Section 1: 10-Q (10-Q)

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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 September 30, 2019

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

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
(Address of principal executive office)
(441) 292-1510
(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-accelerated Filer ☐	Smaller reporting company ☐ Emerging growth company ☐

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

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

The number of common shares, par value $.001 per share, outstanding as of October 25, 2019 was 363,415,783, excluding 52,800,203 common shares held by our subsidiaries, or 416,215,986 in the aggregate.

NABORS INDUSTRIES LTD. AND SUBSIDIARIES

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

		September 30, 2019	
		(In thousands, except p share amounts)	
ASSETS			
Current assets:			
Cash and cash equivalents	$	396,937	$
Short-term investments		22,000	
Accounts receivable, net		613,527	
Inventory, net		186,124	
Assets held for sale		8,037	
Other current assets		153,723	
Total current assets		1,380,348	
Property, plant and equipment, net		5,152,236	
Goodwill		90,543	
Deferred income taxes		353,181	
Other long-term assets		297,189	
Total assets (1)	$	7,273,497	$
LIABILITIES AND EQUITY			
Current liabilities:			
Current portion of debt	$	1,058	$
Trade accounts payable		364,658	
Accrued liabilities		279,181	
Income taxes payable		23,837	
Current lease liabilities		13,570	
Total current liabilities		682,304	
Long-term debt		3,516,592	
Other long-term liabilities		284,388	
Deferred income taxes		29,109	
Total liabilities (1)		4,512,393	
Commitments and contingencies (Note 8)			
Redeemable noncontrolling interest in subsidiary (Note 3)		420,217	
Equity:			
Shareholders' equity:			
Preferred shares, par value $0.001 per share:			
Series A 6% Cumulative Mandatory Convertible; $50 per share liquidation preference; issued 5,746 and 5,750, respectively		6	
Common shares, par value $0.001 per share:			
Authorized common shares 800,000; issued 416,209 and 409,652, respectively		416	
Capital in excess of par value		3,410,731	
Accumulated other comprehensive income (loss)		(16,567)	
Retained earnings		171,139	
Less: treasury shares, at cost, 52,800 and 52,800 common shares, respectively		(1,314,020)	
Total shareholders' equity		2,251,705	
Noncontrolling interest		89,182	
Total equity		2,340,887	
Total liabilities and equity	$	7,273,497	$

[redacted]eptember 30, 2019 and December 31, 2018 include assets and liabilities of variable interest entities. See Note 3—Joint Ventures for additional information.

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

[redacted]

NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited)

	Three Months Ended September 30,		Nine Mont Septem
	2019	2018	2019
	(In thousands, except per share amounts)		
Revenues and other income:			
Operating revenues	$ 758,076	$ 779,425	$ 2,329,122
Earnings (losses) from unconsolidated affiliates	—	—	(5)
Investment income (loss)	(1,437)	(1,342)	8,709
Total revenues and other income	756,639	778,083	2,337,826
Costs and other deductions:			
Direct costs	475,461	497,194	1,493,082
General and administrative expenses	63,577	66,813	196,159
Research and engineering	12,004	14,458	37,444
Depreciation and amortization	221,557	208,517	650,267
Interest expense	51,291	51,415	155,134
Impairments and other charges	3,629	13,770	106,007
Other, net	5,005	9,137	30,598
Total costs and other deductions	832,524	861,304	2,668,691
Income (loss) from continuing operations before income taxes	(75,885)	(83,221)	(330,865)
Income tax expense (benefit):			
Current	18,117	5,016	50,483
Deferred	5,786	5,473	14,617
Total income tax expense (benefit)	23,903	10,489	65,100
Income (loss) from continuing operations, net of tax	(99,788)	(93,710)	(395,965)
Income (loss) from discontinued operations, net of tax	157	(13,933)	(34)
Net income (loss)	(99,631)	(107,643)	(395,999)
Less: Net (income) loss attributable to noncontrolling interest	(19,297)	(6,934)	(44,202)
Net income (loss) attributable to Nabors	(118,928)	(114,577)	(440,201)
Less: Preferred stock dividend	(4,310)	(4,313)	(12,935)
Net income (loss) attributable to Nabors common shareholders	$ (123,238)	$ (118,890)	$ (453,136)
Amounts attributable to Nabors common shareholders:			
Net income (loss) from continuing operations	$ (123,395)	$ (104,957)	$ (453,102)
Net income (loss) from discontinued operations	157	(13,933)	(34)
Net income (loss) attributable to Nabors common shareholders	$ (123,238)	$ (118,890)	$ (453,136)
Earnings (losses) per share:			
Basic from continuing operations	$ (0.37)	$ (0.31)	$ (1.33)
Basic from discontinued operations	—	(0.04)	—
Total Basic	$ (0.37)	$ (0.35)	$ (1.33)
Diluted from continuing operations	$ (0.37)	$ (0.31)	$ (1.33)
Diluted from discontinued operations	—	(0.04)	—
Total Diluted	$ (0.37)	$ (0.35)	$ (1.33)
Weighted-average number of common shares outstanding:			
Basic	352,026	350,194	351,444
Diluted	352,026	350,194	351,444

