UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2015

Commission File Number: 001-32657

NABORS INDUSTRIES LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**98-0363970**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Crown House

Second Floor

4 Par-la-Ville Road

Hamilton, HM08

Bermuda

(441) 292-1510

(Address of principal executive office)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES x NO o

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

Large Accelerated Filer x	Accelerated Filer o
Non-accelerated Filer o	Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO x

The number of common shares, par value $.001 per share, outstanding as of August 3, 2015 was 330,626,259.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share amounts)	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 436,675	$ 501,149
Short-term investments	33,222	35,020
Assets held for sale	136,677	146,467
Accounts receivable, net	908,563	1,517,503
Inventory	183,775	230,067
Deferred income taxes		118,230
Other current assets	270,243	193,438
Total current assets	1,969,155	2,741,874
Long-term investments and other receivables	2,617	2,806
Property, plant and equipment, net	7,405,441	8,599,125
Goodwill	139,756	173,928
Investment in unconsolidated affiliates	676,234	58,251
Other long-term assets	324,080	303,958
Total assets	$ 10,517,283	$ 11,879,942
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt	$ 66,359	$ 6,190
Trade accounts payable	363,058	780,060
Accrued liabilities	773,287	728,004
Income taxes payable	20,049	53,221
Total current liabilities	1,222,753	1,567,475
Long-term debt	3,691,357	4,348,859
Other long-term liabilities	626,511	601,816
Deferred income taxes	37,287	443,003
Total liabilities	5,577,908	6,961,153
Commitments and contingencies (Note 11)		
Equity:		
Shareholders equity:		
Common shares, par value $0.001 per share:		
Authorized common shares 800,000; issued 330,643 and 328,196, respectively	331	328
Capital in excess of par value	2,476,132	2,452,261
Accumulated other comprehensive income	25,156	77,522
Retained earnings	3,625,005	3,573,172
Less: treasury shares, at cost, 38,788 common shares	(1,194,664)	(1,194,664)
Total shareholders equity	4,931,960	4,908,619
Noncontrolling interest	7,415	10,170
Total equity	4,939,375	4,918,789
Total liabilities and equity	$ 10,517,283	$ 11,879,942

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

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(Unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenues and other income:				
Operating revenues	$ 863,305	$ 1,616,981	$ 2,278,012	$ 3,206,599
Earnings (losses) from unconsolidated affiliates	(1,116)	(576)	5,386	(3,021)
Investment income (loss)	1,181	7,066	2,150	8,046
Total revenues and other income	863,370	1,623,471	2,285,548	3,211,624
Costs and other deductions:				
Direct costs	488,522	1,066,495	1,408,132	2,128,234
General and administrative expenses	86,290	133,630	213,423	267,896
Depreciation and amortization	218,196	282,820	499,215	564,947
Interest expense	44,469	46,303	91,070	91,113
Losses (gains) on sales and disposals of long-lived assets and other expense (income), net	1,338	16,504	(54,504)	17,980
Total costs and other deductions	838,815	1,545,752	2,157,336	3,070,170
Income (loss) from continuing operations before income tax	24,555	77,719	128,212	141,454
Income tax expense (benefit):				
Current	(14,402)	7,577	32,947	21,235
Deferred	80,847	3,179	12,793	3,529
Total income tax expense (benefit)	66,445	10,756	45,740	24,764
Subsidiary preferred stock dividend		1,234		1,984
Income (loss) from continuing operations, net of tax	(41,890)	65,729	82,472	114,706
Income (loss) from discontinued operations, net of tax	5,025	(1,032)	4,208	483
Net income (loss)	(36,865)	64,697	86,680	115,189
Less: Net (income) loss attributable to noncontrolling interest	44	(253)	133	(826)
Net income (loss) attributable to Nabors	$ (36,821)	$ 64,444	$ 86,813	$ 114,363
Earnings (losses) per share:				
Basic from continuing operations	$ (0.14)	$ 0.21	$ 0.28	$ 0.37
Basic from discontinued operations	0.01		0.02	
Total Basic	$ (0.13)	$ 0.21	$ 0.30	$ 0.37
Diluted from continuing operations	$ (0.14)	$ 0.21	$ 0.28	$ 0.37
Diluted from discontinued operations	0.01		0.02	
Total Diluted	$ (0.13)	$ 0.21	$ 0.30	$ 0.37
Weighted-average number of common shares outstanding:				
Basic	286,085	297,984	285,723	297,097
Diluted	286,085	300,981	286,701	300,016

