JOHNSON DOUGLAS WAYNE
Form 4
March 13, 2019

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
JOHNSON DOUGLAS WAYNE

(Last) (First) (Middle)

C/O AFLAC INCORPORATED, 1932 WYNNTON ROAD

(Street)

COLUMBUS, GA 31999

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AFLAC INC [AFL]

3. Date of Earliest Transaction (Month/Day/Year)
03/12/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/12/2019		S		3,000	D	$ 49.2371	33,035	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JOHNSON DOUGLAS WAYNE C/O AFLAC INCORPORATED 1932 WYNNTON ROAD COLUMBUS, GA 31999	X			

Signatures

By: Joan M. DiBlasi For: Douglas W. Johnson	03/13/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ="center" colspan="2" style="border-bottom: 1px solid #000000">**2007 2006**

	2007	2006
Deferred tax assets:		
Net operating loss carryforwards	$42,415	$60,221
Accrued expenses not currently deductible for tax and other		13,479
Less: Valuation allowance	(29,658)	(22,140)
Deferred tax assets, net of valuation allowance	$12,757	$51,560

(In thousands)	December 31, 2007	December 31, 2006
Deferred tax liabilities:		
Exchangeable note hedge	$ 143,150	$ 188,666
Net operating loss carryforward - Non-current	17,737	
Depreciation and depletion for tax in excess of book expense	(708,568)	(652,326)
Tax deduction (in excess) less than book expense	5,923	(86,296)
Unrealized gain on marketable securities	(224)	(2,186)
Total deferred tax liabilities	(541,982)	(552,142)
Net deferred tax liabilities	(529,225)	(500,582)
Less: net current asset portion	12,757	38,081
Net long-term deferred tax liability	$ (541,982)	$ (538,663)

For U.S. federal income tax purposes, we have NOL carryforwards of approximately $50.8 million that, if not utilized, will expire at various times from 2017 to 2018. The NOL carryforwards for alternative minimum tax purposes are approximately $20.9 million. Additionally, we have foreign NOL carryforwards of approximately $97 million that, if not utilized, will expire at various times from 2008 to 2027.

The NOL carryforwards by year of expiration:

(In thousands)

Year ended December 31,	Total	U.S. Federal	Foreign
2008	$ 3,906		$ 3,906
2009	1,233		1,233
2010	740		740
2011	173		173
2012	5,758		5,758
2013			
2014	460		460
2015	5,147		5,147
2016	27,535		27,535
2017	50,997	33,111	17,886
2018	17,721	17,721	
2026	8,360		8,360
2027	25,782		25,782
Subtotal: expiring NOLs	147,812	50,832	96,980
Non-expiring NOLs	58,365		58,365
Total	$ 206,177	$ 50,832	$ 155,345

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In addition, for state income tax purposes, we have net operating loss carryforwards of approximately $47 million that, if not utilized, will expire at various times from 2008 to 2026.

Under U.S. federal tax law, the amount and availability of loss carryforwards (and certain other tax attributes) are subject to a variety of interpretations and restrictive tests applicable to Nabors and our subsidiaries. The utilization of such carryforwards could be limited or effectively lost upon certain changes in ownership. Accordingly, although we believe substantial loss carryforwards are available to us, no assurance can be given concerning such loss carryforwards, or whether or not such loss carryforwards will be available in the future.

In October 2004 the U.S. Congress passed and the President signed into law the American Jobs Creation Act of 2004 (the Act). The Act did not impact the corporate reorganization completed by Nabors effective June 24, 2002, that made us a foreign entity. It is possible that future changes to tax laws (including tax treaties) could have an impact on our ability to realize the tax savings recorded to date as well as future tax savings as a result of our corporate reorganization, depending on any responsive action taken by Nabors.

11. COMMON SHARES

Common Shares

The authorized share capital of Nabors consists of 800 million common shares, par value $.001 per share, and 25 million preferred shares, par value $.001 per share. Common shares issued were 305,457,798 and 299,332,578 at $.001 par value as of December 31, 2007 and 2006, respectively.

During 2007, we repurchased 3.8 million of our common shares from the open market for $102.5 million, all of which are held in treasury. During 2006, we repurchased 40.3 million of our common shares in the open market for $1.4 billion. We retired 17.9 million shares during 2006 and held 22.3 million of these shares in treasury.

During 2007, our outstanding shares increased by 729,866 related to a share settlement of stock options exercised by Nabors Chairman and Chief Executive Officer, Eugene M. Isenberg. As part of the share settlement, Mr. Isenberg surrendered 4,142,812 unexercised vested stock options to the Company with a value of approximately $29.7 million to satisfy the stock options exercise price and related income taxes owed.

During 2007 and 2006 the Compensation Committee of our Board of Directors granted restricted stock awards to certain of our executive officers, other key employees, and independent directors. In conjunction with these grants, we awarded 1,744,627 and 764,024 restricted shares at an average market price of $30.18 and $32.92 to these individuals for 2007 and 2006, respectively. See Note 3 for a summary of our restricted stock as of December 31, 2007.

During 2007, 2006 and 2005, our employees exercised vested options to acquire 4.5 million, 1.2 million, and 18.4 million of our common shares, respectively, resulting in proceeds of $61.6 million, $25.7 million and $194.5 million, respectively, for each year.

In conjunction with our acquisition of Ryan in October 2002 and our acquisition of Enserco in April 2002, we issued 760,528 and 7,098,164 exchangeable shares of Nabors Exchangeco (Canada) Inc., an indirectly wholly-owned Canadian subsidiary of Nabors, respectively, of which 7,737,684 exchangeable shares have been exchanged for our common shares, leaving a total of 121,008 exchangeable shares outstanding as of December 31, 2007. The exchangeable shares of Nabors Exchangeco are exchangeable for Nabors common shares on a one-for-one basis. The exchangeable shares are included in capital in excess of par value.

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12. PENSION, POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

Pension Plans

In conjunction with our acquisition of Pool Energy Services Co. in November 1999, we acquired the assets and liabilities of a defined benefit pension plan, the Pool Company Retirement Income Plan. Benefits under the plan are frozen and participants were fully vested in their accrued retirement benefit on December 31, 1998.

We adopted SFAS No. 158 as of December 31, 2006. The adoption did not have a material impact on our consolidated results of operations, financial condition or the disclosures herein.

Summarized information on the Pool pension plan is as follows:

	Pension Benefits	
(In thousands)	**2007**	**2006**
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 17,297	$ 17,016
Interest cost	1,020	989
Actuarial gain	(1,208)	(236)
Benefit payments	(478)	(472)
Benefit obligation at end of year (1)	$ 16,631	$ 17,297
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 13,953	$ 11,953
Actual return on plan assets	810	1,132
Employer contribution	1,024	1,340
Benefit payments	(478)	(472)
Fair value of plan assets at end of year	$ 15,309	$ 13,953
Funded status:		
Underfunded status at end of year	$ (1,322)	$ (3,344)
Amounts recognized in consolidated balance sheets:		
Other long-term liabilities	$ (1,322)	$ (3,344)
Components of net periodic benefit cost (recognized in our consolidated statements of income):		
Interest cost	$ 1,020	$ 989
Expected return on plan assets	(936)	(806)
Recognized net actuarial loss	193	301
Net periodic benefit cost	$ 277	$ 484
Weighted-average assumptions:		
Weighted-average discount rate	6.50%	6.00%
Expected long-term rate of return on plan assets	6.50%	6.50%

(1) As of December 31,

2007 and 2006, the accumulated benefit obligation is the same as the projected benefit obligation.

For the years ended December 31, 2007, 2006 and 2005, the net actuarial loss amounts included in accumulated other comprehensive income (loss) in the consolidated statements of shareholders equity were approximately $2.6 million, $3.9 million and $4.8 million, respectively. There were no other components, such as prior service costs or transition obligations relating to pension costs recorded within accumulated other comprehensive income (loss) during 2007, 2006 and 2005.

The amount included in accumulated other comprehensive income (loss) in the consolidated statements of shareholders equity that is expected to be recognized as a component of net periodic benefit cost during 2008 is approximately $.1 million.

We analyze the historical performance of investments in equity and debt securities, together with current market factors such as inflation and interest rates to help us make assumptions necessary to estimate a long-term rate of return on plan assets. Once this estimate is made, we review the portfolio of plan assets and make adjustments thereto that we believe are necessary to reflect a diversified blend of investments in equity and debt securities that is capable of achieving the estimated long-term rate of return without assuming an unreasonable level of investment risk.

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The measurement date used to determine pension measurements for the plan is December 31.

Our weighted-average asset allocations as of December 31, 2007 and 2006, by asset category are as follows:

	Pension Benefits	
	2007	**2006**
Equity securities	55%	55%
Debt securities	45%	45%
Total	100%	100%

We invest plan assets based on a total return on investment approach, pursuant to which the plan assets include a diversified blend of investments in equity and debt securities toward a goal of maximizing the long-term rate of return without assuming an unreasonable level of investment risk. We determine the level of risk based on an analysis of plan liabilities, the extent to which the value of the plan assets satisfies the plan liabilities and our financial condition. Our investment policy includes target allocations approximating 55% investment in equity securities and 45% investment in debt securities. The equity portion of the plan assets represents growth and value stocks of small, medium and large companies. We measure and monitor the investment risk of the plan assets both on a quarterly basis and annually when we assess plan liabilities.

We expect to contribute approximately $1.1 million to the Pool pension plan in 2008. This is based on the sum of (1) the minimum contribution for the 2007 plan year that will be made in 2008 and (2) the estimated minimum required quarterly contributions for the 2008 plan year. We made contributions to the Pool pension plan in 2007 and 2006 totaling $1.0 million and $1.3 million, respectively.

As of December 31, 2007, we expect that benefits to be paid in each of the next five fiscal years after 2007 and in the aggregate for the five fiscal years thereafter will be as follows:

(In thousands)	
2008	$ 559
2009	598
2010	640
2011	703
2012	774
2013 2017	5,397

Certain of Nabors employees are covered by defined contribution plans. Our contributions to the plans are based on employee contributions and totaled $15.1 million and $11.7 million for the years ended December 31, 2007 and 2006, respectively. Nabors does not provide postemployment benefits to its employees.

Postretirement Benefits Other Than Pensions

Prior to the date of our acquisition, Pool provided certain postretirement healthcare and life insurance benefits to eligible retirees who had attained specific age and years of service requirements. Nabors terminated this plan at the date of acquisition (November 24, 1999). A liability of approximately $.2 million is recorded in our consolidated balance sheets as of December 31, 2007 and 2006, respectively, to cover the estimated costs of beneficiaries covered by the plan at the date of acquisition.

13. RELATED PARTY TRANSACTIONS

Pursuant to their employment agreements, Nabors and its Chairman and Chief Executive Officer, Deputy Chairman, President and Chief Operating Officer, and certain other key employees 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 certain instances, members of their families. Under these agreements, we are reimbursed for such premiums upon the occurrence of specified events, including the death of an insured individual. Any recovery of premiums paid by Nabors could potentially be limited to the cash surrender value of these 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 $11.2 million related to these policies. The cash surrender value of these policies of approximately $10.5 million and $10.3 million is included in other long-term assets in our consolidated balance sheets as of December 31, 2007 and 2006, respectively.

Under the Sarbanes-Oxley Act of 2002, the payment of premiums by Nabors under the agreements with our Chairman and Chief Executive Officer and with our Deputy Chairman, President and Chief Operating Officer may be deemed to be prohibited loans by us to these individuals. We have paid no premiums related to our agreements with these individuals since the adoption of the Sarbanes-Oxley Act and have postponed premium payments related to our agreements with these individuals.

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. Revenues from business transactions with these affiliated entities totaled $153.4 million, $99.2 million and $82.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. Expenses from business transactions with these affiliated entities totaled $6.6 million, $4.7 million and $4.0 million for the years ended December 31, 2007, 2006 and 2005, respectively. Additionally, we had accounts receivable from these affiliated entities of $62.3 million and $41.2 million as of December 31, 2007 and 2006, respectively. We had accounts payable to these affiliated entities of $14.7 million and $.3 million as of December 31, 2007 and 2006, respectively, and long-term payables with these affiliated entities of $7.8 million and $6.6 million as of December 31, 2007 and 2006, respectively, which is included in other long-term liabilities.