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

NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended September 30,		Nine Mor Septen
	2019	2018	2019
	(In thousands)		
Net income (loss) attributable to Nabors	$ (118,928)	$ (114,577)	$ (440,201
Other comprehensive income (loss), before tax:			
Translation adjustment attributable to Nabors	(3,225)	5,309	12,314
Pension liability amortization and adjustment	54	54	162
Unrealized gains (losses) and amortization on cash flow hedges	142	143	424
Adoption of ASU No. 2016-01	—	—	—
Other comprehensive income (loss), before tax	(3,029)	5,506	12,900
Income tax expense (benefit) related to items of other comprehensive income (loss)	48	48	142
Other comprehensive income (loss), net of tax	(3,077)	5,458	12,758
Comprehensive income (loss) attributable to Nabors	(122,005)	(109,119)	(427,443
Net income (loss) attributable to noncontrolling interest	19,297	6,934	44,202
Translation adjustment attributable to noncontrolling interest	(4)	58	55
Comprehensive income (loss) attributable to noncontrolling interest	19,293	6,992	44,257
Comprehensive income (loss)	$ (102,712)	$ (102,127)	$ (383,186

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

NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended Septe	
	2019	
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	$ (395,999)	$
Adjustments to net income (loss):		
Depreciation and amortization	650,280	
Deferred income tax expense (benefit)	14,565	
Impairments and other charges	98,869	
Amortization of debt discount and deferred financing costs	23,197	
Losses (gains) on debt buyback	1,752	
Losses (gains) on long-lived assets, net	8,410	
Losses (gains) on investments, net	(2,400)	
Provision (recovery) of bad debt	379	
Share-based compensation	19,489	
Foreign currency transaction losses (gains), net	18,681	
Noncontrolling interest	(44,202)	
Other	511	
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	136,266	
Inventory	(21,500)	
Other current assets	18,085	
Other long-term assets	(37,977)	
Trade accounts payable and accrued liabilities	(129,375)	
Income taxes payable	3,459	
Other long-term liabilities	68,338	
Net cash provided by (used for) operating activities	430,828	
Cash flows from investing activities:		
Purchases of investments	(5,008)	
Sales and maturities of investments	14,466	
Cash paid for acquisition of businesses, net of cash acquired	(2,929)	
Capital expenditures	(366,594)	
Proceeds from sales of assets and insurance claims	26,365	
Net cash (used for) provided by investing activities	(333,700)	
Cash flows from financing activities:		
Increase (decrease) in cash overdrafts	(130)	
Proceeds from issuance of long-term debt	—	
Debt issuance costs	(48)	
Proceeds from revolving credit facilities	975,000	
Reduction in revolving credit facilities	(690,000)	
Proceeds from issuance of common shares, net of issuance costs	—	
Proceeds from issuance of preferred stock, net of issuance costs	—	
Distributions to noncontrolling interest	(4,552)	
Reduction in long-term debt	(379,193)	
Dividends to common and preferred shareholders	(41,643)	
Proceeds from (payment for) commercial paper	—	
Repurchase of preferred shares	(79)	
Proceeds from (payments for) short-term borrowings	497	
Other	(1,611)	
Net cash (used for) provided by financing activities	(141,759)	
Effect of exchange rate changes on cash and cash equivalents	(4,421)	
Net increase (decrease) in cash and cash equivalents and restricted cash	(49,052)	
Cash and cash equivalents and restricted cash, beginning of period	451,080	
Cash and cash equivalents and restricted cash, end of period	$ 402,028	$
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents, beginning of period	447,766	
Restricted cash, beginning of period	3,314	
Cash and cash equivalents and restricted cash, beginning of period	$ 451,080	$
Cash and cash equivalents, end of period	396,937	
Restricted cash, end of period	5,091	
Cash and cash equivalents and restricted cash, end of period	$ 402,028	$

