applied fair value measurements to our nonfinancial assets and liabilities measured on a nonrecurring basis, which consist of measurements primarily to assets held-for-sale, goodwill, intangible assets and other long-lived assets and assets acquired and liabilities assumed in a business combination. Based upon our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

Fair Value of Financial Instruments

We estimate the fair value of our financial instruments in accordance with U.S. GAAP. The fair value of our long-term debt and revolving credit facilities is estimated based on quoted market prices or prices quoted from third-party financial institutions, thus a Level 2 measurement. The carrying and fair values of these liabilities were as follows:

	As of December 31,					
	2019			2018		
	Interest Rate	Carrying Value	Fair Value	Interest Rate	Carrying Value	
	(In thousands)					
5.00% senior notes due September 2020	5.44 %	$ 282,046	$ 284,907	5.25 %	$ 614,748	$
4.625% senior notes due September 2021	4.76 %	634,588	632,516	4.75 %	668,347	
5.50% senior notes due January 2023	5.90 %	501,003	483,834	5.84 %	586,000	
5.10% senior notes due September 2023	5.24 %	336,810	303,860	5.26 %	342,923	
0.75% senior exchangeable notes due January 2024	5.97 %	472,603	431,503	6.04 %	450,689	
5.75% senior notes due February 2025	6.01 %	781,502	705,040	5.87 %	791,502	
2012 Revolving credit facility	3.71 %	355,000	355,000	3.58 %	170,000	
2018 Revolving credit facility	— %	—	—	— %	—	
Other	— %	—	—	— %	561	
		3,363,552	$ 3,196,661		3,624,770	$
Less: current portion		—			561	
Less: deferred financing costs		30,332			38,325	
		$ 3,333,220			$ 3,585,884	

The fair values of our cash equivalents, trade receivables and trade payables approximate their carrying values due to the short-term nature of these instruments.

Note 7 Share-Based Compensation

Total share-based compensation expense, which includes stock options and restricted shares, was $24.7 million, $26.4 million and $31.9 million for 2019, 2018 and 2017, respectively. Compensation expense related to awards of restricted shares totaled $24.5 million, $26.0 million and $31.4 million for 2019, 2018 and 2017, respectively, which is included in direct costs and general and administrative expenses in our consolidated statements of income (loss). Share-based compensation expense has been allocated to our various reportable segments. See Note 19—Segment Information.

In addition to the time-based restricted stock share-based awards, historically we have provided two types of performance share awards: the first, based on our performance measured against pre-determined performance metrics ("Performance Shares") and the second, based on market conditions measured against a predetermined peer group ("TSR Shares"). The performance period for the awards granted in 2019 commenced on January 1, 2018 and ended December 31, 2018.

Stock Option Plans

As of December 31, 2019, we had several stock plans under which options to purchase our common shares could be granted to key officers, directors and managerial employees of Nabors and its subsidiaries. Options granted under the plans generally are at prices equal to the fair market value of the shares on the date of the grant. Options granted under the plans generally are exercisable in varying cumulative periodic installments after one year. In the case

[redacted]

of certain key executives and directors, options granted may vest immediately on the grant date. Options granted under the plans cannot be exercised more than ten years from the date of grant. Options to purchase 8.5 million and 15.2 million Nabors common shares remained available for grant as of December 31, 2019 and 2018, respectively. Of the common shares available for grant as of December 31, 2019, approximately 7.7 million of these shares are also available for issuance in the form of restricted shares.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model which uses assumptions for the risk-free interest rate, volatility, dividend yield and the expected term of the options. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period equal to the expected term of the option. Expected volatilities are based on implied volatilities from traded options on Nabors' common shares, historical volatility of Nabors' common shares, and other factors. We use historical data to estimate the expected term of the options and employee terminations within the option-pricing model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of the options represents the period of time that the options granted are expected to be outstanding.

Stock option transactions under our various stock-based employee compensation plans are presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
	(In thousands, except exercise pri		
Options outstanding as of December 31, 2018	3,776	$ 11.36	
Granted	138	2.60	
Exercised	—	—	
Surrendered	(2,269)	9.83	
Forfeited	(15)	9.18	
Options outstanding as of December 31, 2019	1,630	$ 12.77	4.37 yea
Options exercisable as of December 31, 2019	1,630	$ 12.77	4.37 yea

During 2019, 2018 and 2017, respectively, we awarded options vesting over periods up to four years to purchase 137,954, 171,124 and 124,271 of our common shares to certain of our directors.

The fair value of stock options granted during 2019, 2018 and 2017 was calculated using the Black-Scholes option pricing model and the following weighted-average assumptions:

	Year Ended Decemb	
	2019	2018
Weighted average fair value of options granted	$ 1.07	$ 1.75
Weighted average risk free interest rate	1.79%	2.59%
Dividend yield	1.65%	3.03%
Volatility (1)	57.59%	57.11%
Expected life (in years)	4.0	4.0

[redacted] implied volatilities from publicly traded options to purchase Nabors' common shares, historical volatility of Nabors' common shares and other factors.

[redacted]

A summary of our unvested stock options as of December 31, 2019, and the changes during the year then ended is presented below:

Unvested Stock Options	Outstanding	Wei Gra
	(In thousands, except f	
Unvested as of December 31, 2018	17	$
Granted	138	
Vested	(155)	
Forfeited	—	
Unvested as of December 31, 2019	—	$

The total intrinsic value of options exercised during 2017 was $5.1 million. There were no options exercised during 2019 or 2018. The total fair value of options that vested during the years ended December 31, 2019, 2018 and 2017 was $0.2 million, $0.4 million and $0.5 million, respectively.

Restricted Shares

Our stock plans allow grants of restricted shares. Restricted shares are issued on the grant date, but cannot be sold or transferred. Restricted shares vest in varying periodic installments ranging up to five years.

A summary of our restricted shares as of December 31, 2019, and the changes during the year then ended, is presented below:

Restricted shares	Outstanding	Wei Gra
	(In thousands, except fai	
Unvested as of December 31, 2018	3,612	$
Granted	3,265	
Vested	(1,444)	
Forfeited	(521)	
Unvested as of December 31, 2019	4,912	$

During 2019, 2018 and 2017, we awarded 3,264,925, 2,392,486 and 1,130,304 restricted shares, respectively, to our employees and directors. These awards had an aggregate value at their date of grant of $10.6 million, $16.6 million and $14.5 million, respectively, and were scheduled to vest over a period of up to four years. The fair value of restricted shares that vested during 2019, 2018 and 2017 was $4.1 million, $8.7 million and $19.2 million, respectively.

As of December 31, 2019, there was $17.9 million of total future compensation cost related to unvested restricted share awards that are expected to vest. That cost is expected to be recognized over a weighted-average period of approximately two years.

Restricted Shares Based on Performance Conditions

During the years ended December 31, 2019, 2018 and 2017, we awarded 2,412,631, 1,009,948 and 461,919 restricted shares, respectively, vesting over a period of three years to some of our executives. The Performance Share awards granted were based upon achievement of specific financial or operational objectives. The number of shares granted was determined by the percentage of performance goals achieved during fiscal years 2018, 2017 and 2016, respectively. These awards had an aggregate fair value at their date of grant of $7.5 million, $7.0 million and $7.1 million, respectively.

The following table sets forth information regarding outstanding restricted shares based on performance conditions as of December 31, 2019:

Performance based restricted shares	Outstanding	W G
	(In thousands, except f	
Outstanding as of December 31, 2018	1,746	$
Granted	2,413	
Vested	(919)	
Outstanding as of December 31, 2019	3,240	$

Until shares are granted, our Performance Share awards are liability-classified awards. Our accrued liabilities included $2.4 million for such awards at December 31, 2019 for the performance period beginning January 1, 2019 through December 31, 2019 and $2.2 million for such awards at December 31, 2018 for the performance period beginning January 1, 2018 through December 31, 2018. The fair value of these awards that vested during the years ended December 31, 2019, 2018 and 2017 was $2.5 million, $4.8 million and $7.1 million, respectively. The fair value of these liability-classified awards are estimated at each reporting period, based on internal metrics and marked to market.

Restricted Shares Based on Market Conditions

During 2019, 2018 and 2017, we granted awards for 2,609,561, 1,058,158 and 397,692 TSR Shares, respectively, which are equity classified awards and will vest on our performance compared to our peer group over a three-year period. These awards had an aggregate fair value at their date of grant of $3.7 million, $5.1 million and $4.4 million, respectively, after consideration of all assumptions.

The grant date fair value of these awards was based on a Monte Carlo model, using the following assumptions:

	Year Ended Decembe	
	2019	2018
Risk free interest rate	2.48%	2.02%
Expected volatility	70.00%	57.00%
Closing stock price at grant date	$ 2.19	$ 6.87
Expected term (in years)	3.0	3.0

The following table sets forth information regarding outstanding restricted shares based on market conditions as of December 31, 2019:

Market based restricted shares	Outstanding	Wei Gra
	(In thousands, except f	
Outstanding as of December 31, 2018	1,357	$
Granted	2,610	
Vested	(188)	
Forfeited	(562)	
Outstanding as of December 31, 2019	3,217	$

As of December 31, 2019, there was $4.2 million of total future compensation cost related to unvested TSR Share awards that are expected to vest.

Note 8 Property, Plant and Equipment

The major components of our property, plant and equipment are as follows:

		December 31	
		2019	
		(In thousands	
Land	$	33,931	$
Buildings		132,603	
Drilling rigs and related equipment		12,948,504	
Oilfield hauling and mobile equipment		270,826	
Other machinery and equipment		192,081	
Oil and gas properties		12,286	
Construction-in-process (1)		25,391	
	$	13,615,622	$
Less: accumulated depreciation and amortization		(8,685,073)	
	$	4,930,549	$

[redacted]italized for new or substantially new drilling rigs and related equipment that were under construction and had not yet been placed in service as of Decembe

Depreciation expense included in depreciation and amortization expense in our consolidated statements of income (loss) totaled $869.6 million, $860.6 million and $835.9 million during 2019, 2018 and 2017, respectively.

Repair and maintenance expense included in direct costs in our consolidated statements of income (loss) totaled $248.6 million, $265.6 million and $241.4 million during 2019, 2018 and 2017, respectively.

Interest costs of $1.5 million, $1.0 million and $2.5 million were capitalized during 2019, 2018 and 2017, respectively.

Note 9 Financial Instruments and Risk Concentration

We may be exposed to certain market risks arising from the use of financial instruments in the ordinary course of business. These risks arise primarily as a result of potential changes in the fair market value of financial instruments that would result from adverse fluctuations in foreign currency exchange rates, credit risk, interest rates, and marketable and non-marketable security prices as discussed below.

Foreign Currency Risk

We operate in a number of international areas and are involved in transactions denominated in currencies other than U.S. dollars, which exposes us to foreign exchange rate risk or foreign currency devaluation risk. The most significant exposures arise in connection with our operations in Argentina and Canada, which usually are substantially unhedged.

At various times, we utilize local currency borrowings (foreign-currency-denominated debt), the payment structure of customer contracts and foreign exchange contracts to selectively hedge our exposure to exchange rate fluctuations in connection with monetary assets, liabilities, cash flows and commitments denominated in certain foreign currencies. A foreign exchange contract is a foreign currency transaction, defined as an agreement to exchange different currencies at a given future date and at a specified rate.

Credit Risk

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, short-term and long-term investments and accounts receivable. Cash equivalents such as deposits and temporary cash investments are held by major banks or investment firms. Our short-term and long-term investments are managed within established guidelines that limit the amounts that may be invested with any one issuer and provide guidance as to issuer credit quality. We believe that the credit risk in our cash and investment portfolio is minimized as a result of the mix of our investments. In addition, our trade receivables are with a variety of U.S., international and

[redacted]

foreign-country national oil and gas companies. Management considers this credit risk to be limited due to the financial resources of these companies. We perform ongoing credit evaluations of our customers, and we generally do not require material collateral. We do occasionally require prepayment of amounts from customers whose creditworthiness is in question prior to providing services to them. We maintain reserves for potential credit losses, and these losses historically have been within management's expectations.

Interest Rate and Marketable and Non-marketable Security Price Risk

Our financial instruments that are potentially sensitive to changes in interest rates include our floating rate debt instruments comprised of our revolving credit facilities and our fixed rate debt securities comprised of our 5.0%, 4.625%, 5.50%, 5.10% and 5.75% senior notes.

We may utilize derivative financial instruments that are intended to manage our exposure to interest rate risks. The use of derivative financial instruments could expose us to further credit risk and market risk. Credit risk in this context is the failure of a counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty would owe us, which can create credit risk for us. When the fair value of a derivative contract is negative, we would owe the counterparty, and therefore, we would not be exposed to credit risk. We attempt to minimize credit risk in derivative instruments by entering into transactions with major financial institutions that have a significant asset base. Market risk related to derivatives is the adverse effect on the value of a financial instrument that results from changes in interest rates. We try to manage market risk associated with interest-rate contracts by establishing and monitoring parameters that limit the type and degree of market risk that we undertake.

Note 10 Debt

Debt consisted of the following:

	As of Decemb	
	2019	
	(In thousar	
5.00% senior notes due September 2020 (1)	$ 282,046	$
4.625% senior notes due September 2021	634,588	
5.50% senior notes due January 2023	501,003	
5.10% senior notes due September 2023	336,810	
0.75% senior exchangeable notes due January 2024	472,603	
5.75% senior notes due February 2025	781,502	
2012 Revolving credit facility (1)	355,000	
2018 Revolving credit facility	—	
Other	—	
	3,363,552	
Less: current portion	—	
Less: deferred financing costs	30,332	
	$ 3,333,220	$

(1) The 5.00% senior notes due September 2020 and 2012 Revolving Credit Facility have been classified as long-term because we have the ability and intent to repay this obligation utilizing our 20 Facility.

As of December 31, 2019, the principal amount and maturities of our primary debt for each of the five years after 2019 and thereafter are as follows:

	Paid (In t
2020	$
2021	
2022	
2023	
2024	
Thereafter	
	$

[redacted] due September 2020 and amounts outstanding under our 2012 Revolving Credit Facility due July 2020. Subsequent to the balance sheet through the da approximately $3.0 million aggregate principal amount of our 5.00% senior notes were repurchased in the open market, aside from the tender offer.

(2) Represents our 4.625% senior notes due September 2021. Approximately $379.7 million aggregate principal amount of our 4.625% senior notes were tendered pursuant to the previously ar purchase and consent solicitation during January 2020 and approximately $5.0 million aggregate principal amount were repurchased in the open market, aside from the tender offer.

(3) Represents our 5.50% senior notes due January 2023 and 5.10% senior notes due September 2023. Approximately $407.7 million aggregate principal amount of our 5.50% senior notes and aggregate principal amount of our 5.10% senior notes were tendered pursuant to the previously announced offer to purchase and consent solicitation during January 2020. Subsequent tc through the date of this report, approximately $9.0 million aggregate principal amount of our 5.50% senior notes and $4.2 million aggregate principal amount of our 5.10% senior notes were open market.

(4) Represents our 0.75% senior exchangeable notes due January 2024.

(5) Represents our 5.75% senior notes due February 2025.

Nabors Delaware's various fixed rate debt securities comprised of our 5.00%, 4.625%, 5.50% and 5.10% and 5.75% senior unsecured notes are fully and unconditionally guaranteed by us. The notes rank equal in right of payment to all of Nabors Delaware's existing and future senior unsubordinated debt. The notes rank senior in right of payment to all of Nabors Delaware's existing and future senior subordinated and subordinated debt. Our guarantee of the notes is unsecured and ranks equal in right of payment to all of our unsecured and unsubordinated indebtedness from time to time outstanding. The notes are subject to redemption by Nabors Delaware, in whole or in part, at any time generally at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest, determined in the manner set forth in the applicable indenture. In the event of a change in control triggering event, as defined in the indenture, the holders of notes may require Nabors Delaware to purchase all or any part of each note in cash equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase, except to the extent Nabors Delaware has exercised its right to redeem the notes. The notes have customary covenants, including limitations on the incurrence of liens and entering into sale and leaseback transactions as well as customary events of default.

During 2019, 2018 and 2017, we repurchased $468.3 million, $873.0 million, and $367.9 million aggregate principal amount of our senior unsecured notes for approximately $461.1 million, $906.5 million and $381.7 million, respectively, in cash, reflecting principal, accrued and unpaid interest. In connection with such repurchases, during 2019 we recognized a net gain of approximately $11.5 million. During 2018 and 2017 we recognized net losses of approximately $5.3 million and $16.0 million, respectively, which represents the premiums paid in connection with these repurchases or redemptions. These amounts are included in impairments and other charges in our consolidated statement of income (loss).

[redacted]

In January 2020, Nabors completed a private placement offering of $600.0 million aggregate principal amount of senior guaranteed notes due 2026 (the “2026 Notes”) and $400.0 million in aggregate principal amount of senior guaranteed notes due 2028 (the “2028 Notes” and, together with the 2026 Notes, the “notes”). The 2026 and 2028 Notes will bear interest at an annual rate of 7.25% and 7.50%, respectively. The notes are fully and unconditionally guaranteed by certain of Nabors’ indirect wholly-owned subsidiaries. The proceeds from this offering were used primarily to repurchase $952.9 million aggregate principal amount, for a net premium of $2.7 million (excluding accrued interest) certain of Nabors Delaware’s senior notes that were tendered pursuant to the previously announced offer to purchase and consent solicitation. The aggregate principal amount repurchased included approximately $407.7 million of our 5.50% senior notes due 2023, $379.7 million of our 4.625% senior notes due 2021 and $165.5 million of our 5.10% senior notes due 2023. The remaining proceeds were used to pay for transactional fees and for general corporate purposes, including the repayment of other debt. We also repurchased in the open market, aside from the tender offer, approximately $21.2 million aggregate principal amount of our various senior notes.

0.75% Senior Exchangeable Notes Due January 2024

In January 2017, Nabors Delaware issued $575.0 million in aggregate principal amount of 0.75% exchangeable senior unsecured notes due 2024, which are fully and unconditionally guaranteed by Nabors. The notes bear interest at a rate of 0.75% per year payable semiannually on January 15 and July 15 of each year, beginning on July 15, 2017. The exchangeable notes are bifurcated for accounting purposes into debt and equity components of $411.2 million and $163.8 million, respectively, based on the relative fair value at the issuance date. Debt issuance costs of $9.6 million and equity issuance costs of $3.9 million were capitalized in connection with the issuance of these notes in long-term debt and netted against the proceeds allocated to the equity component, respectively, in our consolidated balance sheet. The debt issuance costs are being amortized through January 2024.