During the fourth quarter of 2006, the Company entered into a transaction with Shona Energy Company, LLC (Shona), a company in which Mr. Payne, an outside director of the Company, is the Chairman and Chief Executive Officer. Pursuant to the transaction, a subsidiary of the Company acquired and holds a minority interest of less than 20% of the issued and outstanding common shares of Shona in exchange for certain rights derived from an oil and gas concession held by that subsidiary.

14. COMMITMENTS AND CONTINGENCIES

Commitments

Operating Leases

Nabors and its subsidiaries occupy various facilities and lease certain equipment under various lease agreements. The minimum rental commitments under non-cancelable operating leases, with lease terms in excess of one year subsequent to December 31, 2007, are as follows:

(In thousands)	
2008	$ 12,794
2009	10,696
2010	4,365
2011	3,072
2012	2,045
Thereafter	1,968
	$ 34,940

The above amounts do not include property taxes, insurance or normal maintenance that the lessees are required to pay. Rental expense relating to operating leases with terms greater than 30 days amounted to $25.9 million, $21.6 million and $20.1 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Employment Contracts

We have entered into employment contracts with certain of our employees. Our minimum salary and bonus obligations under these contracts as of December 31, 2007 are as follows:

(In thousands)	
2008	$ 2,616
2009	2,376
2010	1,693
2011	
2012 and thereafter	
	$ 6,685

Nabors Chairman and Chief Executive Officer, Eugene M. Isenberg, and its Deputy Chairman, President and Chief Operating Officer, Anthony G. Petrello, have employment agreements which were amended and restated effective October 1, 1996 and which currently are due to expire on September 30, 2010.

Mr. Isenberg s employment agreement was originally negotiated with a creditors committee in 1987 in connection with the reorganization proceedings of Anglo Energy, Inc., which subsequently changed its name to Nabors. These contractual arrangements subsequently were approved by the various constituencies in those reorganization proceedings, including equity and debt holders, and confirmed by the United States Bankruptcy Court.

Mr. Petrello s employment agreement was first entered into effective October 1, 1991. Mr. Petrello s employment agreement was agreed upon as part of arm s length negotiations with the Board before he joined Nabors in October 1991, and was reviewed and approved by the Compensation Committee of the Board and the full Board of Directors at that time.

The employment agreements for Messrs. Isenberg and Petrello were amended in 1994 and 1996. These amendments were approved by the Compensation Committee of the Board and the full Board of Directors at that time.

The employment agreements provide for an initial term of five years with an evergreen provision which automatically extended the agreement for an additional one-year term on each anniversary date, unless Nabors provided notice to the contrary ten days prior to such anniversary. In March 2006, the Board of Directors exercised its election to fix the expiration date of the employment agreements for Messrs. Isenberg and Petrello, and accordingly, these agreements will expire at the end of their current term at September 30, 2010.

In addition to a base salary, the employment agreements provide for annual cash bonuses in an amount equal to 6% and 2%, for Messrs. Isenberg and Petrello, respectively, of Nabors net cash flow (as defined in the respective employment agreements) in excess of 15% of the average shareholders equity for each fiscal year. (Mr. Isenberg s cash bonus formula originally was set at 10% in excess of a 10% return on shareholders equity and he has voluntarily reduced it over time to its 6% in excess of 15% level.) Mr. Petrello s bonus is subject to a minimum of $700,000 per year. In 17 of the last 18 years, Mr. Isenberg has agreed voluntarily to accept a lower annual cash bonus (i.e., an amount lower than the amount provided for under his employment agreement) in light of his overall compensation package. Mr. Petrello has agreed voluntarily to accept a lower annual cash bonus (i.e., an amount lower than the amount provided for under his employment agreement) in light of his overall compensation package in 14 of the last 17 years.

Mr. Isenberg voluntarily agreed to amend his employment agreement in March 2006 (the 2006 Amendment). Under the 2006 Amendment, Mr. Isenberg agreed to reduce the annual cash bonus to an amount equal to 3% of Nabors net cash flow (as defined in his employment agreement) in excess of 15% of the average shareholders equity for 2006. For the three months ended March 31, 2007, Messrs. Isenberg and Petrello voluntarily agreed to a reduction of the cash bonus in an amount equal to 3% and 1.5%, respectively, of Nabors net cash flow (as defined in their respective employment agreements). Mr. Isenberg voluntarily agreed to the same reduction for the three months ended June 30, 2007 and agreed to a $3 million reduction in the amount of his annual cash bonus for the three months ended September 30, 2007. For the remainder of 2007 through the expiration date of the employment agreement, the annual cash bonus will be 6% and 2%, respectively, for Messrs. Isenberg and Petrello of Nabors net cash flow in excess of 15% of the average shareholders equity for each fiscal year.

For 2007, the annual cash bonuses for Messrs. Isenberg and Petrello pursuant to the formula described in their employment agreements, as adjusted above, were $50.9 million and $22.7 million, respectively. In light of their overall compensation package including significant restricted stock awards (see Note 3), they agreed to accept cash bonuses in the amount of $22.5 million and $10.7 million, respectively.

Messrs. Isenberg and Petrello also are eligible for awards under Nabors equity plans and may participate in annual long-term incentive programs and pension and welfare plans, on the same basis as other executives; and may receive special bonuses from time to time as determined by the Board.

Termination in the event of death, disability, or termination without cause. In the event that either Mr. Isenberg s or Mr. Petrello s employment agreement is terminated (i) upon death or disability (as defined in the respective employment agreements), (ii) by Nabors prior to the expiration date of the employment agreement for any reason other than for Cause (as defined in the respective employment agreements) or (iii) by either individual for

Constructive Termination Without Cause (as defined in the respective employment agreements), each would be entitled to receive within 30 days of the triggering event (a) all base salary which would have been

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payable through the expiration date of the contract or three times his then current base salary, whichever is greater; plus (b) the greater of (i) all annual cash bonuses which would have been payable through the expiration date; (ii) three times the highest bonus (including the imputed value of grants of stock awards and stock options), paid during the last three fiscal years prior to termination; or (iii) three times the highest annual cash bonus payable for each of the three previous fiscal years prior to termination, regardless of whether the amount was paid. In computing any amount due under (b)(i) and (iii) above, the calculation is made without regard to the 2006 Amendment reducing Mr. Isenberg s bonus percentage as described above. If, by way of example, these provisions had applied at December 31, 2007, Mr. Isenberg would have been entitled to a payment of approximately $264 million, subject to a true-up equal to the amount of cash bonus he would have earned under the formula during the remaining term of the agreement, based upon actual results, but the payment would not be less than approximately $264 million. Similarly, with respect to Mr. Petrello, had these provisions applied at December 31, 2007, Mr. Petrello would have been entitled to a payment of approximately $103 million, subject to a true-up equal to the amount of cash bonus he would have earned under the formula during the remaining term of the agreement, based upon actual results, but the payment would not be less than approximately $103 million. These payment amounts are based on historical data and are not intended to be estimates of future payments required under the agreements. Depending upon future operating results, the true-up could result in the payment of amounts which are significantly higher. The Company does not have insurance to cover its obligations in the event of death, disability, or termination without cause for either Messrs. Isenberg or Petrello. In addition, the affected individual is entitled to receive (a) any unvested restricted stock outstanding, which shall immediately and fully vest; (b) any unvested outstanding stock options, which shall immediately and fully vest; (c) any amounts earned, accrued or owing to the executive but not yet paid (including executive benefits, life insurance, disability benefits and reimbursement of expenses and perquisites), which shall be continued through the later of the expiration date or three years after the termination date; (d) continued participation in medical, dental and life insurance coverage until the executive receives equivalent benefits or coverage through a subsequent employer or until the death of the executive or his spouse, whichever is later; and (e) any other or additional benefits in accordance with applicable plans and programs of Nabors. For Messrs. Isenberg and Petrello, the value of unvested restricted stock was approximately $25 million and $15 million, respectively, as of December 31, 2007. Neither Messrs. Isenberg nor Petrello had unvested stock options as of December 31, 2007. Estimates of the cash value of Nabors obligations to Messrs. Isenberg and Petrello under (c), (d) and (e) above are included in the payment amounts above.

As noted above in March 2006, the Board of Directors exercised its election to fix the expiration date of the employment agreements for Messrs. Isenberg and Petrello such that each of these agreements expires at the end of their respective current term at September 30, 2010. Messrs. Isenberg and Petrello have informed the Board of Directors that they have reserved their rights under their employment agreements with respect to the notice setting the expiration dates of their employment agreements, including whether such notice could trigger an acceleration of certain payments pursuant to their employment agreements.

Termination in the event of a Change in Control. In the event that Messrs. Isenberg s or Petrello s termination of employment is related to a Change in Control (as defined in their respective employment agreements), they would be entitled to receive a cash amount equal to the greater of (a) one dollar less than the amount that would constitute an excess parachute payment as defined in Section 280G of the Internal Revenue Code, or (b) the cash amount that would be due in the event of a termination without cause, as described above. If, by way of example, there was a change of control event that applied on December 31, 2007, then the payments to Messrs. Isenberg and Petrello would be approximately $264 million and $103 million, respectively. These payment amounts are based on historical data and are not intended to be estimates of future payments required under the agreements. Depending upon future operating results, the true-up could result in the payment of amounts which are significantly higher but the payment would not be less than $264 million and $103 million, respectively. In addition, they would receive (a) any unvested restricted stock outstanding, which shall immediately and fully vest; (b) any unvested outstanding stock options, which shall immediately and fully vest; (c) any amounts earned, accrued or owing to the executive but not yet paid (including executive benefits, life insurance, disability benefits and reimbursement of expenses and perquisites), which shall be continued through the later of the expiration date or three years after the termination date; (d) continued participation in medical, dental and life insurance coverage until the executive receives equivalent benefits or coverage through a subsequent employer or until the death of the executive or his spouse, whichever is later; and (e) any other or additional benefits in accordance with applicable plans and programs of Nabors. For Messrs. Isenberg and Petrello, the value of unvested restricted stock was approximately $25 million and $15 million, respectively, as of December 31, 2007. Neither Messrs. Isenberg nor Petrello had unvested stock options as of December 31, 2007. The cash value of Nabors obligations to Messrs. Isenberg and Petrello under (c), (d) and (e) above are included in the payment amounts above. Also, they would receive additional stock options immediately exercisable for five years to acquire a number of shares of common stock equal to the highest number of options granted during any fiscal year in the previous three fiscal years, at an option exercise price equal to the average closing price during the 20 trading days prior to the event which resulted in the change of control. If, by way of example, there was a change of control event that applied at December 31, 2007, Mr. Isenberg would have received 3,366,666 options valued at approximately $31 million and Mr. Petrello would have received 1,683,332 options valued at approximately $16 million, in each case based upon a Black Scholes analysis. Finally, in the event that an excise tax was applicable, they would receive a gross-up payment to make them whole with respect to any excise taxes imposed by Section 4999 of the Internal Revenue Code. With respect to the preceding sentence, by way of

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example, if there was a change of control event that applied on December 31, 2007, and assuming that the excise tax was applicable to the transaction, then the additional payments to Messrs. Isenberg and Petrello for the gross-up would be up to approximately $114 million and $46 million, respectively.

Other Obligations. In addition to salary and bonus, each of Messrs. Isenberg and Petrello receive group life insurance at an amount at least equal to three times their respective base salaries, various split-dollar life insurance policies, reimbursement of expenses, various perquisites and a personal umbrella insurance policy in the amount of $5 million. Premiums payable under the split-dollar life insurance policies were suspended as a result of the adoption of the Sarbanes - Oxley Act of 2002.

Oil and Gas Joint Ventures

On September 22, 2006, we entered into an agreement with First Reserve Corporation to form a new joint venture, NFR Energy LLC, to invest in oil and gas exploration opportunities worldwide. First Reserve Corporation is a private equity firm specializing in the energy industry. Each party initially made a non-binding commitment to fund its proportionate share of $1.0 billion in equity. During 2007, joint venture operations in the U.S., Canada and International areas, were divided among three separate joint venture entities, including NFR Energy LLC (NFR), Stone Mountain Ventures Partnership (Stone Mountain) and Remora Energy International LP (Remora), respectively. We hold a 49% ownership interest in these joint ventures. Each joint venture pursues development and exploration projects with both existing customers of ours and with other operators in a variety of forms including operated and non-operated working interests, joint ventures, farm-outs and acquisitions. As of December 31, 2007, we had made capital contributions of approximately $243.1 million, $19.1 million and $14.7 million, respectively, to NFR, Stone Mountain and Remora.