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

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(In thousands)	**Three Months Ended June 30, 2015**	**Three Months Ended June 30, 2014**	**Six Months Ended June 30, 2015**	**Six Months Ended June 30, 2014**
Net income (loss) attributable to Nabors	$ (36,821)	$ 64,444	$ 86,813	$ 114,363
Other comprehensive income (loss), before tax:				
Translation adjustment attributable to Nabors				
Unrealized gain (loss) on translation adjustment	12,273	32,255	(56,266)	(4,339)
Less: reclassification adjustment for realized loss on translation adjustment			5,365	
Translation adjustment attributable to Nabors	12,273	32,255	(50,901)	(4,339)
Unrealized gains (losses) on marketable securities				
Unrealized gains (losses) on marketable securities	(2,153)	(325)	(2,000)	(19,533)
Less: reclassification adjustment for (gains) losses on marketable securities		(4,903)		(4,903)
Unrealized gains (losses) on marketable securities	(2,153)	(5,228)	(2,000)	(24,436)
Pension liability amortization and adjustment	276	123	552	246
Unrealized gains (losses) and amortization of cash flow hedges	153	153	306	306
Other comprehensive income (loss), before tax	10,549	27,303	(52,043)	(28,223)
Income tax expense (benefit) related to items of other comprehensive income (loss)	161	(784)	323	(636)
Other comprehensive income (loss), net of tax	10,388	28,087	(52,366)	(27,587)
Comprehensive income (loss) attributable to Nabors	(26,433)	92,531	34,447	86,776
Net income (loss) attributable to noncontrolling interest	(44)	253	(133)	826
Translation adjustment attributable to noncontrolling interest	162	379	(718)	(102)
Comprehensive income (loss) attributable to noncontrolling interest	118	632	(851)	724
Comprehensive income (loss)	$ (26,315)	$ 93,163	$ 33,596	$ 87,500

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

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30, 2015	2014
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	$ 86,680	$ 115,189
Adjustments to net income (loss):		
Depreciation and amortization	501,085	566,458
Deferred income tax expense (benefit)	5,039	3,172
Losses (gains) on long-lived assets, net	2,725	15,041
Losses (gains) on investments, net		(5,062)
Share-based compensation	30,102	19,301
Foreign currency transaction losses (gains), net	(548)	1,044
Gain on merger transaction	(52,574)	
Gain on acquisitions	(2,308)	
Equity in (earnings) losses of unconsolidated affiliates, net of dividends	3,809	3,021
Other	4,815	3,355
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	449,062	(48,089)
Inventory	7,763	(6,623)
Other current assets	148,563	(31,780)
Other long-term assets	255,845	10,868
Trade accounts payable and accrued liabilities	(633,640)	57,418
Income taxes payable	(29,212)	(63,070)
Other long-term liabilities	(259,802)	205,794
Net cash provided by operating activities	517,404	846,037
Cash flows from investing activities:		
Purchases of investments	(8)	(266)
Sales and maturities of investments	745	23,238
Cash paid for acquisition of businesses, net of cash acquired	(57,909)	(10,200)
Investment in unconsolidated affiliates	(445)	(1,612)
Proceeds from merger transaction	660,050	
Capital expenditures	(566,672)	(862,680)
Proceeds from sales of assets and insurance claims	24,790	69,343
Other	1,809	(761)
Net cash provided by (used for) investing activities	62,360	(782,938)
Cash flows from financing activities:		
Increase (decrease) in cash overdrafts	310	(3,383)
Proceeds from (payments for) issuance of common shares	1,198	29,047
Dividends to shareholders	(34,980)	(23,792)
Proceeds from short-term borrowings	60,169	
Proceeds from (payment for) commercial paper, net	(208,467)	111,228
Proceeds from revolving credit facilities		15,000
Reduction in revolving credit facilities	(450,000)	(75,000)
Proceeds from term loan facility	300,000	
Payments on term loan facility	(300,000)	
Purchase of preferred stock		(70,875)
Reduction in short-term debt		(10,000)
Other	(7,426)	(7,303)

Net cash used for financing activities		(639,196)		(35,078)
Effect of exchange rate changes on cash and cash equivalents		(5,042)		(6,978)
Net increase (decrease) in cash and cash equivalents		(64,474)		21,043
Cash and cash equivalents, beginning of period		501,149		389,915
Cash and cash equivalents, end of period	$	436,675	$	410,958

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

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(In thousands)	Common Shares Shares	Common Shares Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Shares	Non-controlling Interest	Total Equity
As of December 31, 2013	323,711	$ 324	$ 2,392,585	$ 216,140	$ 4,304,664	$ (944,627)	$ 12,091	$ 5,981,177
Net income (loss)					114,363		826	115,189
Dividends to shareholders					(23,792)			(23,792)
Redemption of subsidiary preferred stock					(1,688)			(1,688)
Other comprehensive income (loss), net of tax				(27,587)			(102)	(27,689)
Issuance of common shares for stock options exercised	2,911	3	29,045					29,048
Share-based compensation			19,301					19,301
Other	1,512	1	(7,305)	(1)			(2,319)	(9,624)
As of June 30, 2014	328,134	$ 328	$ 2,433,626	$ 188,552	$ 4,393,547	$ (944,627)	$ 10,496	$ 6,081,922
As of December 31, 2014	328,196	$ 328	$ 2,452,261	$ 77,522	$ 3,573,172	$ (1,194,664)	$ 10,170	$ 4,918,789
Net income (loss)					86,813		(133)	86,680
Dividends to shareholders					(34,980)			(34,980)
Other comprehensive income (loss), net of tax				(52,366)			(718)	(53,084)
Issuance of common shares for stock options exercised	130		1,198					1,198
Share-based compensation			30,102					30,102
Other	2,317	3	(7,429)				(1,904)	(9,330)
As of June 30, 2015	330,643	$ 331	$ 2,476,132	$ 25,156	$ 3,625,005	$ (1,194,664)	$ 7,415	$ 4,939,375

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

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Nabors Industries Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations

We own and operate the world s largest land-based drilling rig fleet and are a leading provider of offshore platform workover and drilling rigs in the United States and numerous international markets.