The exchangeable notes are exchangeable, under certain conditions, at an initial exchange rate of 39.75 common shares of Nabors per $1,000 principal amount of exchangeable notes (equivalent to an initial exchange price of approximately $25.16 per common share). Upon any exchange, Nabors Delaware will settle its exchange obligation in cash, common shares of Nabors, or a combination of cash and common shares, at our election.

In connection with the pricing of the notes, we entered into privately negotiated capped call transactions which are expected to reduce potential dilution to common shares and/or offset potential cash payments required to be made in excess of the principal amount upon any exchange of notes. Such reduction and/or offset is subject to a cap representing a price per share of $31.45, an approximately 75.0% premium over our share price of $17.97 as of the pricing date of the transaction. The capped call meets the definition of a derivative under ASC 815, Derivatives and Hedging, as it has an underlying (the Company’s share price), a notional amount (the number of underlying shares to be purchased per option), an initial net investment less (by more than a nominal amount) than the amount that would have to be paid to own the underlying and provides for a default net share settlement (but could also be settled in cash at the election of the Company). However, the capped call meets the derivative scope exception under ASC 815 for instruments indexed to the Company’s own stock and classified in shareholders’ equity and therefore was initially recorded in equity. Until such time as the Company elects a settlement method for the exchangeable notes, the capped call transaction will continue to be accounted for as equity. At conversion, if the Company elects to partially settle the notes in cash in excess of the principal amount, or fully in cash, the capped call will be subject to mark to market through earnings as a derivative until such settlement is paid.

The net proceeds from the offering of the exchangeable notes were used to prepay the remaining balance of our unsecured term loan originally scheduled to mature in 2020, as well as to pay the cost of the capped call transactions. The remaining net proceeds from the offering were allocated for general corporate purposes, including to repurchase or repay other indebtedness.

2018 Revolving Credit Facility

On December 13, 2019, Nabors Delaware and Nabors Drilling Canada Limited (‘‘Nabors Canada’’ and together with Nabors Delaware, the ‘‘Borrowers’’) entered into Amendment No. 2 (the ‘‘Second Amendment’’) to the existing credit agreement dated October 11, 2018 (as amended, including such amendment, the “2018 Revolving Credit Facility”) by and among the Borrowers, the Guarantors identified therein, HSBC Bank Canada, as the Canadian lender (the ‘‘Canadian Lender’’) the issuing banks and other lenders party thereto (the ‘‘US Lenders’’ and, together with the Canadian Lender, the ‘‘Lenders’’) and Citibank, N.A., as administrative agent solely for the U.S. Lenders. Changes to the 2018 Credit Agreement resulting from the Second Amendment include, without limitation, the following:

- Reduction of commitments of the US Lenders to $981.6 million and the commitment of the Canadian Lender to $32.0 million;
- Replacement of the net debt/capitalization covenant with a covenant to maintain net funded debt at no greater than 5.5x EBITDA (as defined in the Second Amendment);
- Maintaining the asset coverage ratio; provided that such ratio is measured only against the commitments under the 2018 Credit Agreement, plus debt incurred under the $100.0 millio indebtedness basket;
- Reductions of $50.0 million to each of the general lien and general indebtedness baskets;
- Addition of ability to incur upstream structurally-subordinated guaranteed indebtedness, subject to financial covenants;
- Addition of ability to repay up to $150.0 million of Nabors Delaware’s notes due February 2025, subject to satisfaction of certain conditions; and
- Addition of cure provisions

The 2018 Revolving Credit Facility has a borrowing capacity of $1.0136 billion and is fully and unconditionally guaranteed by Nabors and certain of its wholly owned subsidiaries. The 2018 Revolving Credit Facility matures at the earlier of (a) October 11, 2023 or (b) July 19, 2022, if any of Nabors Delaware’s existing 5.50% senior notes due January 2023 remain outstanding as of such date. Certain lenders have committed to provide Nabors Delaware an aggregate principal amount of $981.6 million under the 2018 Revolving Credit Facility, which may be drawn in U.S. dollars, and HSBC Bank Canada has committed to provide Nabors Canada an aggregate principal amount of $32 million in U.S. dollar equivalent, which can be drawn upon in either U.S. or Canadian dollars. The 2018 Revolving Credit Facility contains certain affirmative and negative covenants, including a financial covenant requiring Nabors to maintain a net funded debt to EBITDA (as defined in the Second Amendment) at no greater than 5.5 times EBITDA. Additionally, during any period in which Nabors Delaware fails to maintain an investment grade rating from at least two ratings agencies, the guarantors under the facility and their respective subsidiaries will be required to maintain an asset to debt coverage ratio (as defined in the 2018 Revolving Credit Facility) of at least 2.50:1. As of the date of this report, we had no borrowings outstanding under our 2018 Revolving Credit Facility. In order to make any future borrowings under the 2018 Revolving Credit Facility, Nabors and certain of its wholly owned subsidiaries are subject to compliance with the conditions and covenants contained therein, including compliance with applicable financial ratios.

As of the date of this report, we were in compliance with all covenants under the 2018 Revolving Credit Facility. If we fail to perform our obligations under the covenants, including financial covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facilities could be declared immediately due and payable. We expect to remain in compliance with all covenants under the 2018 Revolving Credit Facility during the twelve month period following the date of this report based on our current operational and financial projections. However, we can make no assurance of continued compliance if our current projections or material underlying assumptions prove to be incorrect. If we fail to comply with the covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facility could be declared immediately due and payable.

2012 Revolving Credit Facility

On October 11, 2018, Nabors Delaware entered into Amendment No. 3 to its existing credit agreement dated November 29, 2012 (as amended, including such amendment, the “2012 Revolving Credit Facility”), among itself, Nabors, Nabors Canada, HSBC Bank Canada, the other lenders party thereto, Citibank, N.A., and Wilmington Trust, National Association, as successor administrative agent (the “Amendment”). The Amendment, among other things, provides for Citibank, N.A.’s resignation as administrative agent and the appointment of Wilmington Trust, National Association as administrative agent, reduces the overall commitments available to $666.25 million and provides for certain lenders to exit the facility in order to become lenders under the 2018 Revolving Credit Facility. As of December

31, 2019, we had $355.0 million in borrowings outstanding under this facility. The weighted average interest rate on borrowings during the year ended December 31, 2019 was 3.71%. Availability under the 2012 Revolving Credit Facility is subject to a covenant not to exceed a net funded debt to capital ratio of 0.60:1. As of December 31, 2019 our net funded debt to capital ratio was 0.59:1. The 2012 Revolving Credit Facility expires in July 2020, or if we fail to comply with the net funded debt to capital covenant, the 2012 Revolving Credit Facility could be terminated earlier than July 2020. However, at such time as the 2012 Revolving Credit Facility becomes unavailable, we have the ability and intent to refinance the outstanding balance utilizing the 2018 Revolving Credit Facility, which has approximately $1.0 billion of available capacity as of December 31, 2019.

Short-Term Borrowings

We had 18 letter-of-credit facilities with various banks as of December 31, 2019. Availability and borrowings under our letter-of-credit facilities are as follows:

Credit available	$
Less: Letters of credit outstanding, inclusive of financial and performance guarantees	
Remaining availability	$

Note 11 Income Taxes

Income (loss) from continuing operations before income taxes consisted of the following:

	Year Ended December 31,		
United States and Other Jurisdictions	**2019**	**2018**	
		(In thousands)	
United States	$ 5,979	$ (119,419)	$
Other jurisdictions	(594,901)	(399,375)	
Income (loss) from continuing operations before income taxes	$ (588,922)	$ (518,794)	$

Income tax expense (benefit) from continuing operations consisted of the following:

	Year Ended December	
	2019	**2018**
		(In thousands)
Current:		
U.S. federal	$ 1,210	$ (32,351)
Outside the U.S.	54,097	32,928
State	318	1,811
	$ 55,625	$ 2,388
Deferred:		
U.S. federal	$ 58,157	$ 37,476
Outside the U.S.	(25,428)	39,518
State	3,222	(113)
	$ 35,951	$ 76,881
Income tax expense (benefit)	$ 91,576	$ 79,269

A reconciliation of our statutory tax rate to our worldwide effective tax rate consists of the following:

	Year Ended December 31,	
	2019	2018
	(In thousands)	
Income tax provision at statutory (Bermuda rate of 0%)	$ —	$ —
Taxes (benefit) on U.S. and other international earnings (losses) at greater than the Bermuda rate	54,060	49,375
Increase (decrease) in valuation allowance	32,869	38,822
Impact of Tax Reform Act	—	—
Tax reserves and interest	1,107	(10,626)
State income taxes (benefit)	3,540	1,698
Income tax expense (benefit)	$ 91,576	$ 79,269
Effective tax rate	(15.5%)	(15.3%)

The increase in tax expense during 2019 compared to 2018 was primarily attributable to the change in our geographic mix of pre-tax earnings (losses). The ratio of pre-tax earnings in certain high tax jurisdictions compared to low or zero tax jurisdictions increased in 2019 compared to 2018, resulting in an increase in income tax expense. This increase was partially offset by certain discrete items. During 2019, we recognized a $29.6 million tax benefit from the release of a valuation allowance in one of our foreign jurisdictions related to net operating loss carryforwards. This was partially offset by a $14.4 million settlement of a tax dispute in one of our foreign jurisdictions. During 2018, we recognized a non-cash expense of $52.0 million to reflect a valuation allowance on deferred tax assets in Canada.

The components of our net deferred taxes consisted of the following:

	December 31
	2019
	(In thousands
Deferred tax assets:	
Net operating loss carryforwards	$ 2,834,851
Equity compensation	6,577
Deferred revenue	8,873
Tax credit and other attribute carryforwards	97,215
Insurance loss reserves	2,248
Accrued interest	172,120
Other	95,588
Subtotal	3,217,472
Valuation allowance	(2,813,567)
Deferred tax assets:	$ 403,905
Deferred tax liabilities:	
Depreciation and amortization for tax in excess of book expense	$ 80,155
Other	21,055
Deferred tax liability	$ 101,210
Net deferred tax assets (liabilities)	$ 302,695
Balance Sheet Summary:	
Net noncurrent deferred tax asset	$ 305,844
Net noncurrent deferred tax liability	(3,149)
Net deferred tax asset (liability)	$ 302,695

As of December 31, 2019 we had federal, state, and foreign net operating loss ("NOL") carryforwards of approximately $418.3 million, $1.1 billion and 10.9 billion, respectively. Of those amounts, $3.7 billion will expire between 2020 and 2040 if not utilized. We provide a valuation allowance against NOL carryforwards in various tax jurisdictions based on our consideration of existing temporary differences and expected future earning levels in those jurisdictions. A valuation allowance of approximately $2.6 billion has been recognized related to certain NOL carryforwards as we believe it is more likely than not that the benefit of these NOL carryforwards will not be realized.

The following is a reconciliation of our uncertain tax positions:

	Year Ended December 31		
	2019	2018	
	(In thousands)		
Balance as of January 1	$ 25,711	$ 33,203	$
Additions based on tax positions related to the current year	—	—	
Additions for tax positions of prior years	1,003	308	
Reductions for tax positions for prior years	(860)	(7,800)	
Settlements	(84)	—	
Balance as of December 31	$ 25,770	$ 25,711	$

If the unrecognized tax benefits of $25.7 million are realized, this would favorably impact the worldwide effective tax rate. As of December 31, 2019, 2018 and 2017, we had approximately $7.7 million, $6.7 million and $9.7 million, respectively, of interest and penalties related to uncertain tax positions. During 2019, 2018 and 2017, we accrued and recognized estimated interest and penalties related to uncertain tax positions of approximately $0.8 million, $1.0 million and $0.5 million, respectively. We include potential interest and penalties related to uncertain tax positions within our global operations in the income tax expense (benefit) line item in our consolidated statements of income (loss).

It is reasonably possible that our existing liabilities related to our reserve for uncertain tax positions may increase or decrease in the next twelve months primarily due to the completion of open audits or the expiration of statutes of limitation. However, we cannot reasonably estimate a range of changes in our existing liabilities due to various uncertainties, such as the unresolved nature of various audits.

We conduct business globally and, as a result, we file numerous income tax returns in the U.S. and non-U.S. jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world, including major jurisdictions such as Algeria, Canada, Mexico, Saudi Arabia and the United States. We are no longer subject to U.S. Federal income tax examinations for years before 2016 and non-U.S. income tax examinations for years before 2007.

Note 12 Shareholders' Equity

Common shares

Our authorized share capital consists of 825.0 million shares of which 800.0 million are common shares, par value $0.001 per share, and 25.0 million are preferred shares, par value $0.001 per share. The preferred shares are issuable in one or more classes or series, full, limited or no voting rights, designations, preferences, special rights, qualifications, limitations and restrictions, as may be determined by the Board.

During 2018, we issued 40.25 million of our common shares at a price to the public of $7.75 per share. Nabors received aggregate net proceeds of approximately $301.4 million after deducting underwriting discounts, commissions and offering expenses.

During 2017, with approval of the Board, we repurchased 3.1 million of our common shares in the open market for $18.1 million, all of which are held by our subsidiaries, and which are accounted for as treasury shares.

From time to time, treasury shares may be reissued. When shares are reissued, we use the weighted-average-cost method for determining cost. The difference between the cost of the shares and the issuance price is added to or deducted from our capital in excess of par value account. No shares have been reissued during 2019, 2018 or 2017.

On February 20, 2020, a cash dividend of $0.01 per share was declared for shareholders of record on March 12, 2020 and will be paid on April 2, 2020.

Convertible Preferred Shares

During 2018, we issued 5.75 million (including the underwriters option for .75 million) of our 6% Series A Mandatory Convertible Preferred Shares (the "mandatory convertible preferred shares"), par value $.001 per share, with a liquidation preference of $50 per share. Nabors received aggregate net proceeds of approximately $277.9 million after deducting underwriting discounts, commissions and offering expenses. During 2019, we repurchased 136,772 of our mandatory convertible preferred shares for approximately $2.9 million.

The dividends on the mandatory convertible preferred shares are payable on a cumulative basis at a rate of 6% annually on the initial liquidation preference of $50 per share. Dividends accumulate and are paid quarterly to the extent that we have available funds and our Board of Directors declares a dividend payable. We may elect to pay any accumulated and unpaid dividends in cash or common shares or any combination thereof. At issuance, each mandatory convertible preferred share was automatically convertible into between 5.3763 and 6.4516 of our common shares based on the average share price over a period of twenty consecutive trading days ending prior to May 1, 2021, subject to anti-dilution adjustments. As a result of the dividends paid on our common shares since the offering, the conversion rate for each mandatory convertible preferred share has been adjusted to between 5.6751 and 6.8102 of our common shares. At any time prior to May 1, 2021, a holder of mandatory convertible preferred shares may convert such mandatory convertible preferred shares into our common shares at the minimum conversion rate, subject to adjustment.

On February 20, 2020, a cash dividend of $0.75 per mandatory convertible preferred share was declared for shareholders of record on April 15, 2020 and will be paid on May 1, 2020.

Note 13 Joint Ventures

During 2016, we entered into an agreement with Saudi Aramco, to form a new joint venture, SANAD, to own, manage and operate onshore drilling rigs in the Kingdom of Saudi Arabia. SANAD, which is equally owned by Saudi Aramco and Nabors, began operations during the fourth quarter of 2017.

During 2017, Nabors and Saudi Aramco each contributed $20 million in cash for the purpose of capitalizing the joint venture upon formation. In addition, since inception Nabors and Saudi Aramco have each contributed a combination of drilling rigs, drilling rig equipment and other assets, including cash, each with a value of approximately $394 million to the joint venture. The contributions were received in exchange for redeemable ownership interests which accrue interest annually, have a twenty-five year maturity and are required to be converted to authorized capital should certain events occur, including the accumulation of specified losses. In the accompanying consolidated balance sheet Nabors has reported Saudi Aramco's share of authorized capital as a component of noncontrolling interest in equity and Saudi Aramco's share of the redeemable ownership interests as redeemable noncontrolling interests in subsidiary, classified as mezzanine equity.

The condensed balance sheet of SANAD, as included in our consolidated balance sheet, is presented below.

	December 31	
	2019	
	(In thousand	
Assets:		
Cash and cash equivalents	$ 289,575	$
Accounts receivable	68,624	
Other current assets	18,149	
Property, plant and equipment, net	455,751	
Other long-term assets	15,118	
Total assets	$ 847,217	$
Liabilities:		
Accounts payable	$ 64,365	$
Accrued liabilities	17,929	
Total liabilities	$ 82,294	$

Note 14 Related-Party Transactions

Nabors and certain current and former key employees, including Mr. Petrello, entered into split-dollar life insurance agreements, pursuant to which we pay a portion of the premiums under life insurance policies with respect to these individuals and, in some instances, members of their families. These agreements provide that we are reimbursed for the premium payments upon the occurrence of specified events, including the death of an insured individual. Any recovery of premiums paid by Nabors could be limited to the cash surrender value of the policies under certain circumstances. As such, the values of these policies are recorded at their respective cash surrender values in our consolidated balance sheets. We have made premium payments to date totaling $6.6 million related to these policies. The cash surrender value of these policies of approximately $5.5 million is included in other long-term assets in our consolidated balance sheets as of December 31, 2019 and 2018.

Under the Sarbanes-Oxley Act of 2002, the payment of premiums by Nabors under the agreements could be deemed to be prohibited loans by us to these individuals. Consequently, we have paid no premiums related to our agreements with these individuals since the adoption of the Sarbanes-Oxley Act.

In the ordinary course of business, we enter into various rig leases, rig transportation and related oilfield services agreements with our unconsolidated affiliates at market prices. Historically, these transactions primarily related to our former equity method investment in Nabors Arabia. During 2017, our joint venture with Saudi Aramco, SANAD, began operations. As such, we have included transactions with Saudi Aramco effective as of the commencement of operations of SANAD. See Note 13 — Joint Ventures. Revenues from business transactions with these affiliated entities totaled $672.9 million, $723.8 million and $65.7 million for 2019, 2018 and 2017, respectively. Expenses from business transactions with these affiliated entities totaled $0.2 million and $0.1 million for 2018 and 2017. Additionally, we had accounts receivable from these affiliated entities of $80.6 million and $122.9 million as of December 31, 2019 and 2018.

In addition, Mr. Crane, one of our independent directors, is Chairman and Chief Executive Officer of Crane Capital Group Inc. ("CCG"), an investment company that indirectly owns a majority interest in several operating companies, some of which have provided services to us in the ordinary course of business, including international logistics and electricity. During 2019, 2018 and 2017, we made payments for these services of $18.9 million, $19.9 million and $14.6 million, respectively. We had accounts payable to these CCG-related companies of $2.4 million and $0.8 million as of December 31, 2019 and 2018.