Contingencies

Income Tax Contingencies

We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in our income tax provisions and accruals. Based on the results of an audit or litigation, a material effect on our financial position, income tax provision, net income, or cash flows in the period or periods for which that determination is made could result.

It is possible that future changes to tax laws (including tax treaties) could have an impact on our ability to realize the tax savings recorded to date as well as future tax savings as a result of our corporate reorganization, depending on any responsive action taken by us.

On September 14, 2006, Nabors Drilling International Limited (NDIL), a wholly-owned Bermuda subsidiary of Nabors, received a Notice of Assessment (the Notice) from the Mexican Servicio de Administracion Tributaria (the SAT) in connection with the audit of NDIL s Mexican branch for tax year 2003. The Notice proposes to deny a depreciation expense deduction that relates to drilling rigs operating in Mexico in 2003, as well as a deduction for payments made to an affiliated company for the provision of labor services in Mexico. The amount assessed by the SAT is approximately $19.8 million (including interest and penalties). Nabors and its tax advisors previously concluded that the deduction of said amounts was appropriate and more recently that the position of the SAT lacks merit. NDIL s Mexican branch took similar deductions for depreciation and labor expenses in 2004, 2005, 2006 and 2007. It is likely that the SAT will propose the disallowance of these deductions upon audit of NDIL s Mexican branch s 2004, 2005, 2006 and 2007 tax years.

Self-Insurance Accruals

We are self-insured for certain losses relating to workers compensation, employers liability, general liability, automobile liability and property damage. Effective April 1, 2007, with our insurance renewal, certain changes have been made to our insurance coverage increasing our self-insured retentions. Our domestic workers compensation program continues to be subject to a $1.0 million per occurrence deductible. Employers liability and Jones Act cases are subject to a $2.0 million deductible. Automobile liability is subject to a $1.0 million deductible. We are assuming an additional $3.0 million corridor deductible for domestic workers compensation claims. General liability claims continue to be subject to a $5.0 million deductible. Our hurricane coverage for U.S.

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Gulf of Mexico exposures is subject to a $10.0 million deductible. We are insured for $25.0 million over the deductible at 100%, and have added a second insured layer for $30.0 million at 60%. We are self-insuring 40% of the second layer.

In addition, we are subject to a $1.0 million deductible for all land rigs except for those located in Alaska, and a $5.0 million deductible for all our Alaska and offshore rigs with the exception of the Pool Arabia rigs, which are subject to a $2.5 million deductible. This applies to all kinds of risks of physical damage except for named windstorms in the U.S. Gulf of Mexico.

Political risk insurance is procured for select operations in South America, Africa, the Middle East and Asia. Losses are subject to a $0.25 million deductible, except for Colombia, which is subject to a $0.5 million deductible. There is no assurance that such coverage will adequately protect Nabors against liability from all potential consequences.

As of December 31, 2007 and 2006, our self-insurance accruals totaled $156.5 million and $129.7 million, respectively, and our related insurance recoveries/receivables were $9.9 million and $7.5 million, respectively.

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. 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.

On December 22, 2005, we received a grand jury subpoena from the United States Attorney s Office in Anchorage, Alaska, seeking documents and information relating to an alleged spill, discharge, overflow or cleanup of drilling mud or sludge involving one of our rigs during March 2003. We are cooperating with the authorities in this matter.

On February 6, 2007, a purported shareholder derivative action entitled *Kenneth H. Karstedt v. Eugene M. Isenberg, et al* was filed in the United States District Court for the Southern District of Texas against the Company s officers and directors, and against the Company as a nominal defendant. The complaint alleged that stock options were priced retroactively and were improperly accounted for, and alleged various causes of action based on that assertion. The complaint sought, among other things, payment by the defendants to the Company of damages allegedly suffered by it and disgorgement of profits. On March 5, 2007, another purported shareholder derivative action entitled *Gail McKinney v. Eugene M. Isenberg, et al* was also filed in the United States District Court for the Southern District of Texas. The complaint made substantially the same allegations against the same defendants and sought the same elements of damages. The two purported derivative actions were consolidated into one proceeding. On December 31, 2007, the Company and the individual defendants agreed with the plaintiffs-shareholders to settle the derivative action. The settlement is subject to preliminary and final approval of the United States District Court for the Southern District of Texas. Under the terms of the proposed settlement, the Company and the individual defendants have implemented or will implement certain corporate governance reforms and adopt certain modifications to our equity award policy with no financial accounting impact and our Compensation Committee charter. The Company and its insurers have agreed to pay up to $2.85 million to plaintiffs counsel for their attorneys fees and the reimbursement of their expenses and costs.

During the fourth quarter of 2006 and the first quarter of 2007, a review was conducted of the Company s granting practices and accounting for certain employee equity awards to both the senior executives of the Company and other employees from 1988 through 2006. Based on the results of the review, the Company recorded a noncash charge of $38.3 million, net of tax, at December 31, 2006. The Company determined that no restatement of its historical financial statements was necessary because there were no findings of fraud or intentional wrongdoing, and because the effects of certain revised measurement dates were not material in any fiscal year. In a letter dated December 28, 2006, the SEC staff advised us that it had commenced an informal inquiry regarding our stock option grants and related practices, procedures and accounting. By letter dated May 7, 2007, the SEC staff informed us they had closed the investigation without any recommendation of enforcement action.

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On July 5, 2007, we received an inquiry from the U.S. Department of Justice relating to its investigation of one of our vendors and compliance with the Foreign Corrupt Practices Act. Our Audit Committee of the Board of Directors has engaged outside counsel to review certain transactions with this vendor, which provides freight forwarding and customs clearance services, and we are cooperating with the Department of Justice inquiry. The ultimate outcome of this review cannot be determined at this time.

On October 17, 2007, we settled a dispute with a vendor. Pursuant to the settlement, we received an 18% ownership equity interest in a parent company of the vendor, we granted the vendor a nonexclusive, royalty-free license to use certain technology, and the parties each executed a mutual release of claims against each other.

Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to certain 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 involve agreements and obligations in which we provide financial or performance assurance to third parties. Certain of these agreements 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 to certain third parties which serve as guarantees. 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 and performance guarantees issued by Nabors:

	Maximum Amount				
(In thousands)	**2008**	**2009**	**2010**	**Thereafter**	**Total**
Financial standby letters of credit and other financial surety instruments	$ 131,732	$ 100	$ 1,953	$	$ 133,785
Contingent consideration in acquisition		1,417	1,417	1,416	4,250
Total	$ 131,732	$ 1,517	$ 3,370	$ 1,416	$ 138,035

15. EARNINGS PER SHARE

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

	Year Ended December 31,		
(In thousands, except per share amounts)	**2007**	**2006**	**2005**
Net income (numerator):			
Income from continuing operations, net of tax basic	$ 895,667	$ 993,009	$ 638,155
Add interest expense on assumed conversion of our zero coupon convertible/exchangeable senior debentures/notes, net of tax:			
$2.75 billion due 2011 (1)			
$82.8 million due 2021 (2)			
$700 million due 2023 (3)			
Adjusted income from continuing operations, net of tax diluted	895,667	993,009	638,155
Income from discontinued operations, net of tax	35,024	27,727	10,540
Total adjusted net income	$ 930,691	$ 1,020,736	$ 648,695

Earnings per share:			
Basic from continuing operations	$ 3.21	$ 3.42	$ 2.05
Basic from discontinued operations	.13	.10	.03
Total Basic	$ 3.34	$ 3.52	$ 2.08
Diluted from continuing operations	$ 3.13	$ 3.31	$ 1.97
Diluted from discontinued operations	.12	.09	.03
Total Diluted	$ 3.25	$ 3.40	$ 2.00
Shares (denominator):			
Weighted-average number of shares outstanding basic (4)	279,026	290,241	312,134

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	Year Ended December 31,		
(In thousands, except per share amounts)	**2007**	**2006**	**2005**
Net effect of dilutive stock options, warrants and restricted stock awards based on the treasury stock method	7,580	9,446	10,146
Assumed conversion of our zero coupon convertible/exchangeable senior debentures/notes:			
$2.75 billion due 2011 (1)			
$82.8 million due 2021 (2)			
$700 million due 2023 (3)		140	2,098
Weighted-average number of shares outstanding diluted	286,606	299,827	324,378

(1) Diluted earnings per share for the years ended December 31, 2007 and 2006 do not include any incremental shares issuable upon the exchange of the $2.75 billion 0.94% senior exchangeable notes. The number of shares that we would be required to issue upon exchange consists of only the incremental shares that would be issued above the principal amount of the notes, as we are required to pay cash up to the principal amount of the notes exchanged. We would only issue an incremental number of shares upon exchange of these notes. Such

shares are only included in the calculation of the weighted-average number of shares outstanding in our diluted earnings per share calculation, when the price of our shares exceeds $45.83 on the last trading day of the quarter, which did not occur during any period for the years ended December 31, 2007 and 2006. The $2.75 billion notes were issued during the quarter ended June 30, 2006 and had no effect on 2005 s earnings per share calculation.

(2) Diluted earnings per share for the years ended December 31, 2007 and 2006 excludes approximately 1.2 million potentially dilutive shares initially issuable upon the conversion of the $82.8 million zero coupon convertible senior debentures. Diluted earnings per share for the year ended December 31, 2005 excludes approximately

17.0 million potentially dilutive shares initially issuable upon the conversion of these debentures. We would only issue an incremental number of shares upon conversion of these debentures. Such shares would only be included in the calculation of the weighted-average number of shares outstanding in our diluted earnings per share calculation if the price of our shares exceeded approximately $51.

(3) Diluted earnings per share for the year ended December 31, 2007 do not include any incremental shares issuable upon the exchange of the $700 million zero coupon senior exchangeable notes. Diluted earnings per share for the years ended December 31, 2006 and 2005 reflects the assumed conversion of our $700 million zero

coupon senior exchangeable notes resulting in the inclusion of the incremental number of shares that we would be required to issue upon exchange of these notes. The number of shares that we would be required to issue upon exchange consists of only the incremental shares that would be issued above the principal amount of the notes, as we are required to pay cash up to the principal amount of the notes exchanged. We would only issue an incremental number of shares upon exchange of these notes. Such shares are only included in the calculation of the weighted-average number of shares outstanding in our diluted earnings per share calculation, when the price of our shares exceeds $35.05 on the last trading day of the quarter. This was the case for the quarter ended March 31, 2006 and the three months ended December 31, 2005 and are therefore included in the weighted-average number of shares outstanding in our diluted earnings per share calculation for the years ended December 31, 2006 and 2005.

(4) Includes the following weighted-average number of common shares of Nabors and weighted-average number of exchangeable shares of Nabors (Canada) Exchangeco Inc., respectively: 278.9 million and .1 million shares for the year ended December 31, 2007; 290.0 million and .2 million shares for the year ended December 31, 2006; and 311.7 million and .4 million shares for the year ended December 31, 2005. The exchangeable shares of Nabors Exchangeco are exchangeable for Nabors common shares on a one-for-one basis, and have essentially identical rights as

Nabors Industries Ltd. common shares, including but not limited to, voting rights and the right to receive dividends, if any.

For all periods presented, the computation of diluted earnings per share excludes outstanding stock options and warrants with exercise prices greater than the average market price of Nabors common shares, because the inclusion of such options and warrants would be anti-dilutive. The average number of options and warrants that were excluded from diluted earnings per share that would potentially dilute earnings per share in the future were 4,952,799, 2,995,447 and 761,378 shares during 2007, 2006 and 2005, respectively. In any period during which the average market price of Nabors common shares exceeds the exercise prices of these stock options and warrants, such stock options and warrants will be included in our diluted earnings per share computation using the treasury stock method of accounting. Restricted stock will similarly be included in our diluted earnings per share computation using the treasury stock method of accounting in any period where the amount of restricted stock exceeds the number of shares assumed repurchased in those periods based upon future unearned compensation.