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

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Mandatory Convertible Preferred Shares		Common Shares		Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Shares	Non-controlling Interest
(In thousands, except per share amounts)	Shares	Par Value	Shares	Par Value					
As of June 30, 2018	5,750	$ 6	410,252	$ 410	$ 3,382,711	$ (12,573)	$ 1,006,500	$ (1,314,020)	$ 25,614
Net income (loss)	—	—	—	—	—	—	(114,577)	—	6,934
Dividends to shareholders ($0.06 per share)	—	—	—	—	—	—	(21,445)	—	—
Dividends to preferred shareholders ($0.75 per share)	—	—	—	—	—	—	(4,313)	—	—
Common share issuance	—	—	—	—	(180)	—	—	—	—
Convertible preferred share issuance	—	—	—	—	(214)	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	5,458	—	—	58
Share-based compensation	—	—	—	—	5,639	—	—	—	—
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	—	(2,146)	—	—
Other	—	—	(92)	—	(34)	—	—	—	—
As of September 30, 2018	5,750	$ 6	410,160	$ 410	$ 3,387,922	$ (7,115)	$ 864,019	$ (1,314,020)	$ 32,606
As of June 30, 2019	5,746	$ 6	416,282	$ 416	$ 3,405,421	$ (13,490)	$ 303,181	$ (1,314,020)	$ 73,627
Net income (loss)	—	—	—	—	—	—	(118,928)	—	19,297
Dividends to common shareholders ($0.01 per share)	—	—	—	—	—	—	(3,628)	—	—
Dividends to preferred shareholders ($0.75 per share)	—	—	—	—	—	—	(4,310)	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	(3,077)	—	—	(4
Share-based compensation	—	—	—	—	5,325	—	—	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	(3,738
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	—	(5,176)	—	—
Other	—	—	(73)	—	(15)	—	—	—	—
As of September 30, 2019	5,746	$ 6	416,209	$ 416	$ 3,410,731	$ (16,567)	$ 171,139	$ (1,314,020)	$ 89,182

(In thousands, except per share amounts)	Mandatory Convertible Preferred Shares		Common Shares		Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Shares	Non-controlling Interest
	Shares	Par Value	Shares	Par Value					
As of December 31, 2017	—	$ —	367,510	$ 368	$ 2,791,129	$ 11,185	$ 1,423,154	$ (1,314,020)	$ 26,957
Net income (loss)	—	—	—	—	—	—	(457,530)	—	10,426
Dividends to shareholders ($0.18 per share)	—	—	—	—	—	—	(61,956)	—	—
Dividends to preferred shareholders ($1.39 per share)	—	—	—	—	—	—	(7,993)	—	—
Common share issuance	—	—	40,250	40	301,794	—	—	—	—
Convertible preferred share issuance	5,750	6	—	—	278,352	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	(18,300)	—	—	(101)
Share-based compensation	—	—	—	—	20,371	—	—	—	—
Adoption of ASU No. 2016-01	—	—	—	—	—	—	9,144	—	—
Adoption of ASU No. 2016-16	—	—	—	—	—	—	(34,132)	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	(4,676)
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	—	(6,668)	—	—
Other	—	—	2,400	2	(3,724)	—	—	—	—
As of September 30, 2018	5,750	$ 6	410,160	$ 410	$ 3,387,922	$ (7,115)	$ 864,019	$ (1,314,020)	$ 32,606
As of December 31, 2018	5,750	$ 6	409,652	$ 410	$ 3,392,937	$ (29,325)	$ 650,842	$ (1,314,020)	$ 49,476
Net income (loss)	—	—	—	—	—	—	(440,201)	—	44,202
Dividends to common shareholders ($0.03 per share)	—	—	—	—	—	—	(11,209)	—	—
Dividends to preferred shareholders ($2.25 per share)	—	—	—	—	—	—	(12,935)	—	—
Repurchase of preferred shares	(4)	—	—	—	(79)	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	12,758	—	—	55
Share-based compensation	—	—	—	—	19,489	—	—	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	(4,551)
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	—	(15,358)	—	—
Other	—	—	6,557	6	(1,616)	—	—	—	—
As of September 30, 2019	5,746	$ 6	416,209	$ 416	$ 3,410,731	$ (16,567)	$ 171,139	$ (1,314,020)	$ 89,182

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

Nabors Industries Ltd. and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations

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. References in this report to “Nabors Delaware” mean Nabors Industries, Inc., a wholly owned subsidiary of Nabors.