Note 15 Commitments and Contingencies

Commitments

Under the joint venture agreement with Saudi Aramco, the agreement requires us to backstop our share of the joint venture's obligations to purchase the first 25 drilling rigs in the event that there is insufficient cash in the joint venture or third party financing available. Although we currently anticipate that the future rig purchase needs will be met by cash flows from the joint venture and/or third party financing, no assurance can be given that the joint venture will not require us to fund our backstop.

Leases

Nabors and its subsidiaries occupy various facilities and lease certain equipment under various lease agreements. Rental expense relating to operating leases with terms greater than 30 days amounted to $15.9 million, $18.7 million and $15.0 million for the years ended December 31, 2019, 2018 and 2017, respectively. See Note 21 — Leases for more information on the minimum rental commitments under non-cancelable operating leases.

Contingencies

Income Tax Contingencies

We operate in a number of countries and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries, if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could change substantially.

Litigation

Nabors and its subsidiaries are defendants or otherwise involved in a number of lawsuits in the ordinary course of business. We estimate the range of our liability related to pending litigation when we believe the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. When a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the lawsuits or claims. As additional information becomes available, we assess the potential liability related to our pending litigation and claims and revise our estimates. Due to uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ from our estimates. For matters where an unfavorable outcome is reasonably possible and significant, we disclose the nature of the matter and a range of potential exposure, unless an estimate cannot be made at the time of disclosure. In the opinion of management and based on liability accruals provided, our ultimate exposure with respect to these pending lawsuits and claims is not expected to have a material adverse effect on our consolidated financial position or cash flows, although they could have a material adverse effect on our results of operations for a particular reporting period.

In March 2011, the Court of Ouargla entered a judgment of approximately $23.7 million (at December 31, 2019 exchange rates) against us relating to alleged violations of Algeria’s foreign currency exchange controls, which require that goods and services provided locally be invoiced and paid in local currency. The case relates to certain foreign currency payments made to us by CEPSA, a Spanish operator, for wells drilled in 2006. Approximately $7.5 million of the total contract amount was paid offshore in foreign currency, and approximately $3.2 million was paid in local currency. The judgment includes fines and penalties of approximately four times the amount at issue. We have appealed the ruling based on our understanding that the law in question applies only to resident entities incorporated under Algerian law. An intermediate court of appeals upheld the lower court’s ruling, and we appealed the matter to the Supreme Court. On September 25, 2014, the Supreme Court overturned the verdict against us, and the case was reheard by the Ouargla Court of Appeals on March 22, 2015 in light of the Supreme Court’s opinion. On March 29, 2015, the Ouargla Court of Appeals reinstated the initial judgment against us. We have appealed this decision again to the Supreme Court. While our payments were consistent with our historical operations in the country, and, we believe, those of other multinational corporations there, as well as interpretations of the law by the Central Bank of Algeria, the ultimate resolution of this matter could result in a loss of up to $15.7 million in excess of amounts accrued.

On September 29, 2017, we were sued, along with Tesco Corporation and its Board of Directors, in a putative shareholder class action filed in the United States District Court for the Southern District of Texas, Houston Division. The plaintiff alleges that the September 18, 2017 Preliminary Proxy Statement filed by Tesco with the United States Securities and Exchange Commission omitted material information with respect to the proposed transaction between Tesco and Nabors announced on August 14, 2017. The plaintiff claims that the omissions rendered the Proxy Statement false and misleading, constituting a violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934. The court consolidated several matters and entered a lead plaintiff appointment order. The plaintiff filed their amended complaint, adding Nabors Industries Ltd. as a party to the consolidated action. Nabors filed its motion to dismiss, which was granted by the court on March 29, 2019. The parties have filed appellate briefs with the Fifth Circuit Court of Appeals, and arguments have been set for March 4, 2020. Nabors will continue to vigorously defend itself against the allegations.

Following a routine audit conducted in May and June of 2018 by the Atyrau Oblast Ecology Department (the “AOED”), our joint venture in Kazakhstan, KMG Nabors Drilling Company (“KNDC”), was administratively fined for not having emissions permits for KNDC owned or leased equipment. Prior to this audit, the AOED had always accepted the operator’s permits for all of their subcontractors. However, because of major personnel changes, AOED changed this position and is now requiring that the owner/lessor of the equipment that emits the pollutants must have its own permits. Administrative fines has been issued to KNDC and paid in the amount of $0.8 million for violations regarding the failure to have proper permits. AOED had also assessed additional “environmental damages” in the amount of $3.4 million for the period while KNDC did not hold its’ own emissions permit. However, KNDC appealed this fine and the AOED Economic Court ruled in KNDC’s favor. AOED has appealed this decision. Additional damages in the form of later year audits and taxes could become due as well exposing KNDC to possible penalties and fines in an amount estimated to be up to approximately $4.0 million. In furtherance of this position, KNDC and the operator have executed an agreement formalizing the operator’s obligation to reimburse KNDC for all financial expenses related to this case.

Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to some transactions, agreements or other contractual arrangements defined as “off-balance sheet arrangements” that could have a material future effect on our financial position, results of operations, liquidity and capital resources. The most significant of these off-balance sheet arrangements include the A/R Agreement (see Note 4—Accounts Receivable Sales Agreement) and certain agreements and obligations under which we provide financial or performance assurance to third parties. Certain of these financial or performance assurances serve as guarantees, including standby letters of credit issued on behalf of insurance carriers in conjunction with our workers’ compensation insurance program and other financial surety instruments such as bonds. In addition, we have provided indemnifications, which serve as guarantees, to some third parties. These guarantees include indemnification provided by Nabors to our share transfer agent and our insurance carriers. We are not able to estimate the potential future maximum payments that might be due under our indemnification guarantees.

Management believes the likelihood that we would be required to perform or otherwise incur any material losses associated with any of these guarantees is remote. The following table summarizes the total maximum amount of financial guarantees issued by Nabors:

	Maximum Amount			
	2020	2021	2022	Thereafter
	(In thousands)			
Financial standby letters of credit and other financial surety instruments	$ 216,053	3,690	—	—

Note 16 Earnings (Losses) Per Share

ASC 260, Earnings per Share, requires companies to treat unvested share-based payment awards that have nonforfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings (losses) per share. We have granted and expect to continue to grant to employees restricted stock grants that contain nonforfeitable rights to dividends. Such grants are considered participating securities under ASC 260. As such, we are required to include these grants in the calculation of our basic earnings (losses) per share and calculate basic earnings (losses) per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. The participating security holders are not contractually obligated to share in losses. Therefore, losses are not allocated to the participating security holders.

Basic earnings (losses) per share is computed utilizing the two-class method and is calculated based on the weighted-average number of common shares outstanding during the periods presented.

Diluted earnings (losses) per share is computed using the weighted-average number of common and common equivalent shares outstanding during the periods utilizing the two-class method for stock options and unvested restricted stock. Shares issuable upon exchange of the $575.0 million 0.75% exchangeable notes are not included in the calculation of diluted earnings (losses) per share unless the exchange value of the notes exceeds their principal amount at the end of the relevant reporting period, in which case the notes will be accounted for as if the number of common shares that would be necessary to settle the excess are issued. Such shares are only included in the calculation of the weighted-average number of shares outstanding in our diluted earnings (losses) per share calculation, when the price of our shares exceeds $25.16 on the last trading day of the quarter, which did not occur during the year ended December 31, 2019.

A reconciliation of the numerators and denominators of the basic and diluted earnings (losses) per share computations is as follows:

	Year Ended December 31	
	2019	2018
	(In thousands, except per share a	
BASIC EPS:		
Net income (loss) (numerator):		
Income (loss) from continuing operations, net of tax	$ (680,498)	$ (598,063)
Less: net (income) loss attributable to noncontrolling interest	(22,375)	(28,222)
Less: preferred stock dividends	(17,244)	(12,305)
Less: accrued distribution on redeemable noncontrolling interest in subsidiary	(20,534)	(11,098)
Less: distributed and undistributed earnings allocated to unvested shareholders	(459)	(1,819)
Numerator for basic earnings per share:		
Adjusted income (loss) from continuing operations, net of tax - basic	$ (741,110)	$ (651,507)
Income (loss) from discontinued operations, net of tax	$ (12)	$ (14,663)
Weighted-average number of shares outstanding - basic	351,617	334,397
Earnings (losses) per share:		
Basic from continuing operations	$ (2.11)	$ (1.95)
Basic from discontinued operations	—	(0.04)
Total Basic	$ (2.11)	$ (1.99)
DILUTED EPS:		
Adjusted income (loss) from continuing operations, net of tax - basic	$ (741,110)	$ (651,507)
Add: effect of reallocating undistributed earnings of unvested shareholders	—	—
Adjusted income (loss) from continuing operations, net of tax - diluted	$ (741,110)	$ (651,507)
Income (loss) from discontinued operations, net of tax	$ (12)	$ (14,663)
Weighted-average number of shares outstanding - basic	351,617	334,397
Add: dilutive effect of potential common shares	—	—
Weighted-average number of shares outstanding - diluted	351,617	334,397
Earnings (losses) per share:		
Diluted from continuing operations	$ (2.11)	$ (1.95)
Diluted from discontinued operations	—	(0.04)
Total Diluted	$ (2.11)	$ (1.99)

For all periods presented, the computation of diluted earnings (losses) per Nabors’ share excludes outstanding stock options with exercise prices greater than the average market price of Nabors’ common shares, because their inclusion would be anti-dilutive and because they are not considered participating securities. For periods in which we experience a net loss from continuing operations, all potential common shares have been excluded from the calculation of weighted-average shares outstanding, because their inclusion would be anti-dilutive. The average number of options that were excluded from diluted earnings (losses) per share that would potentially dilute earnings per share in the future were as follows:

	Year Ended December 3	
	2019	2018
		(In thousands)
Potentially dilutive securities excluded as anti-dilutive	1,994	4,341

In any period during which the average market price of Nabors’ common shares exceeds the exercise prices of these stock options, such stock options will be included in our diluted earnings (losses) per share computation using the if-converted method of accounting. Restricted stock is included in our basic and diluted earnings (losses) per share computation using the two-class method of accounting in all periods because such stock is considered participating securities.

Additionally, we excluded 39.2 million common shares from the computation of diluted shares issuable upon the conversion of mandatory convertible preferred shares, because their effect would be anti-dilutive under the if-converted method.

Note 17 Supplemental Balance Sheet, Income Statement and Cash Flow Information

Accrued liabilities include the following:

	December 3	
	2019	
	(In thousan	
Accrued compensation	$ 97,003	$
Deferred revenue and proceeds on insurance and asset sales	89,051	
Other taxes payable	31,472	
Workers' compensation liabilities	30,214	
Interest payable	51,316	
Litigation reserves	14,736	
Current liability to discontinued operations	—	
Dividends declared and payable	7,832	
Other accrued liabilities	11,658	
	$ 333,282	$

Investment income (loss) includes the following:

	Year Ended December	
	2019	2018
	(In thousands)	
Interest and dividend income	$ 8,424	$ 4,957
Gains (losses) on marketable securities	1,794	(14,456)
	$ 10,218	$ (9,499)

Other, net includes the following:

	Year Ended Decemb	
	2019	2018
	(In thousands)	
Losses (gains) on sales, disposals and involuntary conversions of long-lived assets	$ 7,141	$ 11,789
Litigation expenses and reserves	5,226	9,939
Foreign currency transaction losses (gains)	20,929	4,156
Other losses (gains)	(72)	3,648
	$ 33,224	$ 29,532

The changes in accumulated other comprehensive income (loss), by component, include the following:

	Gains (losses) on cash flow hedges	Unrealized gains (losses) on available-for-sale securities	Defined benefit pension plan items	Foreign currency items	
			(In thousands (1))		
As of January 1, 2018	$ (922)	$ 9,144	$ (4,111)	$ 7,074	$
Other comprehensive income (loss) before reclassifications	—	—	—	(31,962)	
Amounts reclassified from accumulated other comprehensive income (loss)	430	—	166	—	
Adoption of ASU No. 2016-01	—	(9,144)	—	—	
Net other comprehensive income (loss)	430	(9,144)	166	(31,962)	
As of December 31, 2018	$ (492)	$ —	$ (3,945)	$ (24,888)	$

[redacted]

	Gains (losses) on cash flow hedges	Unrealized gains (losses) on available-for-sale securities	Defined benefit pension plan items	Foreign currency items
			(In thousands (1))	
As of January 1, 2019	$ (492)	$ —	$ (3,945)	$ (24,888)
Other comprehensive income (loss) before reclassifications	—	—	—	16,943
Amounts reclassified from accumulated other comprehensive income (loss)	427	—	167	—
Net other comprehensive income (loss)	427	—	167	16,943
As of December 31, 2019	$ (65)	$ —	$ (3,778)	$ (7,945)

[redacted]

The line items that were reclassified to net income include the following:

Line item in consolidated statement of income (loss)

	Year Ended Decem	
	2019	2018
		(In thousand
Impairments and other charges	$ —	$ —
Interest expense	567	567
General and administrative expenses	217	216
Total income (loss) from continuing operations before income tax	(784)	(783)
Tax expense (benefit)	(190)	(187)
Reclassification adjustment for (gains)/ losses included in net income (loss)	$ (594)	$ (596)

[redacted]

Supplemental cash flow information includes the following:

	Year Ended December	
	2019	2018
	(In thousands)	
Cash paid for income taxes	$ 6,553	$ 11,383
Cash paid for interest, net of capitalized interest	$ 174,357	$ 202,803
Net change in accounts payable related to capital expenditures	$ (7,624)	$ (8,556)
Non-cash increase in assets attributable to redeemable noncontrolling interest in subsidiary	$ —	$ 43,928
Acquisitions of businesses:		
Fair value of assets acquired	$ 2,929	$ 48,053
Goodwill	—	11,436
Liabilities assumed	—	(34,489)
Share issuance as consideration (non-cash financing activity)	—	—
Cash paid for acquisitions of businesses	2,929	25,000
Cash and restricted cash acquired in acquisitions of businesses	—	(4,141)
Cash (acquired in) paid for acquisitions of businesses, net	$ 2,929	$ 20,859

Note 18 Unaudited Quarterly Financial Information

	Year Ended December 31, 2019			
	Quarter Ended			
	March 31,	June 30,	September 30,	
	(In thousands, except per share amounts)			
Operating revenues	$ 799,640	$ 771,406	$ 758,076	$
Income (loss) from continuing operations, net of tax	$ (103,376)	$ (192,801)	$ (99,788)	$
Income (loss) from discontinued operations, net of tax	(157)	(34)	157	
Net income (loss)	(103,533)	(192,835)	(99,631)	
Less: Net (income) loss attributable to noncontrolling interest	(14,176)	(10,729)	(19,297)	
Net income (loss) attributable to Nabors	$ (117,709)	$ (203,564)	$ (118,928)	$
Less: Preferred stock dividend	(4,313)	(4,312)	(4,310)	
Net income (loss) attributable to Nabors common shareholders	$ (122,022)	$ (207,876)	$ (123,238)	$
Earnings (losses) per share: (1)				
Basic from continuing operations	$ (0.36)	$ (0.61)	$ (0.37)	$
Basic from discontinued operations	—	—	—	
Total Basic	$ (0.36)	$ (0.61)	$ (0.37)	$
Diluted from continuing operations	$ (0.36)	$ (0.61)	$ (0.37)	$
Diluted from discontinued operations	—	—	—	
Total Diluted	$ (0.36)	$ (0.61)	$ (0.37)	$

	Year Ended December 31, 2018			
	Quarter Ended			
	March 31,	June 30,	September 30,	
	(In thousands, except per share amounts)			
Operating revenues	$ 734,194	$ 761,920	$ 779,425	$
Income (loss) from continuing operations, net of tax	$ (143,587)	$ (195,215)	$ (93,710)	$
Income (loss) from discontinued operations, net of tax	(75)	(584)	(13,933)	
Net income (loss)	(143,662)	(195,799)	(107,643)	
Less: Net (income) loss attributable to noncontrolling interest	(539)	(2,953)	(6,934)	
Net income (loss) attributable to Nabors	$ (144,201)	$ (198,752)	$ (114,577)	$
Less: Preferred stock dividend	—	(3,680)	(4,313)	
Net income (loss) attributable to Nabors common shareholders	$ (144,201)	$ (202,432)	$ (118,890)	$
Earnings (losses) per share: (1)				
Basic from continuing operations	$ (0.46)	$ (0.61)	$ (0.31)	$
Basic from discontinued operations	—	—	(0.04)	
Total Basic	$ (0.46)	$ (0.61)	$ (0.35)	$
Diluted from continuing operations	$ (0.46)	$ (0.61)	$ (0.31)	$
Diluted from discontinued operations	—	—	(0.04)	
Total Diluted	$ (0.46)	$ (0.61)	$ (0.35)	$

[redacted]ed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share may not equal the total computed for the yea

Note 19 Segment Information

Our business consists of five reportable segments: U.S. Drilling, Canada Drilling, International Drilling, Drilling Solutions and Rig Technologies. The accounting policies of the segments are the same as those described in Note 2—Summary of Significant Accounting Policies. Inter-segment sales are recorded at cost or cost plus a profit margin. We evaluate the performance of our segments based on several criteria, including adjusted operating income (loss).

The following table sets forth financial information with respect to our reportable operating segments:

	Year Ended December 31,		
	2019	2018	
	(In thousands)		
Operating revenues:			
U.S. Drilling	$ 1,240,936	$ 1,083,227	$
Canada Drilling	68,274	105,000	
International Drilling	1,324,142	1,469,038	
Drilling Solutions	252,790	250,242	
Rig Technologies	260,226	270,988	
Other reconciling items (1)	(102,985)	(120,876)	
Total	$ 3,043,383	$ 3,057,619	$

[redacted]

	Year Ended December 31, 2019	2018
	(In thousands)	
Adjusted operating income (loss): (2)		
U.S. Drilling	$ 64,313	$ (21,298)
Canada Drilling	(14,483)	(6,166)
International Drilling	(8,903)	74,221
Drilling Solutions	59,465	37,626
Rig Technologies	(11,247)	(25,762)
Total segment adjusted operating income (loss)	$ 89,145	$ 58,621

	Year Ended December 31, 2019	2018
	(In thousands)	
Reconciliation of segment adjusted operating income (loss) to net income (loss) from continuing operations before income taxes:		
Total segment adjusted operating income (loss) (2)	$ 89,145	$ 58,621
Other reconciling items (3)	(160,274)	(166,815)
Earnings (losses) from unconsolidated affiliates	(5)	1
Investment income (loss)	10,218	(9,499)
Interest expense	(204,311)	(227,124)
Impairments and other charges	(290,471)	(144,446)
Other, net	(33,224)	(29,532)
Income (loss) from continuing operations before income taxes	$ (588,922)	$ (518,794)

	Year Ended December 2019	2018
	(In thousands)	
Depreciation and amortization		
U.S. Drilling	$ 419,680	$ 394,586
Canada Drilling	29,766	37,172
International Drilling	372,883	383,227
Drilling Solutions	32,289	31,037
Rig Technologies	12,715	16,387
Other reconciling items (3)	8,758	4,461
Total	$ 876,091	$ 866,870

	Year Ended December 2019	2018
	(In thousands)	
Capital expenditures:		
U.S. Drilling	$ 184,705	$ 222,338
Canada Drilling	5,020	12,981
International Drilling	209,728	172,565
Drilling Solutions	23,598	30,709
Rig Technologies	6,592	12,250
Other reconciling items (3)	(5,676)	2,592
Total	$ 423,967	$ 453,435

	December	
	2019	
	(In thousa	
Total assets:		
U.S. Drilling	$ 2,369,200	$
Canada Drilling	202,706	
International Drilling	2,979,494	
Drilling Solutions	218,004	
Rig Technologies	324,523	
Other reconciling items (3)	666,731	
Total	$ 6,760,658	$

[redacted]-segment transactions.