16. SUPPLEMENTAL BALANCE SHEET, INCOME STATEMENT AND CASH FLOW INFORMATION

Accounts receivable is net of an allowance for doubtful accounts of $16.7 million and $14.9 million as of December 31, 2007 and 2006, respectively.

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Accrued liabilities include the following:

	December 31,	
(In thousands)	**2007**	**2006**
Accrued compensation	$ 141,473	$ 136,276
Deferred revenue	91,071	65,747
Other taxes payable	32,539	20,035
Workers compensation liabilities	31,427	28,032
Interest payable	13,165	13,024
Warranty accrual	8,602	6,377
Litigation reserves	5,083	4,536
Other accrued liabilities	25,155	20,931
	$ 348,515	$ 294,958

Investment (loss) income includes the following:

	Year Ended December 31,		
(In thousands)	**2007**	**2006**	**2005**
Interest income	$ 44,732	$ 54,606	$ 41,413
(Losses) gains on marketable and non-marketable securities, net	(61,389)(1)	46,260	43,007
Dividend and other investment income	766	1,141	1,008
	$ (15,891)	$ 102,007	$ 85,428

(1) This amount reflects a net loss of approximately $61.4 million from the portion of our long-term investments comprised of our actively managed funds inclusive of substantial gains from sales of our marketable equity securities.

Losses (gains) on sales of long-lived assets, impairment charges and other expense (income), net includes the following:

	Year Ended December 31,		
(In thousands)	**2007**	**2006**	**2005**
Losses (gains) on sales, retirements and involuntary conversions of long-lived assets	$ 4,429(1)	$ 20,824(2)	$ 18,343(3)

Litigation reserves	9,568	2,217	27,195(4)
Foreign currency transaction losses (gains)	(3,235)	380	465
(Gains) losses on derivative instruments	1,348	(1,361)	(1,078)
Other	(1,215)	2,058	1,027
	$ 10,895	$ 24,118	$ 45,952

(1) This amount includes a $38.6 million gain from the sale of three accommodation units in the second quarter of 2007 and $40.0 million in impairment charges and losses on asset retirements during 2007.

(2) This amount includes $12.4 million in impairment charges related to asset retirements.

(3) This amount includes involuntary conversion losses recorded as a result of Hurricanes Katrina and Rita during the third quarter of 2005 of approximately $7.8 million, net of expected insurance proceeds.

(4) This amount primarily relates to an interim

judgment received in February 2006 against us in the amount of $25.6 million related to a class-action arbitration hearing regarding compensation issues brought on behalf of field employees for our well-servicing unit operations in California. The final award was $24.3 million, which was paid in May 2006.

Supplemental cash flow information for the years ended December 31, 2007, 2006 and 2005 is as follows:

	Year Ended December 31,		
(In thousands)	**2007**	**2006**	**2005**
Cash paid for income taxes	$ 378,726	$ 157,209	$ 25,480
Cash paid for interest, net of capitalized interest	41,715	28,605	28,507

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	Year Ended December 31,		
(In thousands)	2007	2006	2005
Acquisitions of businesses:			
Fair value of assets acquired		79,070	38,682
Goodwill	8,391	20,815	9,554
Liabilities assumed or created		(17,293)	(2,035)
Common stock of acquired company previously owned			
Equity consideration issued			
Cash paid for acquisitions of businesses	8,391	82,592	46,201
Cash acquired in acquisitions of businesses		(185)	
Cash paid for acquisitions of businesses, net	$ 8,391	$ 82,407	$ 46,201

17. UNAUDITED QUARTERLY FINANCIAL INFORMATION

	Year Ended December 31, 2007 Quarter Ended			
(In thousands, except per share amounts)	March 31,	June 30,	September 30,	December 31,
Operating revenues and Earnings from unconsolidated affiliates from continuing operations (1)	$ 1,248,454	$ 1,138,120	$ 1,252,988	$ 1,317,010
Income from continuing operations, net of tax	$ 256,890	$ 220,862	$ 195,763	$ 222,152
Income from discontinued operations, net of tax	5,272	7,487	22,265	
Net income	$ 262,162	$ 228,349	$ 218,028	$ 222,152
Earnings per share: (2)				
Basic from continuing operations	$ .93	$ .79	$ .70	$ .79
Basic from discontinued operations	.02	.03	.08	
Total Basic	$ .95	$ .82	$ .78	$ .79
Diluted from continuing operations	$ .90	$ .77	$ .68	$ .78
Diluted from discontinued operations	.02	.02	.08	
Total Diluted	$ .92	$ .79	$ .76	$ .78

	Year Ended December 31, 2006 Quarter Ended			
(In thousands, except per share amounts)	March 31,	June 30,	September 30,	December 31,
Operating revenues and Earnings from unconsolidated affiliates from continuing operations	$ 1,142,157	$ 1,098,349	$ 1,218,958	$ 1,268,370

(3)

Income from continuing operations, net of tax	$ 249,797	$ 226,042	$ 284,783	$ 232,387
Income from discontinued operations, net of tax	6,966	7,391	7,968	5,402
Net income	$ 256,763	$ 233,433	$ 292,751	$ 237,789
Earnings per share: (2)				
Basic from continuing operations	$ .80	$ .76	$ 1.02	$ .84
Basic from discontinued operations	.02	.03	.03	.02
Total Basic	$ .82	$ .79	$ 1.05	$ .86
Diluted from continuing operations	$ .77	$ .74	$ .99	$ .82
Diluted from discontinued operations	.02	.03	.03	.02
Total Diluted	$ .79	$ .77	$ 1.02	$ .84

(1) Includes earnings (losses) from unconsolidated affiliates, net, accounted for by the equity method, of $12.4 million, $3.4 million, $2.7 million and $(.8) million, respectively.

(2) Earnings per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share may not equal the total computed for the year.

(3)

Includes earnings (losses) from unconsolidated affiliates, net, accounted for by the equity method, of $4.4 million, $9.4 million, $5.7 million and $1.1 million, respectively.

18. DISCONTINUED OPERATION

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In August 2007, we sold our Sea Mar business which had previously been included in Other Operating Segments to an unrelated third party for a cash purchase price of $194.3 million, resulting in a pre-tax gain of $49.5 million. The assets included 20 offshore supply vessels and certain related assets, including its right under a vessel construction contract. The operating results of this business for all periods presented are reported as discontinued operations in the accompanying consolidated statements of income and the respective accompanying notes to the consolidated financial statements. Our condensed statements of income from discontinued operations related to the Sea Mar business for the years ended December 31, 2007, 2006 and 2005 were as follows:

Condensed Statements of Income

	Year Ended December 31,		
(In thousands)	**2007**	**2006**	**2005**
Revenues from discontinued operations	$ 58,887	$ 112,873	$ 65,436
Income from discontinued operations			
Income from discontinued operations	$ 26,092	$ 43,017	$ 16,795
Gain on disposal of business	49,500		
Income tax expense	40,568	15,290	6,255
Income from discontinued operations, net of tax	$ 35,024	$ 27,727	$ 10,540

19. SEGMENT INFORMATION

As of December 31, 2007, we operate our business out of 13 operating segments. Our six Contract Drilling operating segments are engaged in drilling, workover and well-servicing operations, on land and offshore, and represent reportable segments. These operating segments consist of Alaska, U.S. Lower 48 Land Drilling, U.S. Land Well-servicing, U.S. Offshore, Canada and International business units. Our oil and gas operating segment includes Ramshorn Investments, Inc. and our oil and gas joint ventures with First Reserve Corporation. This Segment is engaged in the exploration for, development of and production of oil and natural gas. Our Other Operating Segments, consisting of Canrig Drilling Technology Ltd., Epoch Well Services, Inc., Peak Oilfield Service Company, Peak USA Energy Services, Ltd., Ryan Energy Technologies, and Nabors Blue Sky Ltd. (formerly 1183011 Alberta Ltd.), are engaged in the manufacturing of top drives, manufacturing of drilling instrumentation systems, construction and logistics services, trucking and logistics services, manufacturing and marketing of directional drilling and rig instrumentation systems, directional drilling, rig instrumentation and data collection services, and heliportable well services, respectively. These Other Operating Segments do not meet the criteria included in SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information for disclosure, individually or in the aggregate, as reportable segments.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies. See Note 2. 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 income derived from operating activities.

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

	Year Ended December 31,		
(In thousands)	**2007**	**2006**	**2005**
Operating revenues and earnings from unconsolidated affiliates from continuing operations (1):			
Contract Drilling (2):			
U.S. Lower 48 Land Drilling	$ 1,710,990	$ 1,890,302	$ 1,306,963
U.S. Land Well-servicing	715,414	704,189	491,704
U.S. Offshore	212,160	221,676	158,888
Alaska	152,490	110,718	85,768
Canada	545,035	686,889	553,537
International	1,094,802	746,460	552,656
Subtotal Contract Drilling (3)	4,430,891	4,360,234	3,149,516
Oil and Gas (4)(5)	152,320	59,431	62,913
Other Operating Segments (6)(7)	588,483	505,286	282,910
Other reconciling items (8)	(215,122)	(197,117)	(95,196)
Total	$ 4,956,572	$ 4,727,834	$ 3,400,143
Depreciation and amortization, and depletion (1):			
Contract Drilling:			
U.S. Lower 48 Land Drilling	$ 146,928	$ 106,399	$ 90,979
U.S. Land Well-servicing	57,245	43,217	28,065
U.S. Offshore	34,408	31,253	24,272
Alaska	14,889	13,012	12,550
Canada	63,271	54,924	46,384
International	121,985	95,045	71,035
Subtotal Contract Drilling	438,726	343,850	273,285
Oil and Gas	72,182	38,580	46,894
Other Operating Segments	35,203	24,829	13,856
Other reconciling items (8)	(6,199)	(4,026)	(2,087)
Total depreciation and amortization, and depletion	$ 539,912	$ 403,233	$ 331,948
Adjusted income (loss) derived from operating activities from continuing operations: (1)(9)			
Contract Drilling:			
U.S. Lower 48 Land Drilling	$ 596,302	$ 821,821	$ 464,570
U.S. Land Well-servicing	156,243	199,944	107,728
U.S. Offshore	51,508	65,328	38,783
Alaska	37,394	17,542	16,608
Canada	87,046	185,117	136,368
International	332,283	208,705	135,588
Subtotal Contract Drilling (3)	1,260,776	1,498,457	899,645
Oil and Gas	56,133	4,065	10,194

Other Operating Segments (6)	35,273	30,028	17,619
Total segment adjusted income derived from operating activities	1,352,182	1,532,550	927,458
Other reconciling items (10)	(136,363)	(135,951)	(64,930)
Interest expense	(53,702)	(46,586)	(44,849)
Investment (loss) income	(15,891)	102,007	85,428
(Losses) gains on sales of long-lived assets, impairment charges and other income (expense), net	(10,895)	(24,118)	(45,952)
Income from continuing operations before income taxes (1)	$ 1,135,331	$ 1,427,902	$ 857,155

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(In thousands)	**Year Ended December 31,** 2007	2006	2005
Capital expenditures and acquisitions of businesses: (11)			
Contract Drilling:			
U.S. Lower 48 Land Drilling	$ 728,465	$ 726,171	$ 357,441
U.S. Land Well-servicing	205,185	224,812	113,910
U.S. Offshore	49,270	98,618	22,218
Alaska	69,233	27,145	5,364
Canada	94,058	222,727	112,415
International	620,264	382,911	315,199
Subtotal Contract Drilling	1,766,475	1,682,384	926,547
Oil and Gas	171,834	155,681	59,263
Other Operating Segments	53,594	146,895	23,687
Other reconciling items (10)	(12,072)	13,011	(6,228)
Total capital expenditures	$ 1,979,831	$ 1,997,971	$ 1,003,269

(In thousands)	**December 31,** 2007	2006	2005
Total assets:			
Contract Drilling: (12) (13)			
U.S. Lower 48 Land Drilling	$ 2,544,629	$ 2,210,070	$ 1,513,618
U.S. Land Well-servicing	725,845	597,082	389,002
U.S. Offshore	452,505	456,889	366,354
Alaska	283,121	221,927	202,315
Canada	1,398,363	1,059,243	1,109,627
International	2,577,057	2,006,941	1,436,234
Subtotal Contract Drilling	7,981,520	6,552,152	5,017,150
Oil and Gas (14)	646,837	328,114	127,834
Other Operating Segments (15)	610,041	638,600	387,422
Other reconciling items (10)	864,984	1,623,437	1,698,001
Total assets	$ 10,103,382	$ 9,142,303	$ 7,230,407

(1) Information excludes the Sea Mar business, which has been reclassified as a discontinued operation.