As a global provider of services for land-based and offshore oil and natural gas wells, our fleet of rigs and drilling-related equipment as of June 30, 2015 includes:

- 469 actively marketed rigs for land-based drilling operations in the United States, Canada and over 20 other countries throughout the world; and

- 42 actively marketed rigs for offshore drilling operations in the United States and numerous international markets.

We also provide innovative drilling technology and equipment and comprehensive well-site services in many of the most significant oil and gas markets in the world, including engineering, transportation and disposal, construction, maintenance, well logging, directional drilling, rig instrumentation, data collection and other support services. In addition, we manufacture and lease or sell top drives and other rig equipment.

The majority of our business is conducted through our Drilling & Rig Services business line, which is comprised of our global land-based and offshore drilling rig operations and other rig services, consisting of equipment manufacturing, rig instrumentation, optimization software and directional drilling services. This business line consists of four operating segments: U.S., Canada, International and Rig Services.

On March 24, 2015, we completed the previously announced merger (the Merger) of our Completion & Production Services business line with C&J Energy Services, Inc. (C&J Energy). As a result of the Merger and related transactions, our wholly-owned interest in our Completion & Production Service business line was exchanged for cash and an equity interest in the combined entity, C&J Energy Services Ltd. (CJES), and is now accounted for as an unconsolidated affiliate as of the acquisition date. See further discussion in Note 3 Investments in Unconsolidated Affiliates. Prior to the Merger, this business line was comprised of our operations involved in the completion, life-of-well maintenance and plugging and abandonment of a well in the United States and Canada. These services include stimulation, coiled-tubing, cementing, wireline, workover, well-servicing and fluids management.

On May 24, 2015, we paid $106.0 million in cash to acquire the remaining 49% equity interest in Nabors Arabia Company Limited (Nabors Arabia), our joint venture in Saudi Arabia, making it a wholly owned subsidiary. As a result of the acquisition, we consolidated the assets and liabilities of Nabors Arabia on May 24, 2015 based on their respective fair values. We have also consolidated the operating results of Nabors Arabia as of the acquisition date. See further discussion in Note 4 Acquisitions.

Unless the context requires otherwise, references in this report to we, us, our, the Company, or Nabors mean Nabors Industries Ltd., together with our subsidiaries where the context requires, including Nabors Industries, Inc., a Delaware corporation (Nabors Delaware), our wholly owned subsidiary.

Note 2 Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited consolidated financial statements of Nabors have been prepared in conformity with the generally accepted accounting principles in the United States (GAAP). Pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted. Therefore, these financial statements should be read along with our annual report on Form 10-K for the year ended December 31, 2014 (2014 Annual Report). In management s opinion, the unaudited consolidated financial statements contain all adjustments necessary to present fairly our financial position as of June 30, 2015 and the results of operations, comprehensive income (loss), cash flows and changes in equity for the periods presented herein. Interim results for the six months ended June 30, 2015 may not be indicative of results that will be realized for the full year ending December 31, 2015.

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Principles of Consolidation

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

Investments in operating entities where we have the ability to exert significant influence, but where we do not control operating and financial policies, are accounted for using the equity method. Our share of the net income (loss) of these entities is recorded as earnings (losses) from unconsolidated affiliates in our consolidated statements of income (loss). The investments in these entities are included in investment in unconsolidated affiliates in our consolidated balance sheets. We record our share of the net income (loss) of our equity method investment in CJES on a one-quarter lag, as we are not able to obtain the financial information on a timely basis. See Note 3 Investments in Unconsolidated Affiliates.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out or weighted-average cost methods and includes the cost of materials, labor and manufacturing overhead. Inventory included the following:

	June 30, 2015	December 31, 2014
	(In thousands)	
Raw materials	$ 138,923	$ 133,797
Work-in-progress	37,791	39,617
Finished goods	7,061	56,653
	$ 183,775	$ 230,067

Goodwill

We review goodwill for impairment annually during the second quarter of each fiscal year or more frequently if events or changes in circumstances indicate that the carrying amount of such goodwill and intangible assets exceed their fair value. We initially assess goodwill for impairment based on qualitative factors to determine whether to perform the two-step annual goodwill impairment test, a Level 3 fair value measurement. After our qualitative assessment, step one of the impairment test compares the estimated fair value of the reporting unit to its carrying amount. If the carrying amount exceeds the fair value, a second step is required to measure the goodwill impairment loss. The second step compares the implied fair value of the reporting unit s goodwill to its carrying amount. If the carrying amount exceeds the implied fair value, an impairment loss is recognized in an amount equal to the excess.