(2) Adjusted operating income (loss) represents income (loss) from continuing operations before income taxes, interest expense, earnings (losses) from unconsolidated affiliates, investment i impairments and other charges and other, net. Management evaluates the performance of our operating segments using adjusted operating income (loss), which is a segment performance believes that this financial measure reflects our ongoing profitability and performance. In addition, securities analysts and investors use this measure as one of the metrics on which they a performance. A reconciliation to income (loss) from continuing operations before income taxes is provided in the above table.

(3) Represents the elimination of inter-segment transactions and unallocated corporate expenses, assets and capital expenditures.

The following table sets forth financial information with respect to Nabors' operations by geographic area based on the location of service provided:

	Year Ended December 31,		
	2019	2018	
		(In thousands)	
Operating revenues			
U.S.	$ 1,554,442	$ 1,347,448	$
Outside the U.S.	1,488,941	1,710,171	
	$ 3,043,383	$ 3,057,619	$
Property, plant and equipment, net:			
U.S.	$ 2,470,579	$ 2,892,910	$
Outside the U.S.	2,459,970	2,574,960	
	$ 4,930,549	$ 5,467,870	$
Goodwill:			
U.S.	$ 13,430	$ 65,633	$
Outside the U.S.	14,950	118,281	
	$ 28,380	$ 183,914	$

During the years ended December 31, 2019, 2018 and 2017, $696.4 million, $764.5 million and $727.7 million of our consolidated operating revenue was from Saudi Arabia. No other individual country outside of the U.S. was material to our consolidated operating revenue during any of the three periods presented.

One customer accounted for approximately 22%, 24% and 29% of our consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively, and is included primarily in our International Drilling reportable segment.

[redacted]

Note 20 Revenue Recognition

On January 1, 2018, we adopted Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. In addition, ASC 606 requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We elected to adopt the standard using the modified retrospective method to all contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. There was no material impact to our consolidated financial statements as a result of adopting ASC 606. Revenues for reporting periods beginning after January 1, 2018 are presented under ASC 606, while revenues prior to January 1, 2018 continue to be reported under previous revenue recognition requirements of ASC 605.

We recognize revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Contract drilling revenues are recorded over time utilizing the input method based on time elapsed. The measurement of progress considers the transfer of the service to the customer as we provide daily drilling services. We receive payment after the services have been performed by billing customers periodically (typically monthly). However, a portion of our revenues are recognized at a point-in-time as control is transferred at a distinct point in time such as with the sale of our top drives and other capital equipment. Within our drilling contracts, we have identified one performance obligation in which the transaction price is allocated.

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical region. The table also includes a reconciliation of the disaggregated revenue with the reportable segments:

	Year Ended December 31, 2019					
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies	Other
				(In thousands)		
Lower 48	$ 1,021,879	$ —	$ —	$ 170,639	$ 172,559	$ —
U.S. Offshore Gulf of Mexico	156,931	—	—	13,331	—	—
Alaska	62,126	—	—	4,787	986	—
Canada	—	68,274	—	1,749	8,852	—
Middle East & Asia	—	—	765,493	43,941	56,455	—
Latin America	—	—	355,189	15,558	2,318	—
Europe, Africa & CIS	—	—	203,460	2,785	19,056	—
Eliminations & other	—	—	—	—	—	(102,985)
Total	$ 1,240,936	$ 68,274	$ 1,324,142	$ 252,790	$ 260,226	$ (102,985)

	Year Ended December 31, 2018					
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies	Other
				(In thousands)		
Lower 48	$ 910,819	$ —	$ —	$ 173,219	$ 188,550	$ —
U.S. Offshore Gulf of Mexico	122,946	—	—	13,776	—	—
Alaska	49,462	—	—	3,670	777	—
Canada	—	105,000	—	5,849	29,682	—
Middle East & Asia	—	—	888,500	35,486	26,236	—
Latin America	—	—	360,385	15,350	8,514	—
Europe, Africa & CIS	—	—	220,153	2,892	17,229	—
Eliminations & other	—	—	—	—	—	(120,876)
Total	$ 1,083,227	$ 105,000	$ 1,469,038	$ 250,242	$ 270,988	$ (120,876)

	Year Ended December 31, 2017					
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies	Other
	(In thousands)					
Lower 48	$ 681,669	$ —	$ —	$ 118,574	$ 211,609	$ —
U.S. Offshore Gulf of Mexico	75,994	—	—	1,021	—	—
Alaska	47,560	—	—	3,925	623	—
Canada	—	82,929	—	6,054	7,618	—
Middle East & Asia	—	—	875,175	7,397	13,493	—
Latin America	—	—	388,235	3,266	392	—
Europe, Africa & CIS	—	—	210,650	464	807	—
Eliminations & other	—	—	—	—	—	(173,170)
Total	$ 805,223	$ 82,929	$ 1,474,060	$ 140,701	$ 234,542	$ (173,170)

Contract balances

We perform our obligations under a contract with a customer by transferring goods or services in exchange for consideration from the customer. We recognize a contract asset or liability when we transfer goods or services to a customer and bill an amount which differs from the revenue allocated to the related performance obligations.

The timing of revenue recognition may differ from the timing of invoicing to customers and these timing differences result in receivables, contract assets, or contract liabilities (deferred revenue) on our consolidated balance sheet. In general, we receive payments from customers based on dayrates as stipulated in our contracts (i.e. operating rate, standby rate). The invoices billed to the customer are based on the varying rates applicable to the operating status on each rig. Accounts receivable are recorded when the right to consideration becomes unconditional.

Dayrate contracts also may contain fees charged to the customer for up-front rig modifications, mobilization and demobilization of equipment and personnel. These fees are associated with contract fulfillment activities, and the related revenue (subject to any constraint on estimates of variable consideration) is allocated to a single performance obligation and recognized ratably over the initial term of the contract. Mobilization fees are generally billable to the customer in the initial phase of a contract and generate contract liabilities until they are recognized as revenue. Demobilization fees are generally received at the end of the contract and generate contract assets when they are recognized as revenue prior to becoming receivables from the customer.

We receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request. Reimbursable revenues are variable and subject to uncertainty as the amounts received and timing thereof are dependent on factors outside of our influence. Accordingly, these revenues are constrained and not recognized until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of the customer. We are generally considered a principal in these transactions and record the associated revenues at the gross amounts billed to the customer.

The opening and closing balances of our receivables, contract assets and current and long-term contract liabilities are as follows:

	Contract Receivables	Contract Assets (Current)	Contract Assets (Long-term)	Contract Liabilities (Current)
	(In millions)			
As of December 31, 2018	$ 791.2	$ 55.8	$ 32.3	$ 116.7
As of December 31, 2019	$ 507.0	$ 48.6	$ 24.9	$ 66.8

Approximately 65% of the contract liability balance at the beginning of the period was recognized as revenue during 2019 and 22% is expected to be recognized during 2020. The remaining 13% of the contract liability balance at the beginning of the period is expected to be recognized as revenue during 2021 or thereafter.

Additionally, 60% of the contract asset balance at the beginning of the period was recognized as expense during 2019 and 20% is expected to be recognized during 2020. The remaining 20% of the contract asset balance at the beginning of the period is expected to be recognized as expense during 2021 or thereafter. This disclosure does not include variable consideration allocated entirely to a wholly unsatisfied performance obligation or promise to transfer a distinct good or service that forms part of a single performance obligation.

Note 21 Leases

Prior to January 1, 2019, we accounted for leases under ASC 840 and did not record any right of use asset or corresponding lease liability. We adopted ASC 842 using a modified retrospective approach with an effective date of January 1, 2019. As such, financial information for prior periods has not been adjusted and continues to be reported under ASC 840. Effective with the adoption of ASC 842, we have changed our accounting policy for leases as detailed below.

We have evaluated the provisions of ASC 842, including certain practical expedients allowed. The significant practical expedients we adopted include the following:

- We elected the practical expedient to apply the transition approach as of the beginning of the period of adoption and not restate comparative periods;
- We elected to utilize the “package of three” expedients, as defined in ASC 842, whereby we did not reassess whether contracts existing prior to the effective date contain leases, nor did v classification determinations nor whether initial direct costs qualify for capitalization;
- We elected the practical expedient to not capitalize any leases with initial terms of twelve months or less on our condensed consolidated balance sheet;
- For all underlying classes of leased assets, we elected the practical expedient to not separate lease and non-lease components; and
- We elected the practical expedient to continue to account for land easements (also known as “rights of way”) that were not previously accounted for as leases consistent with prior accou contracts are modified or replaced, at which time they would be assessed for lease classification under ASC 842.

As of the date of implementation on January 1, 2019, the impact of the adoption of ASC 842 resulted in the recognition of a right of use asset and lease payable obligation on our condensed consolidated balance sheet of approximately $42.8 million. As the right of use asset and the lease payable obligation were the same, there was no cumulative effect impact on retained earnings.

Our leases primarily consist of office space and equipment used globally within our operations. We determine whether a contract is or contains a lease at inception of the contract based on answers to a series of questions that address whether an identified asset exists and whether we have the right to obtain substantially all of the benefit of the assets and to control its use over the full term of the agreement. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must estimate our incremental borrowing rate using a credit notching approach to discount the lease payments based on information available at lease commencement. Certain of our lease agreements include options to extend and options to terminate the lease, which we do not include in our minimum lease terms unless management is reasonably certain to exercise. We do not separate lease and nonlease components of contracts. There are no material residual value guarantees nor any restrictions or covenants included in our lease agreements. Certain of our leases include provisions for variable payments. These variable payments are typically determined based on a measure of throughput or actual days or another measure of usage and are not included in the calculation of lease liabilities and right-of-use assets.

Lease Position

The table below presents the lease related assets and liabilities recorded on our condensed consolidated balance sheet:

	Classification on the Balance Sheet
Assets	
Operating lease assets	Other long-term assets
Total lease assets	
Liabilities	
Current liabilities:	
Operating lease liabilities	Current lease liabilities
Noncurrent liabilities:	
Operating lease liabilities	Other long-term liabilities
Total lease liabilities	

Lease Costs

The table below presents certain information related to the lease costs for our operating leases:

	Year Decer 2 (In thou
Operating lease cost	$
Short-term lease cost	
Variable lease cost	
Total lease cost	$

Other Information

The table below presents supplemental cash flow information related to leases:

	Year E (I
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	$
Right of use assets obtained in exchange for lease obligations:	
Operating leases	$

Lease Terms and Discount Rates

The table below presents certain information related to the weighted average remaining lease terms and weighted average discount rates for our operating leases:

	Decer 2
Weighted-average remaining lease term - operating leases	
Weighted-average discount rate - operating leases	

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and the total remaining years to the operating lease liabilities recorded on the condensed consolidated balance sheet:

	Decemb (In tho
2020	$
2021	
2022	
2023	
2024	
Thereafter	
Total undiscounted lease liability	
Less: amount of lease payments representing interest	
Long-term lease obligations	$

The minimum rental commitments under non-cancelable operating leases under ASC 840 as disclosed in our 2018 Annual Report, with lease terms in excess of one year subsequent to December 31, 2018, were as follows:

	Dece (In
2019	$
2020	
2021	
2022	
2023	
Thereafter	
Total minimum lease payments	$

Note 22 Condensed Consolidating Financial Information

Nabors has fully and unconditionally guaranteed all of the issued public debt securities of Nabors Delaware, a 100% wholly-owned subsidiary. The following condensed consolidating financial information is included so that separate financial statements of Nabors Delaware is not required to be filed with the SEC. The condensed consolidating financial statements present investments in both consolidated and unconsolidated affiliates using the equity method of accounting.

The following condensed consolidating financial information presents condensed consolidating balance sheets as of December 31, 2019 and 2018, and statements of income (loss), statements of comprehensive income (loss) and the statements of cash flows for the years ended December 31, 2019, 2018 and 2017 of (a) Nabors, parent/guarantor, (b) Nabors Delaware, issuer of public debt securities guaranteed by Nabors, (c) the non-guarantor subsidiaries, (d) consolidating adjustments necessary to consolidate Nabors and its subsidiaries and (e) Nabors on a consolidated basis.

Condensed Consolidating Balance Sheets

	December 31, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
			ASSETS		
Current assets:					
Cash and cash equivalents	$ 319	$ 38	$ 435,633	$ —	$
Short-term investments	—	—	16,506	—	
Accounts receivable, net	—	—	453,042	—	
Inventory, net	—	—	176,341	—	
Assets held for sale	—	—	2,530	—	
Other current assets	50	—	164,207	—	
Total current assets	369	38	1,248,259	—	
Property, plant and equipment, net	—	—	4,930,549	—	
Goodwill	—	—	28,380	—	
Intercompany receivables	51	—	2,611	(2,662)	
Investment in consolidated affiliates	2,001,607	5,780,656	4,226,017	(12,008,280)	
Deferred income taxes	—	431,441	305,844	(431,441)	
Other long-term assets	—	99	254,445	(7,325)	
Total assets	$ 2,002,027	$ 6,212,234	$ 10,996,105	$ (12,449,708)	$
			LIABILITIES AND EQUITY		
Current liabilities:					
Current portion of debt	$ —	$ —	$ —	$ —	$
Trade accounts payable	128	1	295,030	—	
Accrued liabilities	8,579	51,701	273,002	—	
Income taxes payable	—	—	14,628	—	
Current lease liabilities	—	—	13,479	—	
Total current liabilities	8,707	51,702	596,139	—	
Long-term debt	—	3,340,545	—	(7,325)	
Other long-term liabilities	—	29,331	262,853	—	
Deferred income taxes	—	—	434,590	(431,441)	
Intercompany payable	10,508	231,759	(239,605)	(2,662)	
Total liabilities	19,215	3,653,337	1,053,977	(441,428)	
Redeemable noncontrolling interest in subsidiary	—	—	425,392	—	
Shareholders’ equity	1,982,812	2,558,897	9,449,382	(12,008,280)	
Noncontrolling interest	—	—	67,354	—	
Total equity	1,982,812	2,558,897	9,516,736	(12,008,280)	
Total liabilities and equity	$ 2,002,027	$ 6,212,234	$ 10,996,105	$ (12,449,708)	$

	December 31, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
			ASSETS		
Current assets:					
Cash and cash equivalents	$ 474	$ 42	$ 447,250	$ —	$
Short-term investments	—	—	34,036	—	
Accounts receivable, net	—	—	756,320	—	
Inventory, net	—	—	165,587	—	
Assets held for sale	—	—	12,250	—	
Other current assets	50	433	177,121	—	
Total current assets	524	475	1,592,564	—	
Property, plant and equipment, net	—	—	5,467,870	—	
Goodwill	—	—	183,914	—	
Intercompany receivables	95,946	218,129	2,611	(316,686)	
Investment in consolidated affiliates	2,658,827	5,494,886	4,079,269	(12,232,982)	
Deferred income taxes	—	388,089	345,091	(388,089)	
Other long-term assets	—	142	277,689	(14,325)	
Total assets	$ 2,755,297	$ 6,101,721	$ 11,949,008	$ (12,952,082)	$
			LIABILITIES AND EQUITY		
Current liabilities:					
Current portion of debt	$ —	$ —	$ 561	$ —	$
Trade accounts payable	132	14	392,697	—	
Accrued liabilities	28,815	62,830	326,267	—	
Income taxes payable	—	—	20,761	—	
Total current liabilities	28,947	62,844	740,286	—	
Long-term debt	—	3,600,209	—	(14,325)	
Other long-term liabilities	—	29,331	245,154	—	
Deferred income taxes	—	—	394,400	(388,089)	
Intercompany payable	25,500	—	291,186	(316,686)	
Total liabilities	54,447	3,692,384	1,671,026	(719,100)	
Redeemable noncontrolling interest in subsidiary	—	—	404,861	—	
Shareholders' equity	2,700,850	2,409,337	9,823,645	(12,232,982)	
Noncontrolling interest	—	—	49,476	—	
Total equity	2,700,850	2,409,337	9,873,121	(12,232,982)	
Total liabilities and equity	$ 2,755,297	$ 6,101,721	$ 11,949,008	$ (12,952,082)	$

Condensed Consolidating Statements of Income (Loss)

	Year Ended December 31, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Revenues and other income:					
Operating revenues	$ —	$ —	$ 3,043,383	$ —	$
Earnings (losses) from unconsolidated affiliates	—	—	(5)	—	
Earnings (losses) from consolidated affiliates	(693,450)	285,612	140,474	267,364	
Investment income (loss)	—	—	12,330	(2,112)	
Total revenues and other income	(693,450)	285,612	3,196,182	265,252	
Costs and other deductions:					
Direct costs	—	6	1,929,325	—	
General and administrative expenses	8,255	673	251,375	(1,572)	
Research and engineering	—	—	50,359	—	
Depreciation and amortization	—	125	875,966	—	
Interest expense, net	—	204,963	(652)	—	
Impairments and other charges	—	—	290,471	—	
Other, net	1,043	(17,277)	47,886	1,572	
Intercompany interest expense, net	137	—	(137)	—	
Total costs and other deductions	9,435	188,490	3,444,593	—	
Income (loss) from continuing operations before income taxes	(702,885)	97,122	(248,411)	265,252	
Income tax expense (benefit)	—	(43,352)	134,928	—	
Income (loss) from continuing operations, net of tax	(702,885)	140,474	(383,339)	265,252	
Income (loss) from discontinued operations, net of tax	—	—	(12)	—	
Net income (loss)	(702,885)	140,474	(383,351)	265,252	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(22,375)	—	
Net income (loss) attributable to Nabors	$ (702,885)	$ 140,474	$ (405,726)	$ 265,252	$
Less: Preferred stock dividend	(17,244)	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (720,129)	$ 140,474	$ (405,726)	$ 265,252	$