(2) These segments include our

drilling, workover and well-servicing operations, on land and offshore.

(3) Includes earnings (losses), net from unconsolidated affiliates, accounted for by the equity method, of $5.6 million, $4.0 million and $(1.3) million for the years ended December 31, 2007, 2006 and 2005, respectively.

(4) Represents our oil and gas exploration, development and production operations.

(5) Includes earnings (losses), net, from unconsolidated affiliates, accounted for by the equity method, of $(3.9) million for the year ended December 31, 2007 and $0 for the years ended December 31, 2006 and 2005, respectively.

(6) Includes our drilling technology and top drive manufacturing, directional drilling, rig instrumentation and software, and construction and logistics operations.

(7) Includes earnings (losses), net from unconsolidated affiliates, accounted for by the equity method, of $16.0 million, $16.5 million and $7.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

(8) Represents the elimination of inter-segment transactions.

(9) Adjusted income derived from operating activities is computed by: subtracting direct costs, general and administrative expenses, and depreciation and amortization, and depletion

expense from operating revenues and then adding earnings from unconsolidated affiliates. Such amounts should not be used as a substitute to those amounts reported under GAAP. However, management evaluates the performance of our business units and the consolidated company based on several criteria, including adjusted income

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derived from operating activities, because it believes that this financial measure is an accurate reflection of the ongoing profitability of our company. A reconciliation of this non-GAAP measure to income before income taxes from continuing operations, which is a GAAP measure, is provided within the above table.

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

(11) Includes the portion of the purchase price of acquisitions allocated to fixed assets and goodwill based on their fair market value.

(12) Includes $47.3 million, $39.6 million and

$35.3 million of investments in unconsolidated affiliates accounted for by the equity method as of December 31, 2007, 2006 and 2005, respectively.

(13) Includes $21.4 million, $0 and $0 of investments in unconsolidated affiliates accounted for by the cost method as of December 31, 2007, 2006 and 2005, respectively.

(14) Includes $274.1 million of investments in unconsolidated affiliates accounted for by the equity method as of December 31, 2007, and $0 as of December 31, 2006 and 2005, respectively.

(15) Includes $62.0 million, $58.5 million and $35.9 million of investments in unconsolidated affiliates accounted for by the equity

method as of December 31, 2007, 2006 and 2005, respectively.

The following table sets forth financial information with respect to Nabors operations by geographic area:

	Year Ended December 31,		
(In thousands)	**2007**	**2006**	**2005**
Operating revenues and earnings from unconsolidated affiliates from continuing operations:			
United States	$ 3,189,230	$ 3,141,299	$ 2,230,614
Foreign	1,767,342	1,586,535	1,169,529
	$ 4,956,572	$ 4,727,834	$ 3,400,143
Property, plant and equipment, net:			
United States	$ 3,782,280	$ 3,211,023	$ 2,131,598
Foreign	2,906,846	2,199,078	1,755,326
	$ 6,689,126	$ 5,410,101	$ 3,886,924
Goodwill:			
United States	$ 130,275	$ 165,264	$ 165,211
Foreign	238,157	197,005	176,728
	$ 368,432	$ 362,269	$ 341,939

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Nabors has fully and unconditionally guaranteed all of the issued public debt securities of Nabors Delaware, a wholly-owned subsidiary, and Nabors and Nabors Delaware have fully and unconditionally guaranteed the $225 million 4.875% senior notes due 2009 issued by Nabors Holdings 1, ULC, our indirect wholly-owned subsidiary.

The following condensed consolidating financial information is included so that separate financial statements of Nabors Delaware and Nabors Holdings are 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, 2007 and 2006, statements of income and cash flows for each of the three years in the period ended December 31, 2007 of (a) Nabors, parent/guarantor, (b) Nabors Delaware, issuer of public debt securities guaranteed by Nabors and guarantor of the $225 million 4.875% senior notes issued by Nabors Holdings, (c) Nabors Holdings, issuer of the $225 million 4.875% senior notes, (d) the non-guarantor subsidiaries, (e) consolidating adjustments necessary to consolidate Nabors and its subsidiaries and (f) Nabors on a consolidated basis.

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Condensed Consolidating Balance Sheets

(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	Consolidated Total
	December 31, 2007					
ASSETS						
Current assets:						
Cash and cash equivalents	$ 10,659	$ 2,753	$ 4	$ 517,890	$	$ 531,306
Short-term investments				235,745		235,745
Accounts receivable, net				1,039,238		1,039,238
Inventory				133,786		133,786
Deferred income taxes				12,757		12,757
Other current assets	136	1,039	376	250,729		252,280
Total current assets	10,795	3,792	380	2,190,145		2,205,112
Long-term investments				236,253		236,253
Property, plant and equipment, net				6,689,126		6,689,126
Goodwill, net				368,432		368,432
Intercompany receivables	361,832	1,224,222		19,918	(1,605,972)	
Investments in affiliates	4,148,256	4,429,139	304,450	2,306,797	(10,783,800)	404,842
Other long-term assets		22,180	638	176,799		199,617
Total assets	$ 4,520,883	$ 5,679,333	$ 305,468	$ 11,987,470	$ (12,389,772)	$ 10,103,382
LIABILITIES AND SHAREHOLDERS EQUITY						
Current liabilities:						
Current portion of long-term debt	$	$ 700,000	$	$	$	$ 700,000
Trade accounts payable	2	24		348,498		348,524
Accrued liabilities	6,760	8,877	4,151	328,727		348,515
Income taxes payable		71,761	2,411	22,921		97,093
	6,762	780,662	6,562	700,146		1,494,132

Total current liabilities						
Long-term debt		3,081,871	224,562			3,306,433
Other long-term liabilities		1,900		244,814		246,714
Deferred income taxes		15,131	16	526,835		541,982
Intercompany payable			193	1,605,779	(1,605,972)	
Total liabilities	6,762	3,879,564	231,333	3,077,574	(1,605,972)	5,589,261
Shareholders equity	4,514,121	1,799,769	74,135	8,909,896	(10,783,800)	4,514,121
Total liabilities and shareholders equity	$ 4,520,883	$ 5,679,333	$ 305,468	$ 11,987,470	$ (12,389,772)	$ 10,103,382

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	December 31, 2006					
(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	Consolidated Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 14,874	$ 2,394	$ 8	$ 683,273	$	$ 700,549
Short-term investments				439,467		439,467
Accounts receivable, net				1,109,738		1,109,738
Inventory				100,487		100,487
Deferred income taxes				38,081		38,081
Other current assets	162	1,103	376	114,893		116,534
Total current assets	15,036	3,497	384	2,485,939		2,504,856
Long-term investments				513,269		513,269
Property, plant and equipment, net				5,410,101		5,410,101
Goodwill, net				362,269		362,269
Intercompany receivables	343,644	1,151,556		19,944	(1,515,144)	
Investments in affiliates	3,184,303	3,748,626	286,818	1,318,478	(8,440,176)	98,049
Other long-term assets		249,040	608	220,025	(215,914)	253,759
Total assets	$ 3,542,983	$ 5,152,719	$ 287,810	$ 10,330,025	$ (10,171,234)	$ 9,142,303
LIABILITIES AND SHAREHOLDERS EQUITY						
Current liabilities:						
Current portion of long-term debt	$	$	$	$	$	$
Trade accounts payable	35	22		459,122		459,179
Accrued liabilities	6,295	8,870	4,151	275,642		294,958
Income taxes payable		81,429	1,792	17,002		100,223
Total current liabilities	6,330	90,321	5,943	751,766		854,360

Long-term debt		3,779,778	224,296			4,004,074
Other long-term liabilities				162,744		162,744
Deferred income taxes		50,696		749,690	(215,914)	584,472
Intercompany payable			3,733	1,511,411	(1,515,144)	
Total liabilities	6,330	3,920,795	233,972	3,175,611	(1,731,058)	5,605,650
Shareholders equity	3,536,653	1,231,924	53,838	7,154,414	(8,440,176)	3,536,653
Total liabilities and shareholders equity	$ 3,542,983	$ 5,152,719	$ 287,810	$ 10,330,025	$ (10,171,234)	$ 9,142,303

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Condensed Consolidating Statements of Income

	Year Ended December 31, 2007					
(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non- Guarantors)	Consolidating Adjustments	Consolidated Total
Revenues and other income:						
Operating revenues	$	$	$	$ 4,938,848	$	$ 4,938,848
Earnings from unconsolidated affiliates				17,724		17,724
Earnings from consolidated affiliates	914,328	503,713	17,632	543,370	(1,979,043)	
Investment (loss) income	687	146		(16,724)		(15,891)
Intercompany interest income	3,989	85,550	2		(89,541)	
Total revenues and other income	919,004	589,409	17,634	5,483,218	(2,068,584)	4,940,681
Costs and other deductions:						
Direct costs				2,764,559		2,764,559
General and administrative expenses	17,085	144	17	419,573	(537)	436,282
Depreciation and amortization		600		467,130		467,730
Depletion				72,182		72,182
Interest expense		51,156	11,456	(8,910)		53,702
Intercompany interest expense	6,260			83,281	(89,541)	
Losses (gains) on sales of long-lived assets, impairment charges and other expense (income), net	(8)	1,377		8,989	537	10,895
Total costs and other deductions	23,337	53,277	11,473	3,806,804	(89,541)	3,805,350
Income before income taxes from continuing operations	895,667	536,132	6,161	1,676,414	(1,979,043)	1,135,331
Income tax expense		11,996	1,971	225,697		239,664

Income from continuing operations, net of tax	895,667	524,136	4,190	1,450,717	(1,979,043)	895,667
Income from discontinued operations, net of tax	35,024	35,024		70,048	(105,072)	35,024
Net income	$ 930,691	$ 559,160	$ 4,190	$ 1,520,765	$ (2,084,115)	$ 930,691

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(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non Guarantors)	Consolidating Adjustments	Consolidated Total
	Year Ended December 31, 2006					
Revenues and other income:						
Operating revenues	$	$	$	$ 4,707,289	$	$ 4,707,289
Earnings from unconsolidated affiliates				20,545		20,545
Earnings from consolidated affiliates	1,007,301	772,123	16,357	807,604	(2,603,385)	
Investment (loss) income	324	10,480		91,203		102,007
Intercompany interest income	4,050	66,476			(70,526)	
Total revenues and other income	1,011,675	849,079	16,357	5,626,641	(2,673,911)	4,829,841
Costs and other deductions:						
Direct costs				2,511,392		2,511,392
General and administrative expenses	17,130	388	5	399,454	(367)	416,610
Depreciation and amortization		600		364,053		364,653
Depletion				38,580		38,580
Interest expense		40,457	11,440	(5,311)		46,586
Intercompany interest expense	1,536			68,990	(70,526)	
Losses (gains) on sales of long-lived assets, impairment charges and other expense (income), net		(1,339)		25,090	367	24,118
Total costs and other deductions	18,666	40,106	11,445	3,402,248	(70,526)	3,401,939
Income before income taxes from continuing operations	993,009	808,973	4,912	2,224,393	(2,603,385)	1,427,902
Income tax expense		13,635	1,622	419,636		434,893
	993,009	795,338	3,290	1,804,757	(2,603,385)	993,009

Income from continuing operations, net of tax						
Income from discontinued operations, net of tax	27,727	27,727		55,454	(83,181)	27,727
Net income	$ 1,020,736	$ 823,065	$ 3,290	$ 1,860,211	$ (2,686,566)	$ 1,020,736