Our business is comprised of our global land-based and offshore drilling rig operations and other rig related services and technologies, consisting of equipment manufacturing, rig instrumentation and optimization software. We also specialize in tubular services, wellbore placement solutions and are a leading provider of directional drilling and measurement-while-drilling systems and services.

With operations in approximately 25 countries, we are a global provider of drilling and drilling-related services for land-based and offshore oil and natural gas wells, with a fleet of rigs and drilling-related equipment which, as of September 30, 2019 included:

- 375 actively marketed rigs for land-based drilling operations in the United States, Canada and approximately 18 other countries throughout the world; and
- 33 actively marketed rigs for offshore drilling operations in the United States and multiple international markets.

Note 2 Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited condensed consolidated financial statements of Nabors have been prepared in conformity with generally accepted accounting principles in the United States (“U.S. 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 U.S. GAAP have been omitted. Therefore, these financial statements should be read together with our annual report on Form 10-K for the year ended December 31, 2018 (“2018 Annual Report”). In management’s opinion, the unaudited condensed consolidated financial statements contain all adjustments necessary to state fairly our financial position as of September 30, 2019 and the results of operations, comprehensive income (loss), cash flows and changes in equity for the periods presented herein. Interim results for the nine months ended September 30, 2019 may not be indicative of results that will be realized for the full year ending December 31, 2019.

Principles of Consolidation

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

In addition to the consolidation of our majority owned subsidiaries, we also consolidate variable interest entities (“VIE”) when we are determined to be the primary beneficiary of a VIE. Determination of the primary beneficiary of a VIE is based on whether an entity has (1) the power to direct activities that most significantly impact the economic performance of the VIE and (2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our joint venture, SANAD, which is equally owned by Saudi Aramco and Nabors, has been consolidated. As we have the power to direct activities that most significantly impact SANAD’s economic performance, including operations, maintenance and certain sourcing and procurement, we have determined Nabors to be the primary beneficiary. See Note 3—Joint Ventures.

Inventory

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

	September 30, 2019
	(In thousa
Raw materials	$ 140,324
Work-in-progress	13,461
Finished goods	32,339
	$ 186,124

Goodwill

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

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

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

The change in the carrying amount of goodwill for our segments for the nine months ended September 30, 2019 was as follows:

	Balance at December 31, 2018	Disposals and Impairments	Cumulative Translation Adjustment	Other Adjustment	
			(In thousands)		
U.S. Drilling	$ 50,149	$ —	$ —	$ 2,054	$
International Drilling	75,634	(75,634)(1)	—	—	
Drilling Solutions	11,436	—	—	—	
Rig Technologies	46,695	(18,000)(1)	263	(2,054)	
Total	$ 183,914	$ (93,634)	$ 263	$ —	$

(1) As part of our annual review during the second quarter of 2019, we determined the carrying value of some of our reporting units exceeded their fair value. As such, we recognized a goodwill impairment of $93.6 million. See Note 10—Impairments and Other

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases, relating to leases to increase transparency and comparability among companies. This standard requires that all leases with an initial term greater than one year be recorded on the balance sheet as an asset and a lease liability. Additionally, this standard requires disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. We adopted this guidance under the modified retrospective approach as of January 1, 2019. We preliminarily determined that our drilling contracts contained a lease component, and the adoption would require us to separately recognize revenue associated with the lease and services components. In July 2018, the FASB issued ASU No. 2018-11, which provides a practical expedient that allows entities to combine lease and non-lease components where the revenue recognition pattern is the same and where the lease component, when accounted for separately, would be considered an operating lease. Our drilling contracts contain a lease component related to the underlying drilling equipment, in addition to the service component provided by our crews and our expertise to operate such drilling equipment. We have determined that the non-lease service component of our drilling contracts is the predominant element of the combined component and will account for the combined components as a single performance obligation under Topic 606, Revenue from Contracts with Customers. We have elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows us to carry forward the historical accounting relating to lease identification and classification for existing leases upon adoption. With respect to leases whereby we are the lessee, we recognized upon adoption on January 1, 2019 lease liabilities and offsetting "right of use" assets of approximately $42.8 million based on the present value of the remaining minimum rental payments. See Note 14 — Leases.