	Year Ended December 31, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Revenues and other income:					
Operating revenues	$ —	$ —	$ 3,057,619	$ —	$
Earnings (losses) from unconsolidated affiliates	—	—	1	—	
Earnings (losses) from consolidated affiliates	(629,060)	218,539	35,279	375,242	
Investment income (loss)	2	—	2,984	(12,485)	
Total revenues and other income	(629,058)	218,539	3,095,883	362,757	
Costs and other deductions:					
Direct costs	—	—	1,976,974	—	
General and administrative expenses	9,725	635	256,145	(683)	
Research and engineering	—	—	56,147	—	
Depreciation and amortization	—	125	866,745	—	
Interest expense, net	—	231,971	(4,847)	—	
Impairments and other charges	—	5,269	139,177	—	
Other, net	1,803	—	27,046	683	
Intercompany interest expense	362	—	(362)	—	
Total costs and other deductions	11,890	238,000	3,317,025	—	
Income (loss) from continuing operations before income taxes	(640,948)	(19,461)	(221,142)	362,757	
Income tax expense (benefit)	—	(54,740)	134,009	—	
Income (loss) from continuing operations, net of tax	(640,948)	35,279	(355,151)	362,757	
Income (loss) from discontinued operations, net of tax	—	—	(14,663)	—	
Net income (loss)	(640,948)	35,279	(369,814)	362,757	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(28,222)	—	
Net income (loss) attributable to Nabors	$ (640,948)	$ 35,279	$ (398,036)	$ 362,757	$
Less: Preferred stock dividend	(12,305)	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (653,253)	$ 35,279	$ (398,036)	$ 362,757	$

	Year Ended December 31, 2017				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Revenues and other income:					
Operating revenues	$ —	$ —	$ 2,564,285	$ —	$
Earnings (losses) from unconsolidated affiliates	—	—	7	—	
Earnings (losses) from consolidated affiliates	(528,180)	18,380	(343,233)	853,033	
Investment income (loss)	17	63	13,031	(11,917)	
Total revenues and other income	(528,163)	18,443	2,234,090	841,116	
Costs and other deductions:					
Direct costs	—	—	1,718,069	—	
General and administrative expenses	10,995	715	240,139	(665)	
Research and engineering	—	—	51,069	—	
Depreciation and amortization	—	125	842,818	—	
Interest expense, net	—	232,103	(9,214)	—	
Impairments and other charges	—	—	44,536	—	
Other, net	7,662	19,033	(12,480)	665	
Intercompany interest expense, net	(9)	—	9	—	
Total costs and other deductions	18,648	251,976	2,874,946	—	
Income (loss) from continuing operations before income taxes	(546,811)	(233,533)	(640,856)	841,116	
Income tax expense (benefit)	—	109,700	(192,670)	—	
Income (loss) from continuing operations, net of tax	(546,811)	(343,233)	(448,186)	841,116	
Income (loss) from discontinued operations, net of tax	—	—	(43,519)	—	
Net income (loss)	(546,811)	(343,233)	(491,705)	841,116	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(6,178)	—	
Net income (loss) attributable to Nabors	$ (546,811)	$ (343,233)	$ (497,883)	$ 841,116	$
Less: Preferred stock dividend	—	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (546,811)	$ (343,233)	$ (497,883)	$ 841,116	$

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Year Ended December 31, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net income (loss) attributable to Nabors	$ (702,885)	$ 140,474	$ (405,726)	$ 265,252	$
Other comprehensive income (loss) before tax:					
Translation adjustment attributable to Nabors	16,943	(3)	16,943	(16,940)	
Pension liability amortization and adjustment	217	217	434	(651)	
Unrealized gains (losses) and amortization on cash flow hedges	567	567	567	(1,134)	
Other comprehensive income (loss) before tax	17,727	781	17,944	(18,725)	
Income tax expense (benefit) related to items of other comprehensive income (loss)	190	190	380	(570)	
Other comprehensive income (loss), net of tax	17,537	591	17,564	(18,155)	
Comprehensive income (loss) attributable to Nabors	(685,348)	141,065	(388,162)	247,097	
Net income (loss) attributable to noncontrolling interest	—	—	22,375	—	
Translation adjustment attributable to noncontrolling interest	—	—	55	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	22,430	—	
Comprehensive income (loss)	$ (685,348)	$ 141,065	$ (365,732)	$ 247,097	$

	Year Ended December 31, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net income (loss) attributable to Nabors	$ (640,948)	$ 35,279	$ (398,036)	$ 362,757	$
Other comprehensive income (loss) before tax:					
Translation adjustment attributable to Nabors	(31,962)	4	(31,962)	31,958	
Pension liability amortization and adjustment	216	216	432	(648)	
Unrealized gains (losses) and amortization on cash flow hedges	567	567	567	(1,134)	
Adoption of ASU No. 2016-01	(9,144)	—	(9,144)	9,144	
Other comprehensive income (loss) before tax	(40,323)	787	(40,107)	39,320	
Income tax expense (benefit) related to items of other comprehensive income (loss)	187	187	374	(561)	
Other comprehensive income (loss), net of tax	(40,510)	600	(40,481)	39,881	
Comprehensive income (loss) attributable to Nabors	(681,458)	35,879	(438,517)	402,638	
Net income (loss) attributable to noncontrolling interest	—	—	28,222	—	
Translation adjustment attributable to noncontrolling interest	—	—	(251)	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	27,971	—	
Comprehensive income (loss)	$ (681,458)	$ 35,879	$ (410,546)	$ 402,638	$

	Year Ended December 31, 2017 (In thousands)				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
Net income (loss) attributable to Nabors	$ (546,811)	$ (343,233)	$ (497,883)	$ 841,116	$
Other comprehensive income (loss) before tax					
Translation adjustment attributable to Nabors	28,372	—	28,372	(28,372)	
Unrealized gains (losses) on marketable securities:					
Unrealized gains (losses) on marketable securities	(6,061)	—	(6,061)	6,061	
Less: reclassification adjustment for (gains) losses included in net income (loss)	970	—	970	(970)	
Unrealized gains (losses) on marketable securities	(5,091)	—	(5,091)	5,091	
Pension liability amortization and adjustment	(275)	(275)	(550)	825	
Unrealized gains (losses) and amortization on cash flow hedges	613	613	613	(1,226)	
Other comprehensive income (loss) before tax	23,619	338	23,344	(23,682)	
Income tax expense (benefit) related to items of other comprehensive income (loss)	315	315	630	(945)	
Other comprehensive income (loss), net of tax	23,304	23	22,714	(22,737)	
Comprehensive income (loss) attributable to Nabors	(523,507)	(343,210)	(475,169)	818,379	
Net income (loss) attributable to noncontrolling interest	—	—	6,178	—	
Translation adjustment attributable to noncontrolling interest	—	—	282	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	6,460	—	
Comprehensive income (loss)	$ (523,507)	$ (343,210)	$ (468,709)	$ 818,379	$

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net cash provided by (used for) operating activities	$ 79,910	$ (179,265)	$ 848,271	$ (64,358)	$
Cash flows from investing activities:					
Purchases of investments	—	—	(4,323)	—	
Sales and maturities of investments	—	—	18,849	—	
Cash paid for acquisitions of businesses, net of cash acquired	—	—	(2,929)	—	
Cash paid for investments in consolidated affiliates	—	—	(8,500)	8,500	
Capital expenditures	—	—	(427,741)	—	
Proceeds from sales of assets and insurance claims	—	—	60,288	—	
Change in intercompany balances	—	449,888	(449,888)	—	
Net cash provided by (used for) investing activities	—	449,888	(814,244)	8,500	
Cash flows from financing activities:					
Reduction of long-term debt	—	(455,360)	—	—	
Debt issuance costs	—	(1,767)	—	—	
Proceeds from revolving credit facilities	—	1,050,000	—	—	
Reduction in revolving credit facilities	—	(865,000)	—	—	
Proceeds from (payments for) short-term borrowings	—	—	(561)	—	
Proceeds from issuance of common shares, net of issuance costs	6	—	(6)	—	
Dividends to common and preferred shareholders	(54,347)	—	12	4,752	
Distributions to noncontrolling interest	—	—	(4,552)	—	
Proceeds from issuance of intercompany debt	6,600	—	(6,600)	—	
Paydown of intercompany debt	(27,700)	(7,000)	34,700	—	
Proceeds from parent contributions	—	8,500	—	(8,500)	
Distribution from subsidiary to parent	—	—	(59,606)	59,606	
Other changes	(4,624)	—	(126)	—	
Net cash (used for) provided by financing activities	(80,065)	(270,627)	(36,739)	55,858	
Effect of exchange rate changes on cash and cash equivalents	—	—	(6,171)	—	
Net increase (decrease) in cash, cash equivalents and restricted cash	(155)	(4)	(8,883)	—	
Cash, cash equivalents and restricted cash, beginning of period	474	43	450,563	—	
Cash, cash equivalents and restricted cash, end of period	$ 319	$ 39	$ 441,680	$ —	$

	Year Ended December 31, 2018 Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net cash provided by (used for) operating activities	$ 86,504	$ (208,943)	$ 495,709	$ (47,497)	$
Cash flows from investing activities:					
Purchases of investments	—	—	(676)	—	
Sales and maturities of investments	—	—	4,287	—	
Cash paid for acquisitions of businesses, net of cash acquired	—	(20,859)	—	—	
Cash paid for investments in consolidated affiliates	(587,500)	—	(206,500)	794,000	
Capital expenditures	—	—	(458,938)	—	
Proceeds from sale of assets and insurance claims	—	—	109,098	—	
Change in intercompany balances	—	502,856	(502,856)	—	
Net cash provided by (used for) investing activities	(587,500)	481,997	(1,055,585)	794,000	
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	—	800,000	—	—	
Reduction in long-term debt	—	(878,278)	—	—	
Debt issuance costs	—	(21,277)	—	—	
Proceeds from revolving credit facilities	—	1,135,000	—	—	
Reduction in revolving credit facilities	—	(1,475,000)	—	—	
Proceeds from (payments for) commercial paper, net	—	(40,000)	—	—	
Proceeds from (payments for) short-term borrowings	—	—	380	—	
Proceeds from issuance of common shares, net of issuance costs	301,404	—	—	—	
Proceeds from issuance of preferred stock, net of issuance costs	277,927	—	—	—	
Dividends to common and preferred shareholders	(99,583)	—	—	12,485	
Redeemable noncontrolling interest	—	—	156,935	—	
Distributions to noncontrolling interest	—	—	(5,452)	—	
Proceeds from (payments for) issuance of intercompany debt	45,500	—	(45,500)	—	
Paydown of intercompany debt	(21,000)	—	21,000	—	
Proceeds from parent contributions	—	206,500	587,500	(794,000)	
Distribution from subsidiary to parent	—	—	(35,012)	35,012	
Other changes	(3,869)	—	(5,043)	—	
Net cash (used for) provided by financing activities	500,379	(273,055)	674,808	(746,503)	
Effect of exchange rate changes on cash and cash equivalents	—	—	(5,263)	—	
Net increase (decrease) in cash, cash equivalents and restricted cash	(617)	(1)	109,669	—	
Cash, cash equivalents and restricted cash, beginning of period	1,091	44	340,894	—	
Cash, cash equivalents and restricted cash, end of period	$ 474	$ 43	$ 450,563	$ —	$

	Year Ended December 31, 2017				
	Nabors (Parent/ Guarantor)	**Nabors Delaware (Issuer)**	**Other Subsidiaries (Non-Guarantors)**	**Consolidating Adjustments**	
			(In thousands)		
Net cash provided by (used for) operating activities	$ 143,444	$ (90,229)	$ 142,527	$ (132,986)	$
Cash flows from investing activities:					
Purchases of investments	—	—	(6,722)	—	
Sales and maturities of investments	—	—	13,069	—	
Cash paid for acquisitions of businesses, net of cash acquired	—	—	12,319	—	
Cash paid for investments in consolidated affiliates	(100)	—	(85,960)	86,060	
Capital expenditures	—	—	(574,467)	—	
Proceeds from sale of assets and insurance claims	—	—	57,933	—	
Change in intercompany balances	—	(599,974)	599,974	—	
Net cash provided by (used for) investing activities	(100)	(599,974)	16,146	86,060	
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	—	411,200	—	—	
Reduction in long-term debt	—	(270,269)	(111,545)	—	
Debt issuance costs	—	(11,043)	—	—	
Proceeds from revolving credit facilities	—	725,000	—	—	
Reduction in revolving credit facilities	—	(215,000)	—	—	
Proceeds from (payments for) commercial paper, net	—	40,000	—	—	
Cash proceeds (payments) from equity component of exchangeable debt	—	159,952	—	—	
Purchase of capped call hedge transactions	—	(40,250)	—	—	
Payments on term loan	—	(162,500)	—	—	
Proceeds from (payments for) short-term borrowings	—	—	(543)	—	
Proceeds from issuance of common shares, net of issuance costs	8,299	—	1	—	
Repurchase of common shares	(18,071)	—	—	—	
Dividends to common and preferred shareholders	(80,419)	—	—	11,916	
Redeemable noncontrolling interest	—	—	61,123	—	
Noncontrolling interest contribution	—	—	20,000	—	
Distributions to noncontrolling interest	—	—	(7,272)	—	
Proceeds from (payments for) issuance of intercompany debt	57,000	20,000	(77,000)	—	
Paydown of intercompany debt	(102,000)	(20,000)	122,000	—	
Proceeds from parent contributions	—	42,980	43,080	(86,060)	
Distribution from subsidiary to parent	—	—	(121,070)	121,070	
Other changes	(8,210)	—	(189)	—	
Net cash (used for) provided by financing activities	(143,401)	680,070	(71,415)	46,926	
Effect of exchange rate changes on cash and cash equivalents	—	—	(29)	—	
Net increase (decrease) in cash, cash equivalents and restricted cash	(57)	(10,133)	87,229	—	
Cash, cash equivalents and restricted cash, beginning of period	1,148	10,177	253,665	—	
Cash, cash equivalents and restricted cash, end of period	1,091	44	340,894	—	

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ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

Not applicable.

ITEM 9A. ***CONTROLS AND PROCEDURES***

Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures (as such term is defined in Rule 15d-15(e) under the Exchange Act) designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. We have investments in certain unconsolidated entities that we do not control or manage. Because we do not control or manage these entities, our disclosure controls and procedures with respect to these entities are necessarily more limited than those we maintain with respect to our consolidated subsidiaries.

The Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this annual report. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of December 31, 2019, the Company’s disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of these limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management conducted an evaluation of the effectiveness of the Company’s internal control over financial reporting based on the criteria set forth in the *Internal Control—Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2019.

PricewaterhouseCoopers LLP has issued a report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019, which is included in Part II, Item 8 of this annual report.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. ***OTHER INFORMATION***

Not applicable.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

The information called for by this item will be contained in the definitive Proxy Statement to be distributed in connection with our 2020 annual general meeting of shareholders under the captions "*Director Nominees*," "*Election of Directors*", "*Other Executive Officers*", "*Meetings of the Board and Committees*" and "*Section 16 (a) Beneficial Ownership Reporting Compliance*" and is incorporated into this document by reference.

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

On July 5, 2019, we filed with the New York Stock Exchange the Annual CEO Certification regarding our compliance with the Exchange's Corporate Governance listing standards as required by Section 303A-12(a) of the Exchange's Listed Company Manual.

ITEM 11. ***EXECUTIVE COMPENSATION***

The information called for by this item will be contained in various sections of our definitive Proxy Statement to be distributed in connection with our 2020 annual general meeting of shareholders, including under the captions "*Compensation Discussion and Analysis," "2019 Summary Compensation Table," 2019 Grants of Plan-Based Awards," "2019 Outstanding Equity Awards at Fiscal Year End," "2019 Option Exercises and Shares Vested," "2019 Non-Qualified Deferred Compensation," "Required Pay-Ratio Disclosure," "2019 Potential Payouts upon Termination or Change in Control," "Non-Employee Director Compensation," "Risk Assessment," "Compensation Committee Interlocks and Insider Participation,"* and *"Compensation Committee Report,*" and except as specified in the following sentence, is incorporated into this document by reference. Information in our definitive Proxy Statement not deemed to be "soliciting material" or "filed" with the SEC under its rules, including the Compensation Committee Report, is not deemed to be incorporated by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS***

The information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2020 annual general meeting of shareholders, including under the captions *"Share Ownership"* and *"Securities Authorized for Issuance under Equity Compensation Plans*" and is incorporated into this document by reference.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE***

The information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2020 annual general meeting of shareholders, including under the captions "*Certain Relationships and Related Transactions*" and "*Overview of Key Governance Topics – Director Independence,"* is incorporated into this document by reference.

ITEM 14. ***PRINCIPAL ACCOUNTING FEES AND SERVICES***

The information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2020 annual general meeting of shareholders, including under the caption *"Independent Auditor Fees"* and is incorporated into this document by reference.

PART IV

ITEM 15. ***EXHIBITS, FINANCIAL STATEMENT SCHEDULES***

(a) The following documents are filed as part of this annual report:

(1) Financial Statements

Consolidated Balance Sheets as of December 31, 2019 and 2018
Consolidated Statement of Income (Loss) for the Years Ended December 31, 2019, 2018 and 2017
Consolidated Statement of Comprehensive Income (Loss) for the Years Ended December 31, 2019, 2018 and 2017
Consolidated Statement of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017
Consolidated Statement of Changes in Equity for the Years Ended December 31, 2019, 2018 and 2017
Notes to Consolidated Financial Statements

(2) Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts for the Years Ended December 31, 2019, 2018 and 2017

All other supplemental schedules are omitted because of the absence of the conditions under which they would be required or because the required information is included in the financial statements or related notes.

(b) Exhibit Index

See the Exhibit Index for a list of those exhibits filed herewith, which Exhibit Index also includes and identifies management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601 of Regulation S-K.

ITEM 16. ***FORM 10-K SUMMARY***

None.