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(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non Guarantors)	Consolidating Adjustments	Consolidated Total
	Year Ended December 31, 2005					
Revenues and other income:						
Operating revenues	$	$	$	$ 3,394,472	$	$ 3,394,472
Earnings from unconsolidated affiliates				5,671		5,671
Earnings from consolidated affiliates	629,098	365,561	15,487	389,015	(1,399,161)	
Investment (loss) income	11,980		7	73,441		85,428
Intercompany interest income	4,000	73,356			(77,356)	
Total revenues and other income	645,078	438,917	15,494	3,862,599	(1,476,517)	3,485,571
Costs and other deductions:						
Direct costs				1,958,538		1,958,538
General and administrative expenses	6,514	1,149	7	240,353	(894)	247,129
Depreciation and amortization		600		284,454		285,054
Depletion				46,894		46,894
Interest expense		37,488	11,439	(4,078)		44,849
Intercompany interest expense				77,356	(77,356)	
Losses (gains) on sales of long-lived assets, impairment charges and other expense (income), net	344	(1,078)		45,792	894	45,952
Total costs and other deductions	6,858	38,159	11,446	2,649,309	(77,356)	2,628,416
Income before income taxes from continuing operations	638,220	400,758	4,048	1,213,290	(1,399,161)	857,155
Income tax expense	65	13,023	1,376	204,536		219,000
Income from continuing operations,	638,155	387,735	2,672	1,008,754	(1,399,161)	638,155

net of tax						
Income from discontinued operations, net of tax	10,540	10,540		21,076	(31,616)	10,540
Net income	$ 648,695	$ 398,275	$ 2,672	$ 1,029,830	$ (1,430,777)	$ 648,695

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Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2007					
(In thousands)	**Nabors (Parent/ Guarantor)**	**Nabors Delaware (Issuer/ Guarantor)**	**Nabors Holdings (Issuer)**	**Other Subsidiaries (Non Guarantors)**	**Consolidating Adjustments**	**Consolidated Total**
Net cash provided by (used for) operating activities	$ (6,213)	$ 117,758	$ (16,111)	$ 1,280,248	$ (5,484)	$ 1,370,198
Cash flows from investing activities:						
Purchases of investments				(378,318)		(378,318)
Sales and maturities of investments		926		859,459		860,385
Cash paid for acquisitions of businesses, net				(8,391)		(8,391)
Investment in affiliates				(278,100)		(278,100)
Capital expenditures				(2,014,469)		(2,014,469)
Proceeds from sales of assets and insurance claims				356,387		356,387
Cash paid for investments in consolidated affiliates		(120,484)		(16,107)	136,591	
Net cash provided by (used for) investing activities		(119,558)		(1,479,539)	136,591	(1,462,506)
Cash flows from financing activities:						
Decrease in cash overdrafts				(38,416)		(38,416)
Proceeds from long-term debt	(57,811)			57,811		
Proceeds from issuance of common shares	61,620					61,620
Repurchase and retirement of common shares				(102,451)		(102,451)
Purchase of restricted stock	(1,811)					(1,811)
Tax benefit related to the exercise of stock options		2,159				2,159
Proceeds from parent contributions			16,107	120,484	(136,591)	

Cash dividends paid				(5,484)	5,484	
Net cash (used for) provided by financing activities	(1,998)	2,159	16,107	31,944	(131,107)	(78,899)
Effect of exchange rate changes on cash and cash equivalents				1,964		1,964
Net (decrease) increase in cash and cash equivalents	(4,215)	359	(4)	(165,383)		(169,243)
Cash and cash equivalents, beginning of period	14,874	2,394	8	683,273		700,549
Cash and cash equivalents, end of period	$ 10,659	$ 2,753	$ 4	$ 517,890	$	$ 531,306

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	Year Ended December 31, 2006					
(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non Guarantors)	Consolidating Adjustments	Consolidated Total
Net cash provided by (used for) operating activities	$ 1,172,786	$ (189,608)	$ (10,971)	$ 3,356,390	$ (2,842,339)	$ 1,486,258
Cash flows from investing activities:						
Purchases of investments				(1,135,525)		(1,135,525)
Sales and maturities of investments				1,325,903		1,325,903
Cash paid for acquisitions of businesses, net				(82,407)		(82,407)
Investment in affiliates				(2,433)		(2,433)
Deposits released on acquisitions closed subsequent to year-end				35,844		35,844
Capital expenditures				(1,927,407)		(1,927,407)
Proceeds from sales of assets and insurance claims				17,556		17,556
Cash paid for investments in consolidated affiliates	(977,927)	(487,275)		(1,189,056)	2,654,258	
Cash received from investments in consolidated affiliates				2,000,000	(2,000,000)	
Net cash provided by (used for) investing activities	(977,927)	(487,275)		(957,525)	654,258	(1,768,469)
Cash flows from financing activities:						
Proceeds from sale of warrants	421,162					421,162
Purchase of exchangeable note hedge		(583,550)				(583,550)
Increase in cash overdrafts				2,154		2,154
		2,750,000				2,750,000

Proceeds from long-term debt						
Reduction in long-term debt		(769,789)				(769,789)
Debt issuance costs		(28,683)				(28,683)
Proceeds from issuance of common shares	25,682					25,682
Repurchase and retirement of common shares	(627,356)			(2,775,484)	2,000,000	(1,402,840)
Tax benefit related to the exercise of stock options		4,139				4,139
Proceeds from parent contributions		1,178,088	10,968	1,465,202	(2,654,258)	
Cash dividends paid		(1,870,942)		(971,397)	2,842,339	
Net cash (used for) provided by financing activities	(180,512)	679,263	10,968	(2,279,525)	2,188,081	418,275
Effect of exchange rate changes on cash and cash equivalents				(516)		(516)
Net (decrease) increase in cash and cash equivalents	14,347	2,380	(3)	118,824		135,548
Cash and cash equivalents, beginning of period	527	14	11	564,449		565,001
Cash and cash equivalents, end of period	$ 14,874	$ 2,394	$ 8	$ 683,273	$	$ 700,549

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	Year Ended December 31, 2005					
(In thousands)	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer/ Guarantor)	Nabors Holdings (Issuer)	Other Subsidiaries (Non Guarantors)	Consolidating Adjustments	Consolidated Total
Net cash provided by (used for) operating activities	$ 121,081	$ 122,921	$ (10,975)	$ 918,881	$ (122,408)	$ 1,029,500
Cash flows from investing activities:						
Purchases of investments	(117,623)			(628,120)		(745,743)
Sales and maturities of investments	104,508			645,054		749,562
Cash paid for acquisitions of businesses, net				(46,201)		(46,201)
Capital expenditures				(907,316)		(907,316)
Proceeds from sales of assets and insurance claims				27,463		27,463
Cash paid for investments in consolidated affiliates	(85,400)	(19,671)		(10,968)	116,039	
Deposits held on acquisitions closed subsequent to year-end				(36,005)		(36,005)
Net cash used for investing activities	(98,515)	(19,671)		(956,093)	116,039	(958,240)
Cash flows from financing activities:						
Increase in cash overdrafts				10,805		10,805
Reduction in long-term debt				(424)		(424)
Proceeds from issuance of common shares	9,860			184,604		194,464
Repurchase and retirement of common shares	(99,483)					(99,483)
Termination payment for interest rate swap		(2,736)				(2,736)
Proceeds from parent contributions			10,968	105,071	(116,039)	

Cash dividends paid		(100,500)		(21,908)	122,408	
Net cash (used for) provided by financing activities	(89,623)	(103,236)	10,968	278,148	6,369	102,626
Effect of exchange rate changes on cash and cash equivalents				6,406		6,406
Net (decrease) increase in cash and cash equivalents	(67,057)	14	(7)	247,342		180,292
Cash and cash equivalents, beginning of period	67,584		18	317,107		384,709
Cash and cash equivalents, end of period	$ 527	$ 14	$ 11	$ 564,449	$	$ 565,001

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21. SUBSEQUENT EVENT

On February 20, 2008, Nabors Industries, Inc., our wholly-owned subsidiary, completed a private placement of $575 million aggregate principal amount of 6.15% senior notes due 2018 with registration rights, which are unsecured and are fully and unconditionally guaranteed by us. The issue of senior notes was resold by a placement agent to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended. The notes bear interest at a rate of 6.15% per year, payable semiannually on February 15 and August 15 of each year, beginning August 15, 2008.

We and Nabors Delaware intend to file a registration statement with the SEC with respect to an offer to exchange the notes for registered notes with substantially identical terms pursuant to a registration rights agreement, within 90 days following the original issue date of the notes.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. We maintain a set of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms. 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 such entities are necessarily more limited than those we maintain with respect to our consolidated subsidiaries.

The Company s management, with the participation of the Company s Chairman and Chief Executive Officer and Vice President and Chief Financial Officer, has evaluated the effectiveness of the Company s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company s Chairman and Chief Executive Officer and Vice President and Chief Financial Officer have concluded that, as of the end of such period, the Company s disclosure controls and procedures are effective, at the reasonable assurance level, in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective, at the reasonable assurance level, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company s management, including the Company s Chairman and Chief Executive Officer and Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting. There have not been any changes in the Company s internal control over financial reporting (identified in connection with the evaluation required by paragraph (d) in Rules 13a-15 and 15d-15 under the Exchange Act) during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

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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 generally accepted accounting principles. 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 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.

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 such 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 framework in Internal Control Integrated Framework issued 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, 2007. PricewaterhouseCoopers LLP has issued a report on the effectiveness of internal control over financial reporting, which is included in Part II, Item 8. of this report.

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information called for by this item will be contained in the Nabors Industries Ltd. definitive Proxy Statement to be distributed in connection with its 2008 annual meeting of shareholders under the captions *Election of Directors* and *Other Executive Officers* and is incorporated into this document by reference.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Exchange Act requires Nabors directors and executive officers, and persons who own more than 10% of a registered class of Nabors equity securities, to file with the SEC and the national securities exchange that the common shares are registered on the initial reports of ownership and reports of changes in ownership of common shares and other equity securities of Nabors. Officers, directors and greater than 10% shareholders are required by Commission regulation to furnish Nabors with copies of all Section 16(a) forms which they file.

To our knowledge, based solely on review of the copies of Forms 3 and 4 and amendments thereto furnished to us during 2007 and Form 5 and amendments thereto furnished to us with respect to the year 2007, and written representations that no other reports were required, all Section 16(a) filings required to be made by Nabors officers, directors and greater than 10% beneficial owners with respect to the fiscal year 2007 were timely filed.

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

On October 21, 2005, we filed with the New York Stock Exchange, or NYSE, the Annual CEO Certification regarding our compliance with the NYSE s Corporate Governance listing standards as required by Section 303A-12(a) of the NYSE Listed Company Manual.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2008 annual meeting of shareholders under the caption *Management Compensation* and except as specified in the following sentence, is incorporated into this document by reference. Information in Nabors 2008 proxy statement not deemed to be soliciting material or filed with the Commission under its rules, including the Compensation Committee Report, is not deemed to be incorporated by reference.

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

The Company maintains eleven different equity compensation plans: the 1993 Stock Option Plan for Non-Employee Directors, 1996 Employee Stock Plan, 1997 Executive Officers Incentive Stock Plan, 1998 Employee Stock Plan, 1999 Stock Option Plan for Non-Employee Directors and 2003 Employee Stock Plan pursuant to which it may grant equity awards to eligible persons from certain plans. The terms of the Company s Equity Compensation Plans are described more fully below.

The following table gives information about these equity compensation plans as of December 31, 2007:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	18,691,294	$ 22.0514	13,236,536(1)(2)
Equity compensation plans not approved by security holders	9,662,971	$ 22.0864	1,142,109
Total	28,354,265		14,378,645

(1) The 1996 Employee Stock Plan incorporated an evergreen formula pursuant to which on each January 1, the aggregate number of shares reserved for issuance under the 1996 Employee Stock Plan were increased by an amount equal to $1^{1/2}$ % of the common shares

outstanding on December 31 of the immediately preceding fiscal year. The 1996 Employee Stock Plan expired on January 17, 2006, and no additional shares were reserved for issuance during fiscal 2006.

(2) The 2003 Employee Stock Plan incorporates an evergreen formula commencing on June 1, 2006 and thereafter for a period of four (4) years on each January 1, for an automatic increase in the number of shares reserved and available for issuance under the Plan by an amount equal to two percent (2%) of the Company s outstanding common shares as of each June 1 or January 1 date.