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

Recently Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which changes accounting requirements for the recognition of credit losses from an incurred or probable impairment methodology to a current expected credit losses (CECL) methodology. The guidance is effective for interim and annual periods beginning after December 15, 2019. The guidance will be applied using the modified retrospective method with a cumulative effect adjustment to beginning retained earnings. Trade receivables (including the allowance for doubtful accounts) is the only financial instrument in scope for ASU 2016-13 currently held by the Company. We are currently evaluating the effect the guidance will have on our consolidated financial statements, but do not expect the impact to be material.

Note 3 Joint Ventures

During 2016, we entered into an agreement with Saudi Aramco to form a joint venture known as SANAD to own, manage and operate onshore drilling rigs in the Kingdom of Saudi Arabia. SANAD is equally owned by Saudi Aramco and Nabors.

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

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

	September 30, 2019	
	(In thousands)	
Assets:		
Cash and cash equivalents	$ 273,417	$
Accounts receivable	76,836	
Other current assets	20,153	
Property, plant and equipment, net	440,794	
Other long-term assets	15,254	
Total assets	$ 826,454	$
Liabilities:		
Accounts payable	$ 67,000	$
Accrued liabilities	17,064	
Total liabilities	$ 84,064	$

Note 4 Fair Value Measurements

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

Under the fair value hierarchy:

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

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

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

Our financial assets and liabilities that are accounted for at fair value on a recurring basis as of September 30, 2019 consisted of available-for-sale equity and debt securities. Our debt securities could transfer into or out of a Level 1 or 2 measure depending on the availability of independent and current pricing at the end of each quarter. There were no transfers of our financial assets between Level 1 and Level 2 measures during the nine months ended September 30, 2019. Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of September 30, 2019 and December 31, 2018, our short-term investments were carried at fair market value and totaled $22.0 million and $34.0 million, respectively, and primarily consisted of Level 1 measurements. No material Level 2 or Level 3 measurements exist as of any of the periods presented.

Nonrecurring Fair Value Measurements

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

Fair Value of Financial Instruments

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

	September 30, 2019		December 31	
	Carrying Value	Fair Value	Carrying Value	
	(In thousands)			
5.00% senior notes due September 2020	$ 293,217	$ 287,696	$ 614,748	$
4.625% senior notes due September 2021	637,528	602,968	668,347	
5.50% senior notes due January 2023	577,042	475,408	586,000	
5.10% senior notes due September 2023	336,778	262,350	342,923	
0.75% senior exchangeable notes due January 2024	467,034	368,483	450,689	
5.75% senior notes due February 2025	781,502	582,696	791,502	
2012 Revolving credit facility	455,000	455,000	170,000	
2018 Revolving credit facility	—	—	—	
Other	1,058	1,058	561	
	3,549,159	$ 3,035,659	3,624,770	$
Less: current portion	1,058		561	
Less: deferred financing costs	31,509		38,325	
	$ 3,516,592		$ 3,585,884	

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

Note 5 Accounts Receivable Sales Agreement

On September 13, 2019, certain U.S. subsidiaries of the Company entered into a $250 million accounts receivable sales agreement (the "A/R Agreement") consisting of (i) a Receivables Purchase Agreement (the "Purchase Agreement") entered into among Nabors A.R.F., LLC (the "SPE" and "Seller"), a special purpose entity that is an indirect wholly owned consolidated subsidiary of Nabors, Nabors Delaware, the purchasers party thereto (the "Purchasers"), and Wells Fargo Bank, N.A., as Administrative Agent, and (ii) a Receivables Sale Agreement (the "Sale Agreement") among certain U.S. operating subsidiaries of the Company (collectively, the "Originators"), the SPE and Nabors Delaware. Under the Sale Agreement, each of the Originators has sold or contributed, and will on an ongoing basis continue to sell or contribute to the SPE, in exchange for cash and subordinated notes, all of such Originator's right, title and interest in and to its trade receivables. Under the Purchase Agreement, the SPE may from time to time sell undivided interests in certain of its receivables meeting eligibility requirements to the Purchasers in exchange for cash, and the SPE has granted a security interest to the Administrative Agent on behalf of the Purchasers in all of its assets, including all of its right, title and interest in and to all of the receivables from time to time owned by the SPE. The sales of receivables by the SPE to the Purchasers qualify for sale accounting treatment in accordance with ASC 860. During the term of the A/R Agreement, cash receipts from the Purchasers at the time of any sale of receivables are classified as operating activities in our condensed consolidated statement of cash flows. Subsequent collections on the pledged receivables, which were not sold by the SPE to the Purchasers, will be classified as operating cash flows in our condensed consolidated statement of cash flows at the time of collection.