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SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2019, 2018 and 2017

	Balance at Beginning of Period	Charged to Costs and Other Deductions	Charged to Other Accounts	Deductions	
			(In thousands)		
2019					
Allowance for doubtful accounts	$ 41,207	17,529	(51)	3,097	$
Inventory reserve	$ 27,854	11,808	—	(4,614)	$
Valuation allowance on deferred tax assets	$ 1,917,390	—	862,611	—	$
2018					
Allowance for doubtful accounts	$ 44,376	3,024	(226)	(5,967)	$
Inventory reserve	$ 28,934	—	14,688	(15,768)	$
Valuation allowance on deferred tax assets	$ 1,869,490	—	47,900	—	$
2017					
Allowance for doubtful accounts	$ 43,757	2,544	86	(2,011)	$
Inventory reserve	$ 26,537	5,897	—	(3,500)	$
Valuation allowance on deferred tax assets	$ 1,807,728	—	61,762	—	$

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Exhibit Index

Exhibit No.	Description
2.1	Arrangement Agreement, dated August 13, 2017, by and among Nabors Industries Ltd., Nabors Maple Acquisition Ltd., and Tesco Corporation (incorporated by refere our Form 8-K (File No. 001-32657) filed with the SEC on August 16, 2017).
3.1	Memorandum of Association of Nabors Industries Ltd. (incorporated by reference to Annex II to the proxy statement/prospectus included in our Registration Statemen No. 333-76198) filed with the SEC on May 10, 2002, as amended).
3.2	Amended and Restated Bye-laws of Nabors Industries Ltd. (incorporated by reference to Exhibit 3.2 to our Form S-8 (File No. 333-212781) filed with the SEC on July 29,
3.2(a)	Certificate of Designations of the 6.00% Mandatory Convertible Preferred Shares, Series A of Nabors Industries Ltd. (incorporated by reference to Exhibit 3.1 to our For 32657) filed with the SEC on May 14, 2018).
4.1	Description of Share Capital.*
4.2	Indenture, dated as of September 14, 2010, among Nabors Industries, Inc., Nabors Industries Ltd., Wilmington Trust Company, as trustee, and Citibank, N.A. as securiti with respect to Nabors Industries, Inc.'s 5.0% Senior Notes due 2020 (including form of 5.0% Senior Note due 2020) (incorporated by reference to Exhibit 4.2 to our Form 32657) filed with the SEC on September 15, 2010).
4.3	Indenture, dated as of August 23, 2011, among Nabors Industries, Inc., Nabors Industries Ltd., Wilmington Trust, National Association, as trustee and Citibank, N.A. a administrator, with respect to Nabors Industries, Inc.'s 4.625% Senior Notes due 2021 (including form of 4.625% Senior Note due 2021) (incorporated by reference to Ex Form 8-K (File No. 001-32657) filed with the SEC on August 24, 2011).
4.4	Indenture related to the 2.35% Senior Notes due 2016 and 5.10% Senior Notes due 2023, dated as of September 12, 2013, among Nabors Industries, Inc. as Issuer, Nabo Guarantor, Wilmington Trust, National Association as Trustee and Citibank, N.A. as Securities Administrator (including form of 2.35% Senior Note due 2016 and form o due 2023) (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. Form 8-K (File No. 001-32657) filed with the SEC on September 13, 2013).
4.5	Indenture, dated as of December 9, 2016 by and among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, Citibank, N.A., as securities administrato Trust, National Association, as trustee with respect to Nabors Industries, Inc.'s 5.50% Senior Notes due 2023 (incorporated by reference to Exhibit 4.1 to our Form 8-K filed with the SEC on December 9, 2016).
4.6	First Supplemental Indenture to the Indenture, dated January 22, 2020, among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, Wilmington Trust Associate, as trustee, and Citibank, N.A., as securities administrator (incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC o
4.7	Indenture, dated as of January 10, 2020 by and among Nabors Industries Ltd., as Issuer, Nabors Industries, Inc., as Guarantor, Nabors International Finance Inc., as Gu Finance 1, as Guarantor, Nabors Global Holdings Limited, as Guarantor, Nabors Drilling Holdings Inc., as Guarantor, Nabors Holdings Ltd., as Guarantor, and Wells Far trustee, including as exhibits thereto the form of Notes (incorporated by reference to Exhibit 4.1 to our form 8-K (File No. 00132657) filed with the SEC on January 14, 202

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Exhibit No.	Description
4.8	Indenture, dated as of January 13, 2017, by and among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, Citibank, N.A., as securities administrato Trust, National Association, as trustee with respect to Nabors Industries, Inc.'s 0.75% Exchangeable Senior Notes due 2024 (incorporated by reference to Exhibit 4.1 to No. 001-32657) filed with the SEC on January 13, 2017).
4.9	Indenture, dated as of January 23, 2018, by and among Nabors Industries, Inc., Nabors Industries Ltd., as Guarantor, Citibank, N.A., as securities administrator and Wil National Association, as trustee with respect to Nabors Industries, Inc.'s 5.75% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to our Form 8-K (File N with the SEC on January 23, 2018).
4.10	Registration Rights Agreement relating to the 5.75% Senior Notes due 2025, dated as of January 23, 2018, by and among Nabors Industries, Inc. and the certain holders (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd.'s Form 8-K (file No. 001-32657) filed with the Commission on January 23, 2018).
10.1	Call Option Transaction Confirmation, dated as of January 9, 2017, between Nabors Industries Ltd., Nabors Industries, Inc. and Citigroup Global Markets Inc. (incorpor Exhibit 10.2 to our Form 8-K (File No. 001-32657) filed with the SEC on January 11, 2017).
10.2	Call Option Transaction Confirmation, dated as of January 9, 2017, between Nabors Industries Ltd., Nabors Industries, Inc. and Goldman, Sachs & Co. (incorporated by 10.3 to our Form 8-K (File No. 001-32657) filed with the SEC on January 11, 2017).
10.3	Additional Call Option Transaction Confirmation, dated as of January 10, 2017, between Nabors Industries Ltd., Nabors Industries, Inc. and Citigroup Global Markets I reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC on January 13, 2017).
10.4	Additional Call Option Transaction Confirmation, dated as of January 10, 2017, between Nabors Industries Ltd., Nabors Industries, Inc. and Goldman, Sachs & Co. (inc reference to Exhibit 10.2 to our Form 8-K (File No. 001-32657) filed with the SEC on January 13, 2017).
10.5	Shareholders' Agreement, dated October 31, 2016, between Saudi Aramco Development Company and Nabors International Netherlands B.V. (incorporated by reference our Form 10-K (File No. 001-32657) filed with the SEC on February 28, 2017).
10.6	Credit Agreement, dated as of November 29, 2012, among Nabors Industries, Inc. as US borrower, Nabors Canada as Canadian borrower, Nabors Industries Ltd. as guar Canada as Canadian lender, the other lenders party thereto, Mizuho Corporate Bank, Ltd. and HSBC Bank USA, N.A. as documentation agents, HSBC Bank USA, N.A. agent and Citibank, N.A. as administrative agent for the US lenders (incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC on 2012).
10.6(a)	Amendment No. 1, dated as of July 14, 2015, to Credit Agreement, dated as of November 29, 2012, among Nabors Industries, Inc. as US Borrower, Nabors Canada as Ca Nabors Industries Ltd. as Guarantor, HSBC Bank Canada as Canadian Lender, the other lenders party thereto, Mizuho Corporate Bank, Ltd. and HSBC Bank USA, N.A. Agents, HSBC Bank USA, N.A. as Syndication Agent and Citibank, N.A. as Administrative Agent for the US Lenders (incorporated by reference to Exhibit 10.1 to our F 001-32657) filed with the SEC on July 15, 2015).
10.6(b)	Amendment No. 2, dated as of March 23, 2016, to Credit Agreement, dated as of March 23, 2016, among Nabors Industries, Inc. as US Borrower, Nabors Canada as Can Nabors Industries Ltd. as Guarantor, HSBC Bank Canada as Canadian Lender, the other lenders party thereto, Mizuho Corporate Bank, Ltd. and HSBC Bank USA, N.A. Agents, HSBC Bank USA, N.A. as Syndication Agent and Citibank, N.A. as Administrative Agent for the US Lenders (incorporated by reference to Exhibit 10.7(b) to ou No. 001-32657) filed with the SEC on February 28, 2019).

Exhibit No.	Description
10.6(c)	Amendment No. 3 to Credit Agreement, dated as of October 11, 2018, among Nabors Industries, Inc., Nabors Drilling Canada Limited, Nabors Industries Ltd., HSBC Ba lenders party thereto, Citibank, N.A., and Wilmington Trust, National Association, as successor administrative agent (incorporated by reference to Exhibit 10.2 to our F 001-32657) filed with the SEC on October 12, 2018).
10.7	Credit Agreement, dated as of October 11, 2018, among Nabors Industries, Inc., as US Borrower, Nabors Drilling Canada Limited, as Canadian Borrower, Nabors Industi Holdings, the other Guarantors from time to time party thereto, HSBC Bank Canada, as Canadian Lender, the Issuing Banks and other Lenders party thereto and Citiban Administrative Agent solely for the US Lenders and not for the Canadian Lender (incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed wi October 12, 2018).
10.7(a)	First Amendment to 2018 Credit Agreement, dated as of October 25, 2019, among Nabors Industries, Inc., as US Borrower, Nabors Drilling Canada Limited, as Canadian Industries Ltd., as Holdings, the other Guarantors from time to time party thereto, HSBC Bank Canada, as Canadian Lender, the Issuing Banks and other Lenders party Citibank, N.A., as Administrative Agent solely for the US Lenders and not for the Canadian Lender (incorporated by reference to Exhibit 10.4 to our form 10-Q 9File No. with the SEC on November 1, 2019).
10.7(b)	Second Amendment to 2018 Credit Agreement, dated as of October 13, 2019, by and among Nabors Industries, Inc., as US Borrower, Nabors Drilling Canada Limited, as Borrower, Nabors Industries Ltd., as Holdings, the other Guarantors from time to time party thereto, HSBC Bank Canada, as Canadian Lender, the Issuing Banks and ot thereto and Citibank, N.A., as Administrative Agent solely for the US Lenders (incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with December 16, 2019).
10.8	Receivables Purchase Agreement dated as of September 13, 2019, by and among Nabors A.R.F., LLC, certain operating subsidiaries of Nabors Industries Ltd., and Nab (incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC on September 18, 2019).
10.8(a)	Receivables Sale Agreement dated as of September 13, 2019, by and among Nabors A.R.F., LLC, , Nabors Industries, Inc., the purchasers party thereto, and Wells Fargo Administrative Agent (incorporated by reference to Exhibit 10.2 to our Form 8-K (File No. 001-32657) filed with the SEC on September 18, 2019).
10.8(b)	Indemnification Agreement, dated as of September 13, 2019, between Nabors Industries Ltd. and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.3 to ou No. 001-32657) filed with the SEC on September 18, 2019).
10.9	Term Loan Agreement, dated February 6, 2015, among Nabors Industries, Inc., as borrower, Nabors Industries Ltd., as guarantor, the lenders party thereto, HSBC Bank Wells Fargo Bank N.A., as documentation agents, Mizuho Bank, Ltd., as syndication agent and Citibank, N.A. as administrative agent for the lenders (incorporated by r 10.3 to our Form 8-K (File No. 001-32657) filed with the SEC on February 9, 2015).
10.10	Term Loan Agreement, dated as of February 6, 2015, among Nabors Industries, Inc., as borrower, Nabors Industries Ltd., as guarantor, the lenders party thereto, HSBC and Wells Fargo Bank, N.A., as documentation agents, Mizuho Bank, Ltd., as syndication agent and Citibank, N.A, as administrative agent for the lenders (incorporate Exhibit 10.3 to our Form 8-K (File No. 001-32657) filed with the SEC on February 9, 2015).

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Exhibit No.	Description
10.11	Term Loan Agreement, dated as of September 29, 2015, among Nabors Industries, Inc., as borrower, Nabors Industries Ltd., as guarantor, the lenders party thereto, Miz documentation agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as syndication agent, and Bank of America, N.A., as administrative agent (incorporated by reference to Form 8-K (File No. 001-32657) filed with the SEC on October 1, 2015).
10.12(+)	Executive Employment Agreement by and among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello, effective as of January 1, 2013 (incorporated Exhibit 99.1 to our Form 8-K (File No. 001-32657) filed with the SEC on March 11, 2013).
10.12(a)(+)	First Amendment to Executive Employment Agreement, dated December 19, 2014, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello (inco reference to Exhibit 99.1 to our Form 8-K (File No. 001-32657) filed with the SEC on December 19, 2014).
10.12(b)(+)	Second Amendment to Executive Employment Agreement, dated as of June 5, 2015, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello (inc reference to Exhibit 99.1 to our Form 8-K (File No. 001-32657) filed with the SEC on June 8, 2015).
10.12(c)(+)	Third Amendment to Executive Employment Agreement, dated as of December 31, 2015, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello reference to Exhibit 99.1 to our Form 8-K (File No. 001-32657) filed with the SEC on January 5, 2016).
10.12(d)(+)	Fourth Amendment to Executive Employment Agreement, dated June 10, 2016, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello (incorpo to Exhibit 99.1 to our Form 8-K (File No. 001-32657) filed with the SEC on June 13, 2016).
10.12(e)(+)	Fifth Amendment to Executive Employment Agreement, dated October 15, 2018, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello (incorp to Exhibit 10.3 to our Form 10-Q (File No. 001-32657) filed with the SEC on November 7, 2018).
10.12(f)(+)	Sixth Amendment to Executive Employment Agreement, dated December 31, 2018, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello (inco reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC on January 4, 2019).
10.12(g)(+)	Seventh Amendment to Executive Employment Agreement, dated January 2, 2020, among Nabors Industries Ltd., Nabors Industries, Inc. and Anthony G. Petrello (inco reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC on January 8, 2020).
10.13(+)	Amended and Restated Executive Employment Agreement, dated January 2, 2020, among Nabors Industries Ltd., Nabors Industries, Inc. and William Restrepo. (incorp to Exhibit 10.2 to our Form 8-K (File No. 001-32657) filed with the SEC on January 8, 2020).
10.14(+)	Form of Indemnification Agreement entered into between Nabors Industries Ltd. and the directors and executive officers (incorporated by reference to Exhibit 10.28 to o No. 000-49887) filed with the SEC on March 31, 2003).
10.15(+)	Nabors Industries Ltd. 2016 Stock Plan (incorporated by reference to Exhibit 99.1 to our Form S-8 (File No. 333-212781) filed with the SEC on July 29, 2016).
10.15(a)(+)	Amendment No. 1 to Nabors Industries Ltd. 2016 Stock Plan (incorporated by reference to Annex B to our Definitive Proxy Statement (File No. 001-32657) filed with the 2018).
10.15(b)(+)	Amendment No. 2 to Nabors Industries Ltd. 2016 Stock Plan (incorporated by reference to Exhibit 10.2 to our Form 8-K (File No. 001-32657) filed with the SEC on Februa
10.15(c)(+)	Form of Stock Option Agreement – Others, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(b) to our Form 10-Q (File No. 001-32657) filed wit 28, 2017).
10.15(d)(+)	Form of Restricted Stock Agreement – Others, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(c) to our Form 10-Q (File No. 001-32657) filed v April 28, 2017).
10.15(e)(+)	Form of Restricted Stock Agreement – Directors, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.2 to our Form 10-Q (File No. 001-32657) filed v August 1, 2018).

Exhibit No.	Description
10.15(f)(+)	Form of Nabors Industries Ltd. TSR Stock Grant Agreement – Anthony G. Petrello, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(d) to our F 001-32657) filed with the SEC on April 28, 2017).
10.15(g)(+)	Form of Nabors Corporate Services, Inc. TSR Stock Grant Agreement – Anthony G. Petrello, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(e (File No. 001-32657) filed with the SEC on April 28, 2017).
10.15(h)(+)	Form of Nabors Industries Ltd. TSR Stock Grant Agreement – William Restrepo, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(f) to our Form 32657) filed with the SEC on April 28, 2017).
10.15(i)(+)	Form of Nabors Corporate Services, Inc. TSR Grant Agreement – William Restrepo, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(g) to our F 001-32657) filed with the SEC on April 28, 2017).
10.15(j)(+)	Form of Nabors Industries Ltd. Restricted Stock Agreement – Anthony G. Petrello, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(h) to our F 001-32657) filed with the SEC on April 28, 2017).
10.15(k)(+)	Form of Nabors Corporate Services, Inc. Restricted Stock Agreement – Anthony G. Petrello, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(i (File No. 001-32657) filed with the SEC on April 28, 2017).
10.15(l)(+)	Form of Nabors Industries Ltd. Restricted Stock Agreement – William Restrepo, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(j) to our Form 32657) filed with the SEC on April 28, 2017).
10.15(m)(+)	Form of Nabors Corporate Services, Inc. Restricted Stock Agreement – William Restrepo, pursuant to the 2016 Stock Plan (incorporated by reference to Exhibit 10.1(k) to (File No. 001-32657) filed with the SEC on April 28, 2017).
10.15(n)	Form of Nabors Industries Ltd. TSR Grant Agreement – Executive, pursuant to the 2016 Stock Plan and the 2013 Stock Plan (incorporated by reference to Exhibit 10.15(n (File No. 001-32657) filed with the SEC on February 28, 2019).
10.15(o)	Form of Nabors Corporate Services, Inc. TSR Grant Agreement – Executive, pursuant to the 2016 Stock Plan and the 2013 Stock Plan (incorporated by reference to Exhib Form 10-K (File No. 001-32657) filed with the SEC on February 28, 2019).
10.15(p)	Form of Nabors Industries Ltd. TSR Stock Grant Agreement – Anthony G. Petrello (2020) (incorporated by reference to Exhibit 10.3 to our form 8-K (File No. 001-32657) on January 8, 2020).
10.15(q)	Form of Nabors Corporate Services, Inc. TSR Stock Grant Agreement – Anthony G. Petrello (2020) (incorporated by reference to Exhibit 10.4 to our form 8-K (File No. 00 the SEC on January 8, 2020).
10.15(r)	Form of CEO Performance Based Stock Restricted Unit Agreement (2020) (incorporated by reference to Exhibit 10.5 to our form 8-K (File No. 001-32657) filed with the SE 2020).
10.15(s)	Form of CFO Performance Based Stock Restricted Unit Agreement (2020) (incorporated by reference to Exhibit 10.6 to our form 8-K (File No. 001-32657) filed with the SE 2020).
10.16(+)	Nabors Industries Ltd. 2013 Stock Plan (incorporated by reference to Appendix B of Nabors Industries Ltd.'s Definitive Proxy Statement on Schedule 14A (File No. 001- SEC on April 30, 2013).
10.16(a)(+)	Amendment No. 1 to Nabors Industries Ltd. 2013 Stock Plan (incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-32657) filed with the SEC on Februa
10.16(b)(+)	Form of Stock Option Agreement—Others, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.8(a) to our Form 10-K (File No. 001-32657) filed with March 3, 2014).