Following is a brief summary of the material terms of the plans that have not been approved by our shareholders. Unless otherwise indicated, (1) each plan is administered by an independent committee appointed by the Company s Board of Directors; (2) the exercise price of options granted under each plan shall be no less than 100% of the fair market value per common share on the date of the grant of the option; (3) the term of an award granted under each plan may not exceed ten years; (4) options granted under the plan are nonstatutory options not intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (NSOs); and (5) unless otherwise determined by the committee in its discretion, options may not be exercised after the optionee has ceased to be in the employ of the Company.

1997 Executive Officers Incentive Stock Plan

The plan reserves for issuance up to 4,900,000 common shares of the Company pursuant to the exercise of options granted under the plan. Options may be granted under the plan to executive officers of the Company. No optionee may receive grants in excess of 50% of the total number of common shares authorized to be issued under the plan.

1998 Employee Stock Plan

The plan reserves for issuance up to 35,000,000 common shares of the Company pursuant to the exercise of options granted under the plan. The persons who shall be eligible to participate in the plan are employees and consultants of the Company. Options granted to employees may either be awards of shares, non-qualified stock options (NQSOs), incentive stock options (ISOs) or stock appreciation rights (SARs). An optionee may reduce the option exercise price by paying the Company in cash, shares, options, or the equivalent, an amount equal to the difference between the exercise price and the reduced exercise price of the option. The committee

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shall establish performance goals for stock awards in writing not later than the date required for compliance under IRC Section 162(m) and the vesting of such shares shall be contingent upon the attainment of such performance goals. Stock awards shall vest over a period determined by the Committee, which period shall expire no later than January 18, 2006. The committee may grant ISOs of not less than 100% of the fair market value per common share on the date of grant; except that in the event the optionee owns on the date of grant, securities possessing more than 10% of the total combined voting power of all classes of securities of the Company or of any subsidiary of the Company, the price per share shall not be less than 110% of the fair market value per common share on the date of the grant and such option shall expire five years from the date such option is granted. SARs may be granted in conjunction with all or part of any option granted under the plan, in which case the exercise of the SAR shall require the cancellation of a corresponding portion of the option and the exercise of the option will result in cancellation of a corresponding portion of the SAR. In the case of a NQSO, such rights may be granted either at or after the time of grant of such option. In the case of an ISO, such rights may be granted only at the time of grant of such option. A SAR may also be granted on a stand alone basis. The term of a SAR shall be established by the committee. The exercise price of a SAR shall in no event be less than 100% of the fair market value per common share on the date of grant. The committee shall have the authority to make provisions in its award and grant agreements to address vesting and other issues arising in connection with a change of control.

1999 Stock Option Plan for Non-Employee Directors

The plan reserves for issuance up to 3,000,000 common shares of the Company pursuant to the exercise of options granted under the plan. The plan is administered by the Company s Board of Directors, provided that the Board may appoint a committee to administer the plan. In no event shall an eligible director consider or vote on the administration of this plan or serve as a member of the committee. Options may be granted under the plan to non-employee directors of the Company. Options shall vest and become non-forfeitable on the first year anniversary of the day on which such option was granted, if the optionee has continued to serve as a director until that day, unless otherwise provided. In the event of termination of an optionee s service as a director by reason of voluntary retirement, declining to stand for re-election or becoming a full time employee of the Company or a subsidiary of the Company, all unvested options granted pursuant to this Plan shall automatically expire and shall not be exercisable and all options unexercised shall continue to be exercisable until the stated expiration date of such options. In the event of death or disablement of an optionee while the optionee is a director, the then-outstanding options of such optionee shall be exercisable for two years from the date of the death or disablement of the optionee or by his/her successors in interest. All unvested options shall automatically vest and become non-forfeitable as of the date of death or disablement and shall be exercisable for two years from the date of the death of the optionee or until the stated grant expiration date, whichever is earlier, by the optionee or by his/her successors in interest. In the event of the termination of an optionee s service as a director by the Board of Directors for cause or the failure of such director to be re-elected, the administrator of the plan in its sole discretion can cancel the then-outstanding options of such optionee, including those options which have vested and such options shall automatically expire and become non-exercisable on the effective date of such termination.

The remainder of the information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2008 annual meeting of shareholders under the caption *Share Ownership of Management and Principal Shareholders* 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 2008 annual meeting of shareholders under the caption *Certain Relationships and Related Transactions* and 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 2008 annual meeting of shareholders under the caption *Principal Accounting Fees and Services* and is incorporated into this document by reference.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

(1) Financial Statements

(2) Financial Statement Schedules

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

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(b) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger among Nabors Industries, Inc., Nabors Acquisition Corp. VIII, Nabors Industries Ltd. and Nabors US Holdings Inc. (incorporated by reference to Annex I to the proxy statement/prospectus included in Nabors Industries Ltd. s Registration Statement on Form S-4 (File No. 333-76198) filed with the Commission on May 10, 2002, as amended).
2.2	Amended and Restated Acquisition Agreement, dated as of March 18, 2002, by and between Nabors Industries, Inc. and Enserco Energy Service Company Inc. (incorporated by reference to Exhibit 2.1 to Nabors Industries, Inc. s Registration Statement on Form S-3 (File No. 333-85228)).
2.3	Form of Plan of Arrangement Under Section 192 of the Canada Business Corporations Act Involving and Affecting Enserco Energy Service Company Inc. and its Security holders (included in Schedule B to Exhibit 2.2).
2.4	Arrangement Agreement dated August 12, 2002 between Nabors Industries Ltd. and Ryan Energy Technologies Inc. (incorporated by reference to Exhibit 2.4 to Nabors Industries Ltd. s Form 10-K for the year ended December 31, 2002 (File No. 000-49887)).
2.5	Asset Purchase Agreement dated July 20, 2007, by and among Nabors US Finance LLC, Nabors Well Services Co. (inclusive of its Sea Mar Division), Sea Mar Management LLC and Hornbeck Offshore Services, Inc. (incorporated by reference to Exhibit 2.5 to Nabors Industries Ltd. s Form 10-Q (File No. 001-32657) filed with the Commission on August 2, 2007).
3.1	Memorandum of Association of Nabors Industries Ltd. (incorporated by reference to Annex II to the proxy statement/prospectus included in Nabors Industries Ltd. s Registration Statement on Form S-4 (Registration No. 333-76198) filed with the Commission on May 10, 2002, as amended).
3.2	Amended and Restated Bye-Laws of Nabors Industries Ltd. (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. s Form 10-Q (File No. 000-49887) filed with the Commission on August 3, 2005).
3.3	Amendment to Amended and Restated Bye-Laws of Nabors Industries Ltd. (incorporated by reference to Exhibit A of Nabors Industries Ltd. Notice of Special General Meeting and Proxy Statement, File No. 001-32657, filed February 24, 2006).
3.4	Form of Resolutions of the Board of Directors of Nabors Industries Ltd. authorizing the issue of the Special Voting Preferred Share (incorporated by reference to Exhibit 3.3 to Nabors Industries Ltd. s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-85228-99) filed with the Commission on June 11, 2002).
4.1	Indenture dated as of February 5, 2001 between Nabors Industries, Inc. and Bank One, N.A., as trustee, in connection with $1,382,200,000 principal amount at maturity of Zero Coupon Convertible Senior Debentures due 2021 (incorporated by reference to Exhibit 4.11 to Nabors Industries, Inc. s Form 10-K, File No. 1-9245, filed with the Commission on March 30, 2001).
4.2	

	First Supplemental Indenture, dated as of June 21, 2002 among Nabors Industries, Inc., as issuer, Nabors Industries Ltd. as guarantor, and Bank One, N.A. as trustee, with respect to Nabors Industries, Inc. s Zero Coupon Convertible Senior Debentures due 2021 (incorporated by reference to Exhibit 4.5 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed with the Commission on August 14, 2002).
4.3	Second Supplemental Indenture dated as of October 25, 2004 by and among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, and J.P. Morgan Trust Company, National Association (as successor to Bank One, N.A.), as Trustee, to the Indenture, dated as of February 5, 2001, as amended, with respect to Nabors Industries, Inc. s Zero Coupon Convertible Senior Debentures due 2021 (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. s Current Report on Form 8-K, File No. 000-49887, filed with the Commission on October 27, 2004).
4.4	Indenture, dated August 22, 2002, among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, and Bank One, N.A., with respect to Nabors Industries, Inc. s Series A and Series B 5.375% Senior Notes due 2012 (incorporated by reference to Exhibit 4.1 to Nabors Industries, Inc. s Registration Statement on Form S-4 (Registration No. 333-10049201) filed with the Commission on October 11, 2002).
4.5	Indenture, dated August 22, 2002, among Nabors Holdings 1, ULC, as issuer, Nabors Industries, Inc. and Nabors Industries Ltd., as guarantors, and Bank One, N.A., with respect to Nabors Holdings 1, ULC s Series A and Series B 4.875% Senior Notes due 2009 (incorporated by reference to Exhibit 4.1 to Nabors Holdings 1, ULC s Registration

Exhibit No.	Description
	Statement on Form S-4 (Registration No. 333-10049301) filed with the Commission on October 11, 2002).
4.6	Form of Provisions Attaching to the Exchangeable Shares of Nabors Exchangeco (Canada) Inc. (incorporated by reference to Exhibit 4.1 to Nabors Industries, Inc. s Registration Statement on Form S-3 (Registration No. 333-85228) filed with the Commission on March 29, 2002, as amended).
4.7	Form of Support Agreement between Nabors Industries, Inc., 3064297 Nova Scotia Company and Nabors Exchangeco (Canada) Inc. (incorporated by reference to Exhibit 4.2 to Nabors Industries, Inc. s Registration Statement on Form S-3 (Registration No. 333-85228) filed with the Commission on March 29, 2002, as amended).
4.8	Form of Acknowledgement of Novation to Nabors Industries, Inc., Nabors Exchangeco (Canada) Inc., Computershare Trust Company of Canada and 3064297 Nova Scotia Company executed by Nabors Industries Ltd. (incorporated by reference to Exhibit 4.3 to Nabors Industries Ltd. s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-85228-99) filed with the Commission on June 11, 2002).
4.9	Indenture, dated as of June 10, 2003, between Nabors Industries, Inc., Nabors Industries Ltd. and Bank One, N.A. with respect to Nabors Industries, Inc. s Zero Coupon Senior Exchangeable Notes due 2023 (incorporated by reference to Exhibit 4.1 to Nabors Industries, Inc. s and Nabors Industries Ltd. s Registration Statement on Form S-3, (File No. 333-107806-01, filed with the Commission on August 8, 2003)).
4.10	Registration Rights Agreement, dated as of June 10, 2003, by and among Nabors Industries, Inc., Nabors Industries Ltd. and Citigroup Global Markets Inc. (incorporated by reference to Exhibit 4.2 to Nabors Industries Inc. s and Nabors Industries Ltd. s Registration Statement on Form S-3, File No. 333-107806-01, filed with the Commission on August 8, 2003).
4.11	First Supplemental Indenture, dated as of October 25, 2004, by and among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, and J.P. Morgan Trust Company, National Association, (as successor to Bank One, N.A.), as trustee to the Indenture, dated as of June 10, 2003, with respect to Nabors Industries, Inc. s Zero Coupon Senior Exchangeable Notes due 2023 (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. s Current Report on Form 8-K, File No. 000-49887, filed with the Commission on October 27, 2004).
4.12	Indenture, dated as of December 13, 2004, by and among Nabors Industries, Inc., Nabors Industries Ltd., and J.P. Morgan Trust Company, National Association, with respect to Nabors Industries, Inc. s Series B Zero Coupon Senior Exchangeable Notes due 2023 (incorporated by reference to Exhibit 4.12 to Nabors Industries Ltd. s Form 10-K (File No. 000-49887) filed with the Commission on March 7, 2005).
4.13	Purchase Agreement, dated May 18, 2006, among Nabors Industries, Inc., Nabors Industries Ltd., Citigroup Global Markets Inc. and Lehman Brothers Inc. (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. Form 8-K, File No. 000-49887, filed with the Commission on May 24,