Our estimated fair values of our reporting units incorporate judgment and the use of estimates by management. Potential factors requiring assessment include a further or sustained decline in our stock price, declines in oil and natural gas prices, a variance in results of operations from forecasts, a change in operating strategy of assets and additional transactions in the oil and gas industry. Another factor in determining whether impairment has occurred is the relationship between our market capitalization and our book value. As part of our annual review, we compare the sum of our reporting units estimated fair value, which includes the estimated fair value of non-operating assets and liabilities, less debt, to our market capitalization and assess the reasonableness of our estimated fair value. Any of the above-mentioned factors may cause us to re-evaluate goodwill during any quarter throughout the year.

Based on our annual review during the second quarter of 2015, we did not record a goodwill impairment. However, a prolonged period of lower natural gas or oil prices could continue to adversely affect demand for our services and lead to goodwill impairment charges in the future.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) relating to consolidation, which eliminates the presumption that a general partner should consolidate a limited partnership. It also modifies the evaluation of whether limited partnerships are variable interest entities or voting interest entities and adds requirements that limited partnerships must meet to qualify as voting interest entities. This guidance is effective for public companies for fiscal years beginning after December 15, 2015. We are currently evaluating the impact this will have on our consolidated financial statements.

In April 2015, the FASB issued an ASU relating to the presentation of debt issuance costs on the balance sheet. This standard amends existing guidance to require the presentation of debt issuance costs on the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. This guidance is effective for fiscal years beginning after December 15, 2015. Early application is permitted. We are currently evaluating the impact this will have on our consolidated financial statements.

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In May 2014, the FASB issued an ASU relating to the revenue recognition from contracts with customers that creates a common revenue standard for GAAP and IFRS. The core principle will require recognition of revenue to represent the transfer of promised goods or services to customers in an amount that reflects the consideration, including costs incurred, to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB approved a one year deferral of this standard, with a new effective date for fiscal years beginning after December 15, 2017. We are currently evaluating the impact this will have on our consolidated financial statements.

Note 3 Investments in Unconsolidated Affiliates

On March 24, 2015, we completed the previously announced Merger of our Completion & Production Services business line with C&J Energy. We received total consideration comprised of approximately $693.5 million in cash and approximately 62.5 million common shares in the combined company, CJES, representing approximately 53% of the outstanding and issued common shares of CJES. Because we have significant influence over CJES, but not a controlling financial interest, we account for our investment in CJES under the equity method of accounting.

Our consolidated statement of income (loss) for the six months ended June 30, 2015 consolidates the operating results of our Completion & Production Services business line through the closing date of the Merger. As a result of the Merger, we no longer consolidate the operating results of our Completion & Production Services business line and CJES became an unconsolidated affiliate. Therefore, subsequent to the closing date of the Merger, our share of the net income (loss) of our equity method investment is recorded as earnings (losses) from unconsolidated affiliates in our consolidated statements of income (loss). Our policy is to record our share of the net income (loss) of CJES on a one-quarter lag as we are not able to obtain the financial information of CJES on a timely basis. Accordingly, the equity in earnings from CJES, which is reflected in earnings (losses) from unconsolidated affiliates in our consolidated statement of income (loss) for the three months ended June 30, 2015 includes our share of the net income (loss) of CJES for the eight-day period from the closing date of the Merger until March 31, 2015.

We recorded our investment in the equity of CJES in the Investment in unconsolidated affiliates line in our consolidated balance sheet, with an initial valuation of approximately $676.2 million, based on the fair value of shares received on the closing date of the Merger. As of March 31, 2015, the fair market value of our investment in CJES was approximately $696.1 million, based on its available quoted market prices, which exceeds its carrying value of $675.3 million. Additionally, we recognized an estimated gross gain of $102.2 million in connection with the Merger based on the difference between the consideration received and the carrying value of the assets and liabilities of our Completion & Production Services business line. This gain was partially offset by $49.6 million in transaction costs related to the Merger. The Merger is subject to customary post-closing adjustments which may impact the ultimate amount of gain recognized on the transaction.

Note 4 Acquisitions

On May 24, 2015, we paid $106.0 million in cash to acquire the remaining 49% equity interest in Nabors Arabia, our joint venture in Saudi Arabia, making it a wholly owned subsidiary. Previously, we held a 51% equity interest with a carrying value of $44.7 million that we had accounted for as an equity method investment. The acquisition of the remaining interest allows us to strategically align our future growth in this market by providing additional flexibility to invest capital and pursue future investment opportunities. As a result of the acquisition, we consolidated the assets and liabilities of Nabors Arabia on May 24, 2015 based on their respective fair values. We have also consolidated the operating results of Nabors Arabia as of the acquisition date and reported those results in our International drilling segment. The excess of the estimated fair value of the assets and liabilities over the net carrying value of our previously held equity interest resulted in a gain of $2.3 million and was reflected in losses (gains) on sales and disposals of long-lived assets and other expense (income) in the consolidated statements of income.