Exhibit No.	Description
10.16(c)(+)	Form of Restricted Stock Agreement—Others, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.8(b) to our Form 10-K (File No. 001-32657) filed w March 3, 2014).
10.16(d)(+)	Form of Restricted Stock Agreement—Directors, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.8(c) to our Form 10-K (File No. 001-32657) file March 3, 2014).
10.16(e)(+)	Form of TSR Stock Grant Agreement—Anthony G. Petrello, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.8(d) to our Form 10-K (File No. 001- the SEC on March 3, 2014).
10.16(f)(+)	Form of Nabors Industries Ltd. Restricted Stock Agreement—Anthony G. Petrello, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.8(e) to our F No. 001-32657) filed with the SEC on March 3, 2014).
10.16(g)(+)	Form of Nabors Corporate Services, Inc. Restricted Stock Agreement—Anthony G. Petrello, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.8(f (File No. 001-32657) filed with the SEC on March 3, 2014).
10.16(h)(+)	Form of TSR Stock Grant Agreement—William Restrepo, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.1 to the Form 10-Q (File No. 001-3265 on May 9, 2014).
10.16(i)(+)	Form of Nabors Industries Ltd. Restricted Stock Agreement—William Restrepo, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.1 to the Form 1 32657) filed with the SEC on May 9, 2014).
10.16(j)(+)	Form of Nabors Corporate Services, Inc. Restricted Stock Agreement—William Restrepo, pursuant to the 2013 Stock Plan (incorporated by reference to Exhibit 10.3 to th No. 001-32657) filed with the SEC on May 9, 2014).
10.17(+)	Form of Restricted Stock Award—Isenberg/Petrello (incorporated by reference to Exhibit 10.01 to Nabors Industries Ltd.'s Form 8-K, File No. 000-49887, filed March 2, 2
10.17(a)(+)	Form of Restricted Stock Award—Others (incorporated by reference to Exhibit 10.02 to Nabors Industries Ltd.'s Form 8-K, File No. 000-49887, filed March 2, 2005).
10.17(b)(+)	Form of Stock Option Agreement—Petrello/Isenberg (incorporated by reference to Exhibit 10.03 to our Form 8-K (File No. 000-49887) filed with the SEC on March 2, 200
10.17(c)(+)	Form of Stock Option Agreement—Others (incorporated by reference to Exhibit 10.04 to our Form 8-K (File No. 000-49887) filed with the SEC on March 2, 2005).
10.18(+)	Nabors Industries Ltd. Amended and Restated 2003 Employee Stock Plan (incorporated by reference to Exhibit A of our Proxy Statement (File No. 001-32657) filed with 2006).
10.19(+)	Amended and Restated 1999 Stock Option Plan for Non-Employee Directors (amended on May 2, 2003) (incorporated by reference to Exhibit 10.29 to our Form 10-Q (Fil filed with the SEC on May 12, 2003).
10.19(a)(+)	Form of Stock Option Agreement to the Amended and Restated 1999 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.2 to our Fo 001-32657) filed with the SEC on April 28, 2017).
10.20(+)	Nabors Industries, Inc. Executive Deferred Compensation Plan (as Amended and Restated Effective as of April 1, 2017) (incorporated by reference to Exhibit 10.3(a) to o No. 001-32657) filed with the SEC on April 28, 2017).
10.20(a)(+)	Amendment No. 1 to Nabors Industries, Inc. Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.5 to our form 10-Q (File No. 001-32657) filed November 1, 2019).
10.20(b)(+)	Form of Deferred Bonus Agreement under the Nabors Industries, Inc. Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.3(b) to our Form 1 32657) filed with the SEC on April 28, 2017).

Exhibit No.	Description
10.21(+)	Nabors Industries, Inc. Deferred Compensation Plan (as Amended and Restated Effective as of January 1, 2017) (incorporated by reference to Exhibit 10.4 to our Form 1 32657) filed with the SEC on April 28, 2017).
10.21(a)(+)	Amendment No. 1 to Nabors Industries, Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.6 to our form 10-Q (File No. 001-32657) filed with the S 2019).
10.21(b)(+)	Amendment No. 2 to Nabors Industries, Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.7 to our form 10-Q (File No. 001-32657) filed with the S 2019).
21	Significant Subsidiaries.*
23.1	Consent of Independent Registered Public Accounting Firm—PricewaterhouseCoopers LLP—Houston.*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Anthony G. Petrello, Chairman, President and Chief Executive Officer.*
31.2	Rule 13a-14(a)/15d-14(a) Certification of William Restrepo, Chief Financial Officer.*
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Anthony C Chairman, President and Chief Executive Officer and William Restrepo, Chief Financial Officer.*
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Schema Document*
101.CAL	Inline XBRL Calculation Linkbase Document*
101.LAB	Inline XBRL Label Linkbase Document*
101.PRE	Inline XBRL Presentation Linkbase Document*
101.DEF	Inline XBRL Definition Linkbase Document*
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

[redacted]

(+) Management contract or compensatory plan or arrangement.

[redacted]

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

NABORS INDUSTRIES LTD.

By: /s/ ANTHONY G. PETRELLO
Anthony G. Petrello
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ WILLIAM RESTREPO
William Restrepo
Chief Financial Officer
(Principal Financial Officer and Accounting Officer)

Date: February 25, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ ANTHONY G. PETRELLO Anthony G. Petrello	Chairman, President and Chief Executive Officer	February 25, 202
/s/ WILLIAM RESTREPO William Restrepo	Chief Financial Officer	February 25, 202
/s/ TANYA S. BEDER Tanya S. Beder	Director	February 25, 202
/s/ ANTHONY R. CHASE Anthony R. Chase	Director	February 25, 202
/s/ JAMES R. CRANE James R. Crane	Director	February 25, 202
/s/ MICHAEL C. LINN Michael C. Linn	Director	February 25, 202
/s/ JOHN P. KOTTS John P. Kotts	Director	February 25, 202
/s/ JOHN YEARWOOD John Yearwood	Director	February 25, 202

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Section 2: EX-4.1 (EX-4.1)

EXHIBIT 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

DESCRIPTION OF SHARE CAPITAL

The following description of the share capital of Nabors Industries Ltd. is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Memorandum of Association, including the Certificate of Designations for the Series A Preferred Shares (the "Series A Certificate of Designations"), and our Amended and Restated Bye-laws (our "Bye-laws"), each of which is filed as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and incorporated by reference herein. We encourage you to read the Series A Certificate of Designations and our Bye-laws for additional information.

Authorized Share Capital

Our authorized share capital consists of 825,000,000 shares of which 800,000,000 are common shares, par value US$0.001 per share, and 25,000,000 are preferred shares, par value US$0.001 per share. As of December 31, 2019, there were (i) 416,197,916 Nabors common shares issued and outstanding, excluding 52,800,203 common shares held by our subsidiaries, and (ii) 5,613,228 of our preferred shares are issued and outstanding, excluding 132,772 shares held by our subsidiaries, all of which have been designated as series A preferred shares. Shares held by our subsidiaries have the same voting and other rights as other issued and outstanding shares.

COMMON SHARES

Voting Rights

Holders of the common shares are entitled to one vote on any question to be decided on a show of hands and one vote per share on a poll on all matters submitted to a vote of the shareholders of Nabors. Except as specifically provided in the Bye-laws or in the Companies Act 1981 of Bermuda, as amended (the "Companies Act"), any action to be taken by shareholders at any meeting at which a quorum is in attendance shall be decided by a majority of the issued shares present in person or represented by proxy and entitled to vote. There are no limitations imposed by Bermuda law or the Bye-laws on the right of shareholders who are not

Bermuda residents to hold or to vote their Nabors common shares.

The Bye-laws do not provide for cumulative voting. A special meeting of shareholders may be called by Nabors' board of directors or as otherwise provided by the Companies Act and applicable law. Any action, except the removal of auditors and directors, required or permitted to be taken at any annual or special meeting of shareholders may be taken by written consent if the consent is signed by each shareholder, or their proxy, entitled to vote on the matter.

Preferred Shares

Nabors' board of directors is authorized, without further shareholder action, to issue from time to time up to 25,000,000 preferred shares in one or more classes or series, and fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences, number of shares, special rights qualifications, limitations or restrictions thereof, as are provided in the resolutions adopted by the board of directors providing for the issuance of such class or series. The Nabors board of directors in authorizing such class or series may provide that any such class or series may be:

- subject to redemption at the option of Nabors or the holders, or both, at such time or times and at such price or prices;
- entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in relation to, the dividends payable on any other class or classes or any other series;

- entitled to such rights upon the dissolution of, or upon any distribution of the assets of, Nabors; or
- convertible into, or exchangeable for, shares of any other class or classes of shares, or of any other series of the same or any other class or classes of shares, of Nabors at such price or prices or at such rates of exchange and with such adjustments;

in each case, as set forth in the resolutions authorizing the class or series of preferred shares.

The only series of preferred shares issued and outstanding as of December 31, 2019 was the Series A Preferred Shares, which is described below under "—Series A Preferred Shares."

Changes to Rights of a Class or Series

Subject to the Companies Act, the rights attached to any class or series of shares of Nabors, unless otherwise provided by the terms of that class or series, may be altered or abrogated by a resolution passed at a separate general meeting of the holders of shares of that class, voting in person or by proxy and representing at least a majority of the issued shares of that class entitled to vote. Every holder of shares of the relevant class shall be entitled on a poll to one vote for each share held by such holder and any holder of shares of the relevant class present in person or by proxy may demand a poll. Unless otherwise provided by the rights attaching to any class of shares, the rights attaching to any class of shares will not be deemed to be varied by the creation or issue of shares that rank in priority of payment of dividends or with respect to capital or which confer more favorable voting rights than those shares.

Quorum for General Meetings

The holders of shares present in person or by proxy entitling them to exercise a majority of the voting power of Nabors shall constitute a quorum to hold a general meeting of the shareholders.

Dividends and Other Distribution

Subject to the provisions of law or of our Bye-laws, the Board of Directors may, out of funds available therefor at any regular special meeting, declare dividends upon the share capital of the Company as and when they deem expedient.

Rights upon Liquidation

Upon the liquidation of Nabors, after the full amounts that holders of any issued shares ranking senior to Nabors common shares as to distribution on liquidation or winding-up are entitled to receive have been paid or set aside for payment, the holders of Nabors common shares are entitled to receive, pro rata, any remaining assets of Nabors available for distribution to the holders of common shares. The liquidator may deduct from the amount payable in respect of those common shares any liabilities the holder has to or with Nabors. With the sanction of a resolution of shareholders, the assets received by the holders of Nabors common shares in a liquidation may consist in whole or in part of non-cash property which is not required to be of the same kind for all shareholders.

Repurchase Rights

Nabors' board of directors may, at its discretion, authorize the purchase by Nabors of its own shares of any class, at any price (whether at par or above or below par), as long as such purchase is made in accordance with the provisions of the Companies Act.

Compulsory Acquisition of Shares Held by Minority Holders

An acquiring party is generally able to acquire compulsorily the Nabors common shares of minority holders in one of the following ways:

" Under a scheme of arrangement, which is made by obtaining the consent of Nabors and of holders of Nabors common shares, representing in the aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of Nabors common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

- If the acquiring party is a company, it may compulsorily acquire all of the shares of the target company by acquiring pursuant to a tender offer 90% of the shares or class of shares not already owned by the acquiring party (the "offeror") or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the shares or class of shares not owned by the offeror or any of its subsidiaries, obtained the approval of holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which such approval was obtained, require by a "Notice of Acquisition" any nontendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, nontendering shareholders will be compelled to sell their shares unless the Supreme Court of Bermuda (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.

- By acquiring, pursuant to a notice given to the remaining shareholders or class of shareholders, where the acquiring party holds not less than 95% of the shares or the class of shares of the company, the shares of such remaining shareholders or class of shareholders. When such a notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in such notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of its shares.

This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

No Preemptive, Conversion or Subscription Rights; No Redemption or Sinking Fund Provision

Holders of Nabors common shares will have no preemptive or preferential right to purchase any securities of Nabors. Nabors common shares will not be convertible into shares of any other class or series or be subject to redemption either by Nabors or the holder of the common shares. Nabors common shares have no sinking fund provisions.

Stock Exchange Listing

Our common shares are listed on the New York Stock Exchange under the symbol "NBR."

Transfer Agent and Registrar

The transfer agent and registrar for the common shares and the preferred shares is Computershare.

Preferred Shares

Nabors' board of directors is authorized, without further shareholder action, to issue from time to time up to 25,000,000 preferred shares in one or more classes or series, and fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences, number of shares, special rights qualifications, limitations or restrictions thereof, as are provided in the resolutions adopted by the board of directors providing for the issuance of such class or series. The Nabors board of directors in authorizing such class or series may provide that any such class or series may be:

- subject to redemption at the option of Nabors or the holders, or both, at such time or times and at such price or prices;

- entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in relation to, the dividends payable on any other class or classes or any other series;

- entitled to such rights upon the dissolution of, or upon any distribution of the assets of, Nabors; or
- convertible into, or exchangeable for, shares of any other class or classes of shares, or of any other series of the same or any other class or classes of shares, of Nabors at such price or prices or at such rates of exchange and with such adjustments;

in each case, as set forth in the resolutions authorizing the class or series of preferred shares.

The only series of preferred shares issued and outstanding as of December 31, 2019 was the Series A Preferred Shares, which is described below under "—Series A Preferred Shares."

Anti-Takeover Effects of Provisions of Certificate of Incorporation and Bye-Laws

The Bye-laws have provisions that could have an anti-takeover effect. In addition, the Bye-laws include an "advance notice" provision which places time limitations on shareholders' nominations of directors and submission of proposals for consideration at an annual general meeting. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to encourage negotiations with the board of directors in transactions that may involve an actual or potential change of control of Nabors.

Directors can be removed from office prior to the expiration of their term, only for cause and after proper notice, at a special general meeting called for that purpose and by the affirmative vote of a majority of the issued and outstanding shares entitled to vote at such meeting. Any vacancy created by the removal of a director may be filled by the affirmative vote of a majority of the issued and outstanding shares entitled to vote at the same meeting by the election of another director in his or her place or, in the absence of any such election, by the board of directors. Any general meeting may authorize the board of directors to fill any vacancy left unfilled at a general meeting. As long as a quorum of directors remains and is present, during the existence of a vacancy on the board of directors the remaining directors shall have full power to act during the existence of a vacancy.

The Bye-laws also provide that the board of directors will consist of not less than five nor more than 18 persons, the exact number to be set from time to time by the affirmative vote of a majority of the directors then in office. Accordingly, the board of directors, and not the shareholders, has the authority to determine the number of directors and could delay any shareholder from obtaining majority representation on the board of directors by enlarging the board of directors and filling the new vacancies with its own nominees.

The Bye-laws provide that, at any annual general meeting, only such business shall be conducted as shall have been brought before the meeting by or at the direction of the board of directors, by any shareholder who complies with certain procedures set forth in the Bye-laws.

For business to be properly brought before an annual general meeting by a shareholder in accordance with the terms of the Bye-laws, the shareholder must have given timely notice thereof in proper written form to the Secretary of Nabors. To be timely for consideration at the annual general meeting, a shareholder's notice must be received by the Secretary at Nabors' principal executive offices and its registered office in Bermuda not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual general meeting, or, in the event that the annual general meeting is called for a date that is not within 30 days before or after such anniversary date, not later than the 10th day following the day on which such notice of the date of the annual general meeting was mailed or public disclosure of the date of the annual general meeting was made, whichever occurs first. In order for a shareholder to nominate directors in connection with an annual general meeting of shareholders, a shareholder's notice of his intention to make such nominations must be received in proper written form as specified in the Bye-laws by the Secretary of Nabors within the time limits described above or pursuant to the valid exercise of the power granted under the Companies Act.

In addition, the Companies Act provides for a mechanism by which 100 shareholders acting together or shareholders holding at least 5% of the voting power of a Bermuda company may propose a resolution which may properly be moved at an annual general meeting of the company.

Subject to the terms of any other class of shares in issue, any action required or permitted to be taken by the holders of the common shares must be taken at a duly called annual or special general meeting of shareholders unless taken by written consent of all holders of common shares. Under the Bye-laws, special general meetings may be called at any time by the board of directors or when requisitioned by shareholders or otherwise required pursuant to the provisions of the Companies Act. The Companies Act currently permits shareholders holding 10% of the paid up capital of a company entitled to vote at general meeting to requisition a special general meeting.

The board of directors of Nabors is authorized, without obtaining any vote or consent of the holders of any class or series of shares unless expressly provided by the terms of issue of a class or series, to from time to time issue any authorized but unissued shares on such terms and conditions as it may determine. For example, the board of directors could authorize the issuance of preferred shares with terms and conditions that could discourage a takeover or other transaction that holders of some or a majority of the Nabors common shares might believe to be in their best interests or in which holders might receive a premium for their shares over the then market price of the shares.

SERIES A PREFERRED SHARES

Ranking

Our Series A Preferred Shares rank with respect to dividend rights and rights upon our liquidation, winding up or dissolution, senior to our common shares and any class or series of our preferred shares that rank junior to the Series A Preferred Shares and may rank junior, equal or senior to any series of preferred shares we may issue in the future.

Dividends

Holders of our Series A Preferred Shares are entitled to receive, when, as and if declared by our board of directors out of funds lawfully available for payment, cumulative dividends at the rate per annum of 6.00% per share on the initial liquidation preference of $50 per Series A Preferred Share (equivalent to $3.00 per annum per share), payable in cash, common shares or a combination thereof, at our election and subject to the share cap (as defined below). Dividends on the Series A Preferred Shares are payable quarterly on February 1, May 1, August 1 and November 1 of each year, ending on May 1, 2021, at such annual rate, and shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the first date of original issuance for the Series A Preferred Shares, whether or not in any dividend period or periods there have been funds lawfully available for the payment of such dividends.

No dividend must be declared or paid upon, or any sum set apart for the payment of dividends upon, any issued and outstanding share of the Series A Preferred Shares with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid or declared and a sufficient sum has been set apart for the payment of such dividends, upon all issued and outstanding Series A Preferred Shares.

If we pay any dividend or portion thereof in common shares, such shares shall be valued for such purpose at 97% of the average VWAP per common share for the five trading days of the relevant dividend reference period. The aggregate number of our common shares delivered in respect of dividends per Series A Preferred Share shall in no event exceed the maximum conversion rate. To the extent that we elect to pay any accumulated and unpaid dividends, in whole or in part, by delivering our common shares, and the share cap results in us delivering fewer common shares than we would have been required to deliver in the absence of the share cap, we will, if we are legally able to do so, pay cash in respect of the deficit amount resulting from application of the share cap.