	2006).
4.14	Indenture related to the Senior Exchangeable Notes, due 2011, dated as of May 23, 2006, among Nabors Industries, Inc., Nabors Industries Ltd. and Wells Fargo Bank, National Association, as trustee (including form of 0.94% Senior Exchangeable Note due 2011) incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. Form 8-K, File No. 000-49887, filed with the Commission on May 24, 2006.
4.15	Registration Rights Agreement, dated as of May 23, 2006, among Nabors Industries, Inc., Nabors Industries Ltd., Citigroup Global Markets Inc. and Lehman Brothers Inc. (incorporated by reference to Exhibit 4.3 to Nabors Industries Ltd. Form 8-K, File No. 000-49887, filed with the Commission on May 24, 2006).
4.16	Amended and Restated 2003 Employee Stock Plan (incorporated by reference to Exhibit A of Nabors Industries Ltd. Notice of 2006 Annual General Meeting of Shareholders and Proxy Statement, File No. 001-32657, filed May 4, 2006).
4.17	Purchase Agreement, dated February 14, 2008, among Nabors Industries, Inc., Nabors Industries Ltd., Citigroup Global Markets Inc. and UBS Securities LLC (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. Form 8-K, File No. 000-49887, filed February 22, 2008).
4.18	Indenture related to the Senior Notes due 2018, dated February 20, 2008, among Nabors Industries, Inc., Nabors Industries Ltd. and Wells Fargo Bank, National Association, as trustee (including form of 6.15% Senior Note due 2018) (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. Form 8-K, File No. 000-49887, filed February 22, 2008).
4.19	Registration Rights Agreement, dated as of February 20, 2008, among Nabors Industries, Inc., Nabors Industries, Ltd., Citigroup Global Markets Inc. and UBS Securities LLC (incorporated by reference to Exhibit 4.3 to Nabors Industries Ltd. Form 8-K, File No. 000-49887, filed February 22, 2008).
10.1 (+)	1996 Employee Stock Plan (incorporated by reference to Nabors Industries Inc. s Registration Statement on Form S-8, Registration No. 333-11313, filed September 3, 1996).
10.2 (+)	1994 Executive Stock Option Agreement effective December 28, 1994 between Nabors Industries, Inc. and Eugene M. Isenberg (incorporated by reference to Exhibit 10.4 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed December 30, 1996).
10.3 (+)	1994 Executive Stock Option Agreement effective December 28, 1994 between Nabors Industries, Inc. and Anthony G. Petrello (incorporated by reference to Exhibit 10.5 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed December 30, 1996).

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Exhibit No.	Description
10.4 (+)	Employment Agreement effective October 1, 1996 between Nabors Industries, Inc. and Eugene M. Isenberg (incorporated by reference to Exhibit 10.7 to Nabors Industries Inc. s Form 10-Q, File No. 1-9245, filed May 16, 1997).
10.5 (+)	First Amendment to Amended and Restated Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of June 24, 2002 (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed August 14, 2002).
10.6 (+)	Second Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of July 17, 2002 (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed August 14, 2002).
10.7 (+)	Third Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of December 28, 2005 (incorporated by reference to Exhibit 10.01 to Nabors Industries Ltd. s Form 8-K, File No. 000-49887, filed December 28, 2005).
10.8 (+)	Fourth Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of March 10, 2006. (incorporated by reference to Exhibit 10.8 to Nabors Industries Ltd. s Form 10-K, File No. 000-49887, filed March 16, 2006).
10.9 (+)	Employment Agreement effective October 1, 1996 between Nabors Industries, Inc. and Anthony G. Petrello (incorporated by reference to Exhibit 10.8 to Nabors Industries Inc. s Form 10-Q, File No. 1-9245, filed May 16, 1997).
10.10 (+)	First Amendment to Amended and Restated Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of June 24, 2002 (incorporated by reference to Exhibit 10.2 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed August 14, 2002).
10.11 (+)	Second Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of July 17, 2002 (incorporated by reference to Exhibit 10.3 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed August 14, 2002).
10.12 (+)	Third Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of December 28, 2005 (incorporated by reference to Exhibit 10.02 to Nabors Industries Ltd. s Form 8-K, File No. 000-49887, filed December 28, 2005).
10.13 (+)	Waiver dated as of September 27, 2002 pursuant to Section 9.[c] and Schedule 9.[c] of the Amended Employment Agreement among Nabors Industries, Inc., Nabors Industries Ltd., and Anthony G. Petrello (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed November 14, 2002).
10.14 (+)	Nabors Industries, Inc. 1996 Chairman s Executive Stock Plan (incorporated by reference to Exhibit 10.17 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed December 29, 1997).

10.15 (+)	Nabors Industries, Inc. 1996 Executive Officers Stock Plan (incorporated by reference to Exhibit 10.18 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed December 29, 1997).
10.16 (+)	Nabors Industries, Inc. 1996 Executive Officers Incentive Stock Plan (incorporated by reference to Exhibit 10.9 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed December 29, 1997).
10.17 (+)	Nabors Industries, Inc. 1997 Executive Officers Incentive Stock Plan (incorporated by reference to Exhibit 10.20 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed December 29, 1997).
10.18 (+)	Nabors Industries, Inc. 1998 Employee Stock Plan (incorporated by reference to Exhibit 10.19 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed March 31, 1999).
10.19 (+)	Nabors Industries, Inc. 1998 Chairman s Executive Stock Plan (incorporated by reference to Exhibit 10.20 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed March 31, 1999).
10.20 (+)	Nabors Industries, Inc. 1999 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.21 to Nabors Industries Inc. s Form 10-K, File No. 1-9245, filed March 31, 1999).
10.21 (+)	Amendment to Nabors Industries, Inc. 1999 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.19 to Nabors Industries Inc. s Form 10-K, File No. 1-09245, filed March 19, 2002).
10.22 (+)	1999 Pool Employee/Director Option Exchange Plan (incorporated by reference to Exhibit 10.20 to Nabors Industries Inc. s Form 10-K, File No. 1-09245, filed March 19, 2002).
10.23	Form of Indemnification Agreement entered into between Nabors Industries Ltd. and the directors and executive officers identified in the schedule thereto (incorporated by reference to Exhibit 10.28 to Nabors Industries Ltd. s Form

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Exhibit No.	Description
	10-K, File No. 000-49887, filed March 31, 2003).
10.24 (+)	Amended and Restated 1999 Stock Option Plan for Non-Employee Directors (amended on May 2, 2003) (incorporated by reference to Exhibit 10.29 to Nabors Industries Ltd. s Form 10-Q, File No. 000-49887, filed May 12, 2003).
10.25 (+)	2003 Employee Stock Option Plan (incorporated by reference to Annex D of Nabors Industries Ltd. s Notice of 2003 Annual General Meeting of Shareholders and Proxy Statement, File No. 000-49887, filed May 8, 2003).
10.26	Purchase and Sale Agreement (Red River) by and among El Paso Production Company and El Paso Production GOM Inc., jointly and severally as Seller and Ramshorn Investments, Inc., as Purchaser dated October 8, 2003 (incorporated by reference to Exhibit 10.23 to Nabors Industries Ltd. s Form 10-K, File No. 000-49887, filed March 15, 2004).
10.27	Purchase and Sale Agreement (USA) between El Paso Production Oil & Gas USA, L.P., as Seller and Ramshorn Investments, Inc., as Purchaser dated October 8, 2003 (incorporated by reference to Exhibit 10.24 to Nabors Industries Ltd. s Form 10-K, File No. 000-49887, filed March 15, 2004).
10.28	Exploration Participation Agreement (South Texas) by and between El Paso Production Oil & Gas Company and El Paso Production Oil & Gas USA, L.P., jointly and severally and Ramshorn Investments, Inc., dated November 6, 2003 (incorporated by reference to Exhibit 10.25 to Nabors Industries Ltd. s Form 10-K, File No. 000-49887, filed March 15, 2004).
10.29	Exploration Participation Agreement (Catapult) by and between El Paso Production Company, and Ramshorn Investments, Inc., dated November 6, 2003 (incorporated by reference to Exhibit 10.26 to Nabors Industries Ltd. s Form 10-K, File No. 000-49887, filed March 15, 2004).
10.30 (+)	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, 2005).
10.31 (+)	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).
10.32 (+)	Form of Stock Option Agreement Isenberg/Petrello (incorporated by reference to Exhibit 10.03 to Nabors Industries Ltd. s Form 8-K, File No. 000-49887, filed March 2, 2005).
10.33 (+)	Form of Stock Option Agreement Others (incorporated by reference to Exhibit 10.04 to Nabors Industries Ltd. s Form 8-K, File No. 000-49887, filed March 2, 2005).
10.34 (+)	First Amendment to 2003 Employee Stock Plan (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. s Form 10-Q (File No. 000-49887) filed August 3, 2005).
12	Computation of Ratios. *
14	

	Code of Business Conduct (incorporated by reference to Exhibit 14 to Nabors Industries Ltd. s Form 10-K, File No. 000-49887, filed March 15, 2004).
18	Preference Letter of Independent Accountants Regarding Change in Accounting Principle (incorporated by reference to Exhibit 18 to Nabors Industries Ltd. s Form 10-Q (File No. 000-49887) filed November 2, 2005).
21	Significant Subsidiaries of Nabors Industries Ltd. *
23	Consent of Independent Registered Public Accounting Firm. *
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Eugene M. Isenberg, Chairman and Chief Executive Officer of Nabors Industries Ltd. *
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Bruce P. Koch, Vice President and Chief Financial Officer of Nabors Industries Ltd. *
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 Eugene M. Isenberg, Chairman and Chief Executive Officer of Nabors Industries Ltd. and Bruce P. Koch, Vice President and Chief Financial Officer of Nabors Industries Ltd. (furnished herewith).

* Filed herewith.

(+) Management contract or compensatory plan or arrangement.

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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 report to be signed on its behalf by the undersigned, thereunto duly authorized.

NABORS INDUSTRIES LTD.

By: /s/ Eugene M. Isenberg
Eugene M. Isenberg
Chairman and
Chief Executive Officer

By: /s/ Bruce P. Koch
Bruce P. Koch
Vice President and Chief Financial
Officer (Principal Financial and
Accounting Officer)

Date: February 28, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this 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/ Eugene M. Isenberg	Chairman and	February 28, 2008
Eugene M. Isenberg	Chief Executive Officer	
/s/ Alexander M. Knaster	Director	February 28, 2008
Alexander M. Knaster		
/s/ James L. Payne	Director	February 28, 2008
James L. Payne		
/s/ Anthony G. Petrello	Deputy Chairman, President and	February 28, 2008
Anthony G. Petrello	Chief Operating Officer	
/s/ Hans Schmidt	Director	February 28, 2008
Hans Schmidt		

/s/ Myron M. Sheinfeld	Director	February 28, 2008
Myron M. Sheinfeld		
/s/ Martin J. Whitman	Director	February 28, 2008
Martin J. Whitman		

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NABORS INDUSTRIES LTD.
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2007, 2006 and 2005

(In thousands)	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
2007					
Allowance for doubtful accounts	$ 14,850	$ 2,824	$ 88	$ (1,049)(1)	$ 16,713
Inventory reserve	1,145	1,164			2,309
Valuation allowance on deferred tax assets	22,140	8,144	(626)		29,658
2006					
Allowance for doubtful accounts	$ 11,364	$ 3,354	$ 652	$ (520)(1)	$ 14,850
Inventory reserve	1,808	534		(1,197)(2)	1,145
Valuation allowance on deferred tax assets	17,566	4,574			22,140
2005					
Allowance for doubtful accounts	$ 10,978	$ 1,024	$ 289	$ (927)(1)	$ 11,364
Inventory reserve	1,749	178		(119)(2)	1,808
Valuation allowance on deferred tax assets	14,508	3,058			17,566

(1) Uncollected receivables written-off, net of recoveries.

(2) Inventory reserves written-off.

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12	Computation of Ratios. *
21	Significant Subsidiaries of Nabors Industries Ltd. *
23	Consent of Independent Registered Public Accounting Firm. *
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Eugene M. Isenberg, Chairman and Chief Executive Officer of Nabors Industries Ltd. *
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Bruce P. Koch, Vice President and Chief Financial Officer of Nabors Industries Ltd. *
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 Eugene M. Isenberg, Chairman and Chief Executive Officer of Nabors Industries Ltd. and Bruce P. Koch, Vice President and Chief Financial Officer of Nabors Industries Ltd. (furnished herewith).

* Filed herewith.

(+) Management contract or compensatory plan or arrangement.

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