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The following table provides the preliminary estimates for allocation of the purchase price as of the acquisition date. This allocation was based on the significant use of estimates and on information that was available to management at the time these interim consolidated financial statements were prepared. We will continue to adjust the allocations until final valuation of the assets and liabilities is completed.

(In thousands)		**Estimated Fair Value**
Assets:		
Cash	$	48,058
Accounts receivable		153,819
Other current assets		244,869
Property, plant and equipment, net		93,000
Intangible assets		12,400
Goodwill		58,663
Other long-term assets		287,138
Total assets		897,947
Liabilities:		
Accounts payable	$	206,599
Accrued liabilities		236,700
Income taxes payable		8,500
Other long-term liabilities		293,167
Total liabilities		744,966
Net assets acquired	$	152,981

The following unaudited supplemental pro forma results present consolidated information as if the acquisition had been completed as of January 1, 2014. The unaudited supplemental pro forma results should not be considered indicative of the results that would have occurred if the acquisition had been consummated as of January 1, 2014; nor are they indicative of future results.

	Six Months Ended June 30,			
(In thousands, except per share amounts)		**2015**		**2014**
Total revenues and other income	$	2,456,115	$	3,360,645
Income (loss) from continuing operations, net of tax		75,292		115,844
Income (loss) from continuing operations per share - basic	$	0.26	$	0.38
Income (loss) from continuing operations per share - diluted	$	0.26	$	0.37

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Note 5 Cash and Cash Equivalents and Short-term Investments

Certain information related to our cash and cash equivalents and short-term investments follows:

	June 30, 2015			December 31, 2014		
	Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses
	(In thousands)					
Cash and cash equivalents	$ 436,675	$	$	$ 501,149	$	$
Short-term investments:						
Available-for-sale equity securities	33,205	12,851		35,002	14,648	
Available-for-sale debt securities:						
Mortgage-CMO debt securities	17			18		(1)
Total short-term investments	33,222	12,851		35,020	14,648	(1)
Total cash, cash equivalents and short-term investments	$ 469,897	$ 12,851	$	$ 536,169	$ 14,648	$ (1)

Certain information regarding our debt and equity securities is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)		(In thousands)	
Available-for-sale				
Proceeds from sales and maturities	$	$ 22,178	$	$ 22,313
Realized gains (losses), net	$	$ 4,903	$	$ 4,903

Note 6 Fair Value Measurements

The following table sets forth, by level within the fair value hierarchy, our financial assets and liabilities that are accounted for at fair value on a recurring basis as of June 30, 2015. Our debt securities could transfer into or out of a Level 1 or 2 measure depending on the availability of independent and current pricing at the end of each quarter. During the three and six months ended June 30, 2015, there were no transfers of our financial assets between Level 1 and Level 2 measures. Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				

Short-term investments:				
Available-for-sale equity securities (energy industry)	$ 33,205	$	$	$ 33,205
Available-for-sale debt securities:				
Mortgage-CMO debt securities		17		17
Total short-term investments	$ 33,205	$ 17	$	$ 33,222

Nonrecurring Fair Value Measurements

We applied fair value measurements to our nonfinancial assets and liabilities measured on a nonrecurring basis, which consist of measurements primarily to assets held-for-sale, goodwill, intangible assets and other long-lived assets, assets acquired and liabilities assumed in a business combination and our pipeline contractual commitment.

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Fair Value of Financial Instruments

We estimate the fair value of our financial instruments in accordance with GAAP. The fair value of our long-term debt, revolving credit facility and commercial paper is estimated based on quoted market prices or prices quoted from third-party financial institutions. The carrying and fair values of these liabilities were as follows:

	June 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
2.35% senior notes due September 2016	$ 349,921	$ 351,964	$ 349,887	$ 346,980
6.15% senior notes due February 2018	931,307	1,007,645	930,693	991,920
9.25% senior notes due January 2019	339,607	411,852	339,607	403,531
5.00% senior notes due September 2020	698,406	727,181	698,253	687,953
4.625% senior notes due September 2021	698,508	699,923	698,388	661,619
5.10% senior notes due September 2023	348,957	350,091	348,893	332,759
Revolving credit facility			450,000	450,000
Commercial paper	324,652	324,652	533,119	533,119
Other	66,358	66,358	6,209	6,209
Total	$ 3,757,716	$ 3,939,666	$ 4,355,049	$ 4,414,090

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

Note 7 Share-Based Compensation

We have several share-based employee and director compensation plans, which are more fully described in Note 9 Share-Based Compensation in our 2014 Annual Report. Total share-based compensation expense, which includes stock options and restricted stock, totaled $16.4 million and $8.6 million for the three months ended June 30, 2015 and 2014, respectively, and $30.1 million and $19.3 million for the six months ended June 30, 2015 and 2014, respectively. Share-based compensation expense has been allocated to our various operating segments. See Note 15 Segment Information.

Stock Options

The total intrinsic value of stock options exercised during the six months ended June 30, 2015 and 2014 was $0.8 million and $46.9 million, respectively. The total fair value of stock options that vested during the six months ended June 30, 2015 and 2014 was $1.6 million and $1.5

million, respectively.