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

The maximum purchase commitment of the Purchasers under the A/R Agreement is $250.0 million. The amount available for sale to the Purchasers under the A/R Agreement fluctuates over time based on the total amount of eligible receivables generated during the normal course of business after excluding excess concentrations and certain other ineligible receivables. As of September 30, 2019, the total amount of eligible receivables available for purchase by the Purchasers was $213.6 million, of which $98.0 million had been sold to the Purchasers. Trade accounts receivable sold by the SPE to the Purchasers are derecognized from our condensed consolidated balance sheet. The fair value of the sold receivables approximated book value due to the short-term nature of the receivables and, as a result, no gain or loss on the sale of the receivables was recorded. Trade receivables pledged by the SPE as collateral to the Purchasers (excluding receivables sold to the Purchasers) totaled $229.7 million as of September 30, 2019 and are included in accounts receivable, net in our condensed consolidated balance sheet. The assets of the SPE cannot be used by the Company for general corporate purposes. Additionally, creditors of the SPE do not have recourse to assets of the Company (other than assets of the SPE).

Note 6 Debt

Debt consisted of the following:

	September 30, 2019	December 31, 2018
	(In thousands)	
5.00% senior notes due September 2020 (1)	$ 293,217	$ 614,748
4.625% senior notes due September 2021	637,528	668,347
5.50% senior notes due January 2023	577,042	586,000
5.10% senior notes due September 2023	336,778	342,923
0.75% senior exchangeable notes due January 2024	467,034	450,689
5.75% senior notes due February 2025	781,502	791,502
2012 Revolving credit facility	455,000	170,000
2018 Revolving credit facility	—	—
Other	1,058	561
	3,549,159	3,624,770
Less: current portion	1,058	561
Less: deferred financing costs	31,509	38,325
	$ 3,516,592	$ 3,585,884

(1) The 5.00% senior notes due September 2020 have been classified as long-term because we have the ability and intent to repay this obligation utilizing our revolving credit facility (see 2018 Revolving Credit Facility below).

During the nine months ended September 30, 2019, we repurchased $378.1 million aggregate principal amount outstanding of our senior unsecured notes for approximately $383.6 million in cash, including principal, and $5.0 million in accrued and unpaid interest. This amount includes the purchase price for the tender offer for $275.0 million of our senior notes due 2020, which closed on June 14, 2019. In connection with these repurchases, we recognized a loss of approximately $0.7 million and $1.8 million for the three and nine months ended September 30, 2019, respectively, which represents the premiums paid and is included in impairments and other charges in our condensed consolidated statement of income (loss).

Subsequent to September 30, 2019 through the date of this report, we repurchased $49.1 million aggregate principal amount outstanding of various series of our senior unsecured notes for approximately $39.9 million in cash, reflecting principal, accrued and unpaid interest.