Liquidation

Upon our voluntary or involuntary liquidation, dissolution or winding-up, holders of the Series A Preferred Shares and any parity shares are entitled to receive out of our assets available for distribution to shareholders, after satisfaction of liabilities to creditors, if any, and the liquidation preference of any of our share capital ranking senior to the Series A Preferred Shares with respect to distribution of assets upon our liquidation, dissolution or winding up, if any, but before any distribution of assets is made to holders of our common shares or any of our other shares ranking junior as to such a distribution to the Series A Preferred Shares, a liquidating distribution in the amount of $50 per Series A Preferred Shares plus an amount equal to any accumulated and unpaid dividends, whether or not declared. If in any such distribution, our assets or proceeds thereof are not sufficient to pay the liquidating distribution, distributions will be made pro rata as to the Series A Preferred Shares and any parity shares but only to the extent we have assets available after satisfaction of all liabilities to creditors, if any, and the full liquidation preference of any of our share capital ranking senior to the Series A Preferred Shares with respect to distribution of assets upon our liquidation, dissolution or winding-up, if any. Holders of the Series A Preferred Shares will not be entitled to any other amounts from us after they have received their full liquidation preference.

In any such distribution, if our assets are not sufficient to pay the liquidation preferences in full to all holders of the Series A Preferred Shares and all holders of any parity shares, the amounts paid to the holders of Series A Preferred Shares and to the holders of any parity shares will be paid pro rata in accordance with the respective aggregate liquidation preferences of those holders. In any such distribution, the liquidation distribution of any holder of preferred shares means the amount payable to such holder in such distribution, including any accumulated and unpaid dividends, whether or not declared. If the liquidation preference has been paid in full to all holders of the Series A Preferred Shares and any holders of parity shares and shares ranking senior to the Series A Preferred Shares with respect to the distribution of assets upon our liquidation, dissolution or winding-up, the holders of our other shares shall be entitled to receive all of our remaining assets according to their respective rights and preferences.

Voting Rights

Except as provided below, the holders of the Series A Preferred Shares will have no voting rights.

Preferred Shares Directors

Whenever dividends on any Series A Preferred Shares shall have not been declared and paid for the equivalent of six or more dividend periods, whether or not for consecutive dividend periods (a “nonpayment event”), the holders of the Series A Preferred Shares, voting together as a single class with holders of any and all other series of voting preferred shares (as defined below) then issued and outstanding, will be entitled to vote for the election of a total of two additional directors to our board of directors (the “preferred shares directors”); provided that the election of any such directors shall not cause us to violate the corporate governance requirement of any exchange on which our securities may be listed or quoted that listed or quoted companies must have a majority of independent directors. The number of preferred shares directors on our board of directors shall never be more than two at any one time. In that event, the new directors shall be elected initially at a special general meeting called at the request of the holders of record of at least 20% of the aggregate voting power of the Series A Preferred Shares or of any other series of voting preferred shares (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of our shareholders, in which event such election shall be held at such next annual or special general meeting of shareholders), and, thereafter, at each subsequent annual general meeting of our shareholders, so long as the rights relative to a nonpayment event remain in effect. Such request to call a special general meeting for the initial election of the preferred shares directors after a nonpayment event shall be made by written notice signed by the requisite holders of the Series A Preferred Shares or any other series of voting preferred shares and delivered to our secretary in any manner as may be permitted by our Bye-laws or by any other manner as permitted by Bermuda law.

“Voting preferred shares” means any other class or series of our preferred shares ranking equally with the Series A Preferred Shares as to dividends and the distribution of assets upon our liquidation, dissolution or winding-up and upon which like voting rights have been conferred and are exercisable. Whether a plurality, majority or other portion of the Series A Preferred Shares and any other voting preferred shares have been voted in favor of any matter shall be determined by reference to the aggregate liquidation preference of the Series A Preferred Shares and voting preferred shares voted.

If and when all accumulated dividends have been paid in full (or declared and a sum sufficient for such payment shall have been set aside), the holders of the Series A Preferred Shares shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent nonpayment event) and, if such voting rights for all other holders of voting preferred shares have terminated, the term of office of each preferred shares director so elected shall terminate and the number of directors on our board of directors shall automatically decrease by two.

Any preferred shares director may be removed at any time without cause by the holders of record of a majority of the aggregate liquidation preference of Series A Preferred Shares and any other voting preferred shares then issued and outstanding (voting together as a single class) when they have the voting rights described above. So long as a nonpayment event shall continue, any vacancy in the office of a preferred shares director (other than prior to the initial election after a nonpayment event) may be filled by the written consent of the preferred shares director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the issued and outstanding series A preferred shares and any other voting preferred shares then issued and outstanding (voting together as a single class by reference to the aggregate liquidation preference of all preferred shares so entitled to vote) when they have the voting rights described above. Any vote of preferred shareholders to remove, or to fill a vacancy in the office of, a preferred shares director may be taken only at a special general meeting of such preferred shareholders, called as provided above for an initial election of preferred shares directors after a nonpayment event (unless such request is received less than 90 days before the date fixed for the next annual or special general meeting of our shareholders, in which event such election shall be held at such next annual or special general meeting of shareholders). The preferred shares directors shall each be entitled to one vote per director on any matter that shall come before the board of directors for a vote. Each preferred shares director elected at any special general meeting of shareholders or by written consent of the other preferred shares director shall hold office until the next annual meeting of our shareholders if such office shall not have previously terminated as above provided.

General

The Companies Act provides that in certain circumstances, non-voting shares such as the Series A Preferred Shares have the right to vote (for example without limitation, converting a limited liability company to unlimited liability company, discontinuance of a company from Bermuda, an amalgamation or merger of a Bermuda company, or conversion of preferred shares into redeemable preferred shares).

Conversion Rights

Mandatory Conversion

Each of our Series A Preferred Shares, unless previously converted, will automatically convert on the second business day immediately following the last trading day of the twenty consecutive trading day period beginning on, and including the 21st scheduled trading day immediately preceding May 1, 2021 (the “mandatory conversion date”) into a number of common shares equal to the conversion rate described below. In addition to the common shares issuable upon conversion of each of our Series A Preferred Shares on the mandatory conversion date, holders will have the right to receive an amount equal to all accumulated and unpaid dividends on the Series A Preferred Shares, whether or not declared prior to that date, for the then-current dividend period ending on May 1, 2021 and all prior dividend periods, so long as we are lawfully permitted to pay such dividends at such time. To the extent that we elect to pay such accumulated and unpaid dividends, in whole or in part, by delivering our common shares, and the share cap results in us delivering fewer common shares than we would have been required to deliver in the absence of the share cap, we will, if we are legally able to do so, pay cash in respect of the deficit amount resulting from application of the share cap.

The conversion rate, which is the number of common shares issuable upon conversion of each Series A Preferred Share on the applicable conversion date (excluding common shares, if any, issued in respect of accumulated and unpaid dividends), will, subject to customary conversion rate adjustments, be as follows:

- if the applicable market value (as defined below) of our common shares is greater than $9.30 (the “threshold appreciation price”) then the conversion rate will be 5.3763 of our common shares per Series A Preferred Share (the “minimum conversion rate”), which is approximately equal to $50, *divided by* the threshold appreciation price;
- if the applicable market value of our common shares is less than or equal to the threshold appreciation price but greater than or equal to $7.75 (the “initial price”) then the conversion rate will be equal to $50, *divided by* the applicable market value of our common shares; or
- if the applicable market value of our common shares is less than the initial price, then the conversion rate will be 6.4516 of our common shares per series A preferred share (the “maximum conversion rate”), which is approximately equal to $50, *divided by* the initial price.

We refer to the minimum conversion rate and the maximum conversion rate collectively as the “fixed conversion rates.”

“Volume-weighted average price” or “VWAP” per common share (or any other security for which a VWAP must be determined) on any trading day means such price as displayed under the heading “Bloomberg VWAP” on Bloomberg (or any successor service) page NBR <Equity> AQR (or its equivalent successor if such page is not available) or, in the case of such other security, the per share volume-weighted average price as displayed on the Bloomberg page with respect to such security, in each case in respect of the period from the scheduled open to 4:00 p.m., New York City time, on such trading day; or, if such price is not available, the volume-weighted average price means the market value per common share (or such other security) on such trading day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by us for this purpose. The “average VWAP” means, for any period, the average of the VWAPs for each trading day in such period.

The "applicable market value" of our common shares is the average VWAP per common share over the final averaging period.

Conversion at the Option of the Holder

Other than during the fundamental change conversion period (as defined below), holders of the Series A Preferred Shares have the right to convert the Series A Preferred Shares, in whole or in part, at any time prior to May 1, 2021, into our common shares at the minimum conversion rate of 5.3763 of our common shares per Series A Preferred Share, subject to ordinary conversion rate adjustments. In addition to the number of common shares issuable at the minimum conversion rate upon conversion of each Series A Preferred Share at the option of the holder on any date on which a holder converts Series A Preferred Shares at such holder's option (the "early conversion date"), we will pay an amount equal to all accumulated and unpaid dividends on such converted Series A Preferred Shares, whether or not declared prior to that date, for all dividend periods ending on or prior to the dividend payment date immediately preceding the early conversion date, subject to the immediately succeeding paragraph and the share cap and so long as we are then lawfully permitted to pay such dividends. To the extent that we elect to pay such accumulated and unpaid dividends, in whole or in part, by delivering our common shares, and the share cap results in us delivering fewer common shares than we would have been required to deliver in the absence of the share cap, we will have no obligation to pay any cash or deliver any additional common shares in respect of the deficit amount resulting from application of the share cap. Holders who exercise the optional conversion right will not be entitled to receive dividends for the then-current dividend period.

Notwithstanding the foregoing, if the early conversion date for any optional conversion occurs during the period from 5:00 p.m., New York City time, on a regular record date for any declared dividend to 9:00 a.m., New York City time, on the immediately following dividend payment date, then:

- we will pay such dividend on the dividend payment date to the holder of record of the converted Series A Preferred Shares on such regular record date;
- Series A Preferred Shares surrendered for conversion during such period must be accompanied by cash in an amount equal to the amount of such dividend for the then-current dividend period with respect to the share(s) so converted; and
- the consideration that we deliver to the converting holder on the early conversion date will not include any consideration in respect of such dividend.

Conversion Upon Fundamental Change

If a fundamental change (as defined below) occurs prior to the mandatory conversion date, we will provide for the conversion of Series A Preferred Shares by paying or delivering, as the case may be, to holders who convert their Series A Preferred Shares at any time during the period (the "fundamental change conversion period") beginning on, and including, the effective date of such fundamental change (the "effective date") and ending on, but excluding, the earlier of (i) the mandatory conversion date and (ii) the date that is 20 calendar days after the effective date:

- a number of our common shares or units of exchange property, as described under "—Recapitalizations, Reclassifications and Changes of Our Common Shares" (if the fundamental change also constitutes a reorganization event), per Series A Preferred Share equal to the conversion rate (the "fundamental change conversion rate") determined using the table below; and

- at our election and subject to the share cap, our common shares (or, if applicable, units of exchange property), cash or a combination thereof in an amount equal to any accumulated and unpaid dividends to the applicable conversion date, whether or not declared, on their Series A Preferred Shares, to the extent that we have lawfully available funds to pay such dividends; *provided, however*, that if the conversion date for such conversion occurs during the period from 5:00 p.m., New York City time, on a regular record date for any declared dividend to 9:00 a.m., New York City time, on the immediately following dividend payment date, then we will pay such dividend on the dividend payment date to the holder of record of the converted Series A Preferred Shares on such regular record date and the consideration that we deliver to the converting holder will not include any consideration in respect of such dividend.

To the extent that we elect to pay the accumulated and unpaid dividends described in the immediately preceding bullet, in whole or in part, by delivering our common shares, and the share cap results in us delivering fewer common shares than we would have been required to deliver in the absence of the share cap, we will, if we are legally able to do so, pay cash in respect of the deficit amount resulting from application of the share cap.
We will notify holders of the anticipated effective date of a fundamental change at least 20 calendar days prior to such anticipated effective date or, if such prior notice is not practicable, notify holders of the effective date of a fundamental change no later than such effective date (the “fundamental change company notice”). If we notify holders of a fundamental change later than the 20th calendar day prior to the effective date of a fundamental change, the fundamental change conversion period will be extended by a number of days equal to the number of days from, and including, the 20th calendar day prior to the effective date of the fundamental change to, but excluding, the date of the notice; *provided* that the fundamental change conversion period will not be extended beyond the mandatory conversion date. The fundamental change company notice will state, among other things, whether we have elected to pay all or any portion of accumulated and unpaid dividends in common shares or units of reference property, as the case may be, and, if so, the portion thereof (as a percentage) that will be paid in common shares or units of exchange property.

Notwithstanding the foregoing, if we deliver the fundamental change company notice after the date that is six scheduled trading days prior to the effective date of the fundamental change, we will be required to pay all accumulated and unpaid dividends in cash.

A “fundamental change” will be deemed to have occurred (1) upon the occurrence of a change in control (as defined below) or (2) when the common shares (or other common shares underlying the series A preferred shares) cease to be listed or quoted on the New York Stock Exchange, NYSE MKT LLC, The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market (or any of their respective successors).

A “change in control” shall be deemed to have occurred at such time as any of the following events shall occur:

(i) any person or group, other than Nabors, Nabors’ subsidiaries or any employee benefits plan of Nabors or its subsidiaries, files a Schedule 13D or Schedule TO (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that such person or group has become the beneficial owner of shares with a majority of total voting power of the common shares; unless such beneficial ownership (a) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (b) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act;

(ii) Nabors consolidates with, amalgamates or merges with or into another person (other than one of its subsidiaries), or sells, conveys, transfers or leases all or substantially all of its properties and assets to any person (other than one of its subsidiaries) or any person (other than one of its subsidiaries) consolidates with or merges with or into Nabors, and (except in the case of any such sale, conveyance, transfer or lease) the issued and outstanding common shares are reclassified into, converted for or converted into the right to receive any other property or security; or

(iii) the first day on which the majority of the members of the board of directors of Nabors cease to be Continuing Directors.

For purposes of defining a change in control:

(w) “Continuing Director” means, as of any date of determination, any member of the board of directors of Nabors who: (1) was a member of such board of directors (a) on the date of the original issuance of the series A preferred shares or (b) for at least two consecutive years; or (2) was nominated for election, elected or appointed to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Nabors’ proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination);

(x) the term “person” and the term “group” have the meanings given by Section 13(d) and 14(d) of the Exchange Act or any successor provisions;

(y) the term “group” includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision; and

(z) the term “beneficial owner” is determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions, except that a person will be deemed to have beneficial ownership of all shares that person has the right to acquire irrespective of whether that right is exercisable immediately or only after the passage of time.

Notwithstanding the foregoing, it will not constitute a change in control if at least 90% of the consideration for the common shares (excluding cash payments for fractional shares and cash payments made in respect of dissenters’ appraisal rights) in the transaction or transactions constituting the change in control consists of common stock or common shares traded on a United States national securities exchange or approved for quotation on the New York Stock Exchange, NYSE MKT LLC, The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market (or any of their respective successors), or which will be so traded or quoted when exchanged in connection with the change in control transaction, and as a result of such transaction or transactions the series A preferred shares become convertible or exchangeable solely into such common stock or common shares.

If any transaction in which our common shares are replaced by the securities of another entity occurs, following completion of the related fundamental change conversion period, references to us in the definition of “change in control” above shall instead be references to such other entity.

The “fundamental change conversion rate” will be determined by reference to the table above, based on the effective date and the “share price” in the fundamental change, which will be:

- in the case of a fundamental change described in clause (ii) of the definition of “change of control” above in which all holders of our common shares receive only cash in the change of control, the cash amount paid per common share; and

- otherwise, the average VWAP per common share over the 10 trading day period ending on, and including, the trading day immediately preceding the effective date of the fundamental change.

Conversion at Our Option Upon Tax Event

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of any taxing jurisdiction, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change, amendment, application or interpretation is announced and becomes effective on or after the date of this prospectus supplement (any such change, a “tax event”).

Redemption

The Series A Preferred Shares will not be redeemable.

Transfer Agent, Registrar, Dividend Disbursing Agent and Conversion Agent

Computershare is transfer agent, registrar, dividend disbursing agent and conversion agent for the Series A Preferred Shares.

Certain Provisions of Bermuda Law

We have been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows us to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares or preferred shares.

The Bermuda Monetary Authority has given its consent for the issue and free transferability of our common shares and preferred shares to and between non-residents of Bermuda for exchange control purposes, provided our shares remain listed on an appointed stock exchange, which includes the New York Stock Exchange. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to our performance or our creditworthiness.

In accordance with Bermuda law, share certificates are only issued in the names of companies, partnerships or individuals. In the case of a shareholder acting in a special capacity (for example as a trustee), certificates may, at the request of the shareholder, record the capacity in which the shareholder is acting. Notwithstanding such recording of any special capacity, we are not bound to investigate or see to the execution of any such trust. We will take no notice of any trust applicable to any of our shares, whether or not we have been notified of such trust.

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Section 3: EX-21 (EX-21)

Exhibit 21

Nabors Industries Ltd. and Subsidiaries
Significant Subsidiaries

Subsidiary
Nabors Drilling International Limited
Nabors International Management Limited
Nabors Blue Shield Ltd.
Nabors Global Holdings II Ltd.
Nabors Global Holdings Limited
Nabors International Finance Inc.
Nabors Industries, Inc.
Nabors Drilling Technologies USA, Inc.
Nabors Lux Finance 1 S.a.r.l.
Nabors Lux 2 S.a.r.l.
Nabors Holdings Ltd.
Nabors Drilling Holdings Inc.
Nabors Yellow Reef Ltd.
Nabors International Netherlands B.V.
Saudi Aramco Nabors Drilling Company

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Section 4: EX-23.1 (EX-23.1)

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-222855) and Form S-8 (Nos. 333-225449, 333-212781, 333-121908, 333-155291, 333-166598, 333-184165 and 333-190104) of Nabors Industries Ltd. of our report dated February 25, 2020 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
February 25, 2020

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Section 5: EX-31.1 (EX-31.1)

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)

I, Anthony G. Petrello, certify that:

1. I have reviewed this annual report on Form 10-K of Nabors Industries Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

(d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ ANTHONY G. PETRELLO
Anthony G. Petrello
Chairman, President and Chief Executive Officer

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Section 6: EX-31.2 (EX-31.2)

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)

I, William Restrepo, certify that:

1. I have reviewed this annual report on Form 10-K of Nabors Industries Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

(d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ WILLIAM RESTREPO
William Restrepo
Chief Financial Officer

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Section 7: EX-32.1 (EX-32.1)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Nabors Industries Ltd. (the "Company") for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony G. Petrello, Chairman, President and Chief Executive Officer of the Company, and I, William Restrepo, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANTHONY G. PETRELLO
Anthony G. Petrello
Chairman, President and Chief Executive Officer
Date: February 25, 2020

/s/ WILLIAM RESTREPO
William Restrepo
Chief Financial Officer
Date: February 25, 2020

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