Restricted Stock

During the six months ended June 30, 2015 and 2014, we awarded 2,535,503 and 1,143,002 shares of restricted stock, respectively, vesting over periods of up to four years, to our employees and directors. These awards had an aggregate value at their date of grant of $34.7 million and $26.1 million, respectively. The fair value of restricted stock that vested during the six months ended June 30, 2015 and 2014 was $13.2 million and $18.3 million, respectively. The fair value of these awards is based on the closing price of Nabors stock on the date the awards are granted.

Restricted Stock Based on Performance

During the six months ended June 30, 2015 and 2014, we awarded 438,307 and 362,311 shares of restricted stock, respectively, vesting over a period of three years to some of our executives. The performance awards granted were based upon achievement of specific financial or operational objectives. The number of shares granted was determined by the number of performance goals achieved during fiscal years 2014 and 2013, respectively.

Until shares are vested, our performance awards based on performance conditions are liability-classified awards. Our accrued liabilities included $1.1 million for such awards at June 30, 2015 for the performance period beginning January 1, 2015 through December 31, 2015. The fair value of these awards that vested during the six months ended June 30, 2015 was $3.7 million. The fair value of these awards are estimated at each reporting period, based on internal metrics and marked to market.

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Restricted Stock Based on Market Conditions

During the six months ended June 30, 2015 and 2014, we awarded 544,925 and 395,550 shares of restricted stock, respectively, which will vest based on our performance compared to our peer group over a three-year period. These awards had an aggregate value at their date of grant of $4.7 million and $4.5 million, respectively, after consideration of all assumptions.

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

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
Risk free interest rate	1.18%	0.80%
Expected volatility	50.00%	40.00%
Closing stock price at grant date	$ 12.98	$ 18.19
Expected term (in years)	3.0 years	2.97 years

Note 8 Debt

Debt consisted of the following:

	June 30, 2015	December 31, 2014
	(In thousands)	
2.35% senior notes due September 2016	$ 349,921	$ 349,887
6.15% senior notes due February 2018	931,307	930,693
9.25% senior notes due January 2019	339,607	339,607
5.00% senior notes due September 2020	698,406	698,253
4.625% senior notes due September 2021	698,508	698,388
5.10% senior notes due September 2023	348,957	348,893
Revolving credit facility		450,000
Commercial paper	324,652	533,119
Other	66,358	6,209
	$ 3,757,716	$ 4,355,049
Less: current portion	66,359	6,190
	$ 3,691,357	$ 4,348,859

Commercial Paper Program

As of June 30, 2015, we had approximately $324.7 million of commercial paper outstanding. The weighted average interest rate on borrowings at June 30, 2015 was 0.553%. Our commercial paper borrowings are classified as long-term debt because the borrowings are fully supported by availability under our revolving credit facility, which matures as currently structured in July 2020, more than one year from now.

Revolving Credit Facility

During the first quarter of 2015, we exercised the accordion feature under our revolving credit facility to increase the borrowing capacity by $225.0 million, bringing our total capacity under the revolving credit facility to $1.725 billion. The weighted average interest rate during the period ended June 30, 2015 was 1.48%. As of June 30, 2015, we have no borrowings outstanding under this facility. Additionally, in July 2015, we entered into an agreement which increases the borrowing capacity to $2.2 billion, extends the maturity date to July 2020 and increases the size of the accordion option. See Note 17 Subsequent Events. The revolving credit facility contains various covenants and restrictive provisions that limit our ability to incur additional indebtedness, make investments or loans and create liens and require us to maintain a net funded indebtedness to total capitalization ratio, as defined in the agreement. We were in compliance with all covenants under the agreement at June 30, 2015. If we fail to perform our obligations under the covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facility could be declared immediately due and payable.

Term Loan Facility

On February 6, 2015, Nabors Industries, Inc., our wholly owned subsidiary, entered into a new unsecured term loan facility for $300.0 million with a three-year maturity, which was fully and unconditionally guaranteed by us. Under the new term loan facility, we were required to prepay the loan upon the closing of the Merger, or if we otherwise disposed of assets, issued term

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debt, or issued equity with net proceeds of more than $70.0 million, subject to certain exceptions. The term loan agreement contained customary representations and warranties, covenants, and events of default for loan facilities of this type. On March 27, 2015, we repaid the $300.0 million term loan, and the facility was terminated according to the terms of the agreement using a portion of the cash consideration received in connection with the Merger.

Note 9 Common Shares

During the six months ended June 30, 2015 and 2014, our employees exercised vested options to acquire 0.1 million and 2.9 million of our common shares, respectively, resulting in proceeds of $1.2 million and $29.0 million, respectively. During the six months ended June 30, 2015 and 2014, we withheld 0.6 million and 0.3 million, respectively, of our common shares with a fair value of $7.4 million and $7.3 million, respectively, to satisfy tax withholding obligations in connection with the vesting of all stock awards.