2018 Revolving Credit Facility

On October 11, 2018, Nabors Delaware, Nabors Drilling Canada Limited, an Alberta corporation ("Nabors Canada"), Nabors and certain other of Nabors' wholly owned subsidiaries entered into a new five-year unsecured revolving facility with the lenders and issuing banks party thereto and Citibank, N.A., as administrative agent (the "2018 Revolving Credit Facility"). The 2018 Revolving Credit Facility has a borrowing capacity of $1.267 billion and is fully and unconditionally guaranteed by Nabors and certain of its wholly owned subsidiaries. The 2018 Revolving Credit Facility matures at the earlier of (a) October 11, 2023 and (b) July 19, 2022, if any of Nabors Delaware's existing 5.5% senior notes due January 2023 remain outstanding as of such date. Certain lenders have committed to provide Nabors Delaware an aggregate principal amount of $1.227 billion under the 2018 Revolving Credit Facility, which may be drawn in U.S. dollars, and HSBC Bank Canada has committed to provide Nabors Canada an aggregate principal amount of $40 million in U.S. dollar equivalent, which can be drawn upon in either U.S. or Canadian dollars. The 2018 Revolving Credit Facility contains certain affirmative and negative covenants, including a financial covenant requiring Nabors to maintain a net debt to capitalization ratio not in excess of 0.60:1. Our net debt to capital ratio was approximately 0.58:1 as of September 30, 2019. The net debt to capital ratio is calculated by dividing net debt by net capitalization. For purposes of the 2018 Revolving Credit Facility, net debt is defined as total debt minus the sum of cash and cash equivalents. Net capitalization is defined as net debt plus shareholders' equity. As of September 30, 2019, our net debt could be higher by approximately $256.8 million, while still maintaining our net debt to capital ratio of 0.60:1. Borrowing from the revolving credit facilities to pay down other debt that matures prior to the maturity date of the 2018 Revolving Credit Facility, such as the 5.00% senior notes due September 2020, does not adversely impact the ratio calculation. Therefore, the entire balance under the revolving credit facilities would be available to pay down outstanding debt. The ratio is only adversely impacted by borrowing under the revolving credit facilities used for purposes other than retiring debt, which would increase our net debt, and by reductions to shareholders' equity. We can limit or control our spending through reductions in discretionary capital or other types of controllable expenditures, monetization of assets, accessing capital markets through a variety of alternative methods, or any combination of these alternatives if needed. We cannot make any assurances as to our ability to implement any or all of these alternatives.

Additionally, during any period in which Nabors Delaware fails to maintain an investment grade rating from at least two ratings agencies, the guarantors under the facility and their respective subsidiaries will be required to maintain an asset to debt coverage ratio (as defined in the 2018 Revolving Credit Facility) of at least 2.50:1. As of September 30, 2019, our asset to debt coverage ratio was 3.57:1. The asset to debt coverage ratio is calculated by dividing (x) drilling-related fixed assets wholly owned by certain of Nabors' subsidiaries that are guaranteeing the 2018 Revolving Credit Facility (the "2018 Revolver Guarantors") or wholly owned subsidiaries of the 2018 Revolver Guarantors by (y) total debt of the 2018 Revolver Guarantors (subject to certain exclusions). As of the date of this report, we had no borrowings outstanding under our 2018 Revolving Credit Facility. In order to make any future borrowings under the 2018 Revolving Credit Facility, Nabors and certain of its wholly owned subsidiaries are subject to compliance with the conditions and covenants contained therein, including compliance with applicable financial ratios.

2012 Revolving Credit Facility

In connection with entering the 2018 Revolving Credit Facility, on October 11, 2018, Nabors Delaware entered into Amendment No. 3 to its existing credit agreement dated November 29, 2012 (as amended, including such amendment, the "2012 Revolving Credit Facility"), among itself, Nabors, Nabors Canada, HSBC Bank Canada, the other lenders party thereto, Citibank, N.A., and Wilmington Trust, National Association, as successor administrative agent (the "Amendment"). The Amendment, among other things, provided for Citibank, N.A.'s resignation as administrative agent and the appointment of Wilmington Trust, National Association as administrative agent, reduced the overall commitments available to $666.25 million and provided for certain lenders to exit the facility in order to become lenders under the 2018 Revolving Credit Facility. Availability under the 2012 Revolving Credit Facility is subject to a covenant not to exceed a net debt to capital ratio of 0.60:1. Net debt is defined in the 2012 Revolving Credit Facility in the same manner as the 2018 Revolving Credit Facility. As of September 30, 2019, we had $455.0 million outstanding under the 2012 Revolving Credit Facility. The weighted average interest rate on borrowings at September 30, 2019 was 3.86%. The 2012 Revolving Credit Facility matures on July 14, 2020.

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

Note 7 Shareholders' Equity

Common shares

In May 2018, we issued 35.0 million common shares at a price to the public of $7.75 per share. In connection with this offering, in June 2018 the underwriters exercised in full their option to purchase 5.25 million additional common shares. Nabors received aggregate net proceeds of approximately $301.4 million after deducting underwriting discounts, commissions and offering expenses.