On April 24, 2015, a cash dividend of $0.06 per share was declared for shareholders of record on June 9, 2015. The dividend was paid on June 30, 2015 in the amount of $17.5 million and was charged to retained earnings in our consolidated statement of changes in equity for the six months ended June 30, 2015.

Note 10 Subsidiary Preferred Stock

During 2014, we paid $70.9 million to redeem the 75,000 outstanding shares of Series A Preferred Stock of our subsidiary and paid all dividends due on such shares.

Note 11 Commitments and Contingencies

Contingencies

Income Tax

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

We have received an assessment from the Mexico federal tax authority in connection with our 2007 income tax return. The assessment relates to the denial of depreciation expense deductions related to drilling rigs. Similar deductions were taken for tax years 2008 - 2010. Although Nabors and its tax advisors believe these deductions are defensible, a partial reserve has been recorded. The total amounts assessed or expected to be assessed range from $30 million to $35 million. We have not changed our position to defend this issue, as we are confident that we will prevail in court. If we ultimately do not prevail, we would be required to recognize additional tax expense for any amount in excess of the current reserve.

Self-Insurance

We estimate the level of our liability related to insurance and record reserves for these amounts in our consolidated financial statements. Our estimates are based on the facts and circumstances specific to existing claims and our past experience with similar claims. These loss estimates and accruals recorded in our financial statements for claims have historically been reasonable in light of the actual amount of claims paid and are actuarially supported. Although we believe our insurance coverage and reserve estimates are reasonable, a significant accident or other event that is not fully covered by insurance or contractual indemnity could occur and could materially affect our financial position and results of operations for a particular period.

We self-insure for certain losses relating to workers compensation, employers liability, general liability, automobile liability and property damage. Effective April 1, 2015, some of our workers compensation claims, employers liability and marine employers liability claims are subject to a $3.0 million per-occurrence deductible; additionally, some of our automobile liability claims are subject to a $2.5 million deductible. General liability claims remain subject to a $5.0 million per-occurrence deductible.

In addition, we are subject to a $5.0 million deductible for land rigs and for offshore rigs. This applies to all types of physical damage risks except for named windstorms in the U.S. Gulf of Mexico. We have limited windstorm coverage on certain assets in the U.S. Gulf of Mexico.

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Litigation

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

In 2009, the Court of Ouargla entered a judgment of approximately $14.5 million (at June 30, 2015 exchange rates) against us relating to alleged customs infractions in Algeria. We believe we did not receive proper notice of the judicial proceedings, and that the amount of the judgment was excessive in any case. We asserted the lack of legally required notice as a basis for challenging the judgment on appeal to the Algeria Supreme Court (the Supreme Court). In May 2012, that court reversed the lower court and remanded the case to the Ouargla Court of Appeals for treatment consistent with the Supreme Court s ruling. In January 2013, the Ouargla Court of Appeals reinstated the judgment. We again lodged an appeal to the Supreme Court, asserting the same challenges as before. While the appeal was pending, the Hassi Messaoud customs office initiated efforts to collect the judgment prior to the Supreme Court s decision in the case. As a result, we paid approximately $3.1 million and posted security of approximately $1.33 million to suspend those collection efforts and to enter into a formal negotiations process with the customs authority. The customs authority demanded 50% of the total fine as a final settlement and seized additional funds of approximately $4.425 million. We have recorded a reserve in the amount of the posted security. The matter was heard by the Supreme Court on February 26, 2015, and on March 26, 2015, that court set aside the judgment of the Ouargla Court of Appeals and remanded the case to that court for further proceedings. We have filed an application to the Conseil d Etat in an effort to recover amounts previously paid by us. A portion of those amounts has been returned, and our efforts to recover the additional $3.6 million continue.

In March 2011, the Court of Ouargla entered a judgment of approximately $28.5 million (at June 30, 2015 exchange rates) against us relating to alleged violations of Algeria s foreign currency exchange controls, which require that goods and services provided locally be invoiced and paid in local currency. The case relates to certain foreign currency payments made to us by CEPSA, a Spanish operator, for wells drilled in 2006. Approximately $7.5 million of the total contract amount was paid offshore in foreign currency, and approximately $3.2 million was paid in local currency. The judgment includes fines and penalties of approximately four times the amount at issue. We have appealed the ruling based on our understanding that the law in question applies only to resident entities incorporated under Algerian law. An intermediate court of appeals upheld the lower court s ruling, and we appealed the matter to the Supreme Court. On September 25, 2014, the Supreme Court overturned the verdict against us, and the case was reheard by the Ouargla Court of Appeals on March 22, 2015 in light of the Supreme Court s opinion. On March 29, 2015, the Ouargla Court of Appeals reinstated the initial judgment against us. We have appealed this decision again to the Supreme Court. While our payments were consistent with our historical operations in the country, and, we believe, those of other multinational corporations there, as well as interpretations of the law by the Central Bank of Algeria, the ultimate resolution of this matter could result in a loss of up to $20.5 million in excess of amounts accrued.

In 2012, Nabors Global Holdings II Limited (NGH2L) signed a contract with ERG Resources, LLC (ERG) relating to the sale of all of the Class A shares of NGH2L s wholly owned subsidiary, Ramshorn International Limited, an oil and gas exploration company. When ERG failed to meet its closing obligations, NGH2L terminated the transaction on March 19, 2012 and, as contemplated in the agreement, retained ERG s $3.0 million escrow deposit. ERG filed suit the following day in the 61st Judicial District Court of Harris County, Texas, in a case styled ERG Resources, LLC v. Nabors Global Holdings II Limited, Ramshorn International Limited, and Parex Resources, Inc.; Cause No. 2012-16446, seeking injunctive relief to halt any sale of the shares to a third party, specifically naming as defendant Parex Resources, Inc. (Parex). The lawsuit also seeks monetary damages of up to $750.0 million based on an alleged breach of contract by NGH2L and alleged tortious interference with contractual relations by Parex. We successfully defeated ERG s effort to obtain a temporary restraining order from the Texas court on March 20, 2012. We completed the sale of Ramshorn s Class A shares to a Parex affiliate in April 2012, which mooted ERG s application for a temporary injunction. The lawsuit is stayed, pending further court actions, including appeals of the jurisdictional decisions. ERG retains its causes of action for monetary damages, but we believe the claims are foreclosed by the terms of the agreement and are without factual or legal merit. Although we are vigorously defending the lawsuit, its ultimate outcome cannot be determined at this time. On April 30, 2015, ERG filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. Nabors is monitoring the proceedings to determine how it will affect the pending litigation.

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On July 30, 2014, we and Red Lion, along with C&J Energy and its board of directors, were sued in a putative shareholder class action filed in the Court of Chancery of the State of Delaware (the Court of Chancery). The plaintiff alleges that the members of the C&J Energy board of directors breached their fiduciary duties in connection with the Merger, and that Red Lion and C&J Energy aided and abetted these alleged breaches. The plaintiff sought to enjoin the defendants from proceeding with or consummating the Merger and the C&J Energy stockholder meeting for approval of the Merger and, to the extent that the Merger was completed before any relief was granted, to have the Merger rescinded. On November 10, 2014, the plaintiff filed a motion for a preliminary injunction, and, on November 24, 2014, the Court of Chancery entered a bench ruling, followed by a written order on November 25, 2014, that (i) ordered certain members of the C&J Energy board of directors to solicit for a 30 day period alternative proposals to purchase C&J Energy (or a controlling stake in C&J Energy) that were superior to the Merger, and (ii) preliminarily enjoined C&J Energy from holding its stockholder meeting until it complied with the foregoing. C&J Energy complied with the order while it simultaneously pursued an expedited appeal of the Court of Chancery s order to the Supreme Court of the State of Delaware (the Delaware Supreme Court). On December 19, 2014, the Delaware Supreme Court overturned the Court of Chancery s judgment and vacated the order. This case remains pending.

Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to some transactions, agreements or other contractual arrangements defined as off-balance sheet arrangements that could have a material future effect on our financial position, results of operations, liquidity and capital resources. The most significant of these off-balance sheet arrangements involve agreements and obligations under 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, which serve as guarantees, to some third parties. These guarantees include indemnification provided by Nabors to our share transfer agent and our insurance carriers. We are not able to estimate the potential future maximum payments that might be due under our indemnification guarantees.

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

	Maximum Amount				
	Remainder of 2015	2016	2017 (In thousands)	Thereafter	Total
Financial standby letters of credit and other financial surety instruments	$ 102,107	$ 141,132	$ 19	$	$ 243,258

Note 12 Earnings (Losses) Per Share

ASC 260, Earnings per Share, requires companies to treat unvested share-based payment awards that have nonforfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings (losses) per share. We have granted and expect to continue to grant to employees restricted stock grants that contain nonforfeitable rights to dividends. Such grants are considered participating securities under ASC 260. As such, we are required to include these grants in the calculation of our basic earnings (losses) per share and calculate basic earnings (losses) per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Basic earnings (losses) per share is computed utilizing the two-class method and is calculated based on the weighted-average number of common shares outstanding during the periods presented. Diluted earnings (losses) per share is computed using the weighted-average number of common and common equivalent shares outstanding during the periods utilizing the two-class method for stock options and unvested restricted stock.

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

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
	(In thousands, except per share amounts)			
BASIC EPS:				
Net income (loss) (numerator):				
Income (loss) from continuing operations, net of tax	$ (41,890)	$ 65,729	$ 82,472	$ 114,706
Less: net (income) loss attributable to noncontrolling interest	44	(253)	133	(826)
Less: loss on redemption of subsidiary preferred stock		(1,688)		(1,688)
Less: (earnings) losses allocated to unvested shareholders	720	(974)	(1,311)	(1,707)
Numerator for basic earnings per share:				
Adjusted income (loss) from continuing operations	$ (41,126)	$ 62,814	$ 81,294	$ 110,485
Income (loss) from discontinued operations	$ 5,025	$ (1,032)	$ 4,208	$ 483
Weighted-average number of shares outstanding - basic	286,085	297,984	285,723	297,097