On February 22, 2019, a cash dividend of $0.01 per common share was declared for shareholders of record on March 12, 2019. The dividend was paid on April 2, 2019 in the amount of $3.5 million. On April 24, 2019, a cash dividend of $0.01 per common share was declared for shareholders of record on June 11, 2019. The dividend was paid on July 2, 2019 in the amount of $3.5 million. On July 26, 2019, a cash dividend of $0.01 per common share was declared for shareholders of record on September 11, 2019. The dividend was paid on October 2, 2019 in the amount of $3.5 million. These dividends were charged to retained earnings in our condensed consolidated statements of changes in equity for the nine months ended September 30, 2019.

Convertible Preferred Shares

In May 2018, we issued 5.75 million (including the underwriters option for 0.75 million) of our 6% Series A Mandatory Convertible Preferred Shares (the “mandatory convertible preferred shares”), par value $0.001 per share, with a liquidation preference of $50 per share. Nabors received aggregate net proceeds of approximately $277.9 million after deducting underwriting discounts, commissions and offering expenses. In June 2019, we repurchased 4,000 of our mandatory convertible preferred shares for approximately $.08 million.

The dividends on the mandatory convertible preferred shares are payable on a cumulative basis at a rate of 6% annually on the initial liquidation preference of $50 per share. Dividends accumulate and are paid quarterly to the extent that we have available funds and our Board of Directors declares a dividend payable. We may elect to pay any accumulated and unpaid dividends in cash or common shares or any combination thereof. At issuance, each mandatory convertible preferred share was automatically convertible into between 5.3763 and 6.4516 of our common shares based on the average share price over a period of twenty consecutive trading days ending prior to May 1, 2021, subject to anti-dilution adjustments. As a result of the dividends paid on our common shares since the offering, the most recent publicly announced conversion rate for each mandatory convertible preferred share is between 5.6492 and 6.7791 of our common shares. Adjustments to the conversion ratio are required to be made and published when such adjustment would result in an increase or decrease of one percent or more of the conversion rate. At any time prior to May 1, 2021, a holder of mandatory convertible preferred shares may convert such mandatory convertible preferred shares into our common shares at the minimum conversion rate, subject to adjustment.

On February 22, 2019, a cash dividend of $0.75 per mandatory convertible preferred share was declared for shareholders of record on April 15, 2019. The dividend was paid on May 1, 2019 in the amount of $4.3 million. On April 24, 2019, a cash dividend of $0.75 per mandatory convertible preferred share was declared for shareholders of record on July 15, 2019. The dividend was paid on August 1, 2019 in the amount of $4.3 million. On July 26, 2019, a cash dividend of $0.75 per mandatory convertible preferred share was declared for shareholders of record on October 15, 2019. The dividend was paid on November 1, 2019 in the amount of $4.3 million. These dividends were charged to retained earnings in our condensed consolidated statements of changes in equity for the nine months ended September 30, 2019.

Note 8 Commitments and Contingencies

Contingencies

Income Tax

We operate in a number of countries and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries, if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could change substantially. During the three and nine months ended September 30, 2019, we recognized $14.7 million of income tax expense due to a tax settlement in one of our foreign jurisdictions.

In certain jurisdictions we have recognized deferred tax assets and liabilities. Judgment and assumptions are required in determining whether deferred tax assets will be fully or partially utilized. When we estimate that all or some portion of certain deferred tax assets such as net operating loss carryforwards will not be utilized, we establish a valuation allowance for the amount we determine to be more likely than not unrealizable. We continually evaluate strategies that could allow for future utilization of our deferred assets. Any change in the ability to utilize such deferred assets will be accounted for in the period of the event affecting the valuation allowance. If facts and circumstances cause us to change our expectations regarding future tax consequences, the resulting adjustments could have a material effect on our financial results or cash flow. At this time, we consider it more likely than not that we will have sufficient taxable income in the future that will allow us to realize the deferred tax assets that we have recognized. However, it is possible that some of our recognized deferred tax assets, relating to net operating loss carryforwards, could expire unused or could carryforward indefinitely without utilization. Therefore, unless we are able to generate sufficient taxable income from our component operations, a substantial valuation allowance to reduce our deferred tax assets may be required, which would materially increase our tax expense in the period the allowance is recognized and materially adversely affect our results of operations and statement of financial condition.

Litigation

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

In March 2011, the Court of Ouargla entered a judgment of approximately $23.4 million (at September 30, 2019 exchange rates) against us relating to alleged violations of Algeria's foreign currency exchange controls, which require that goods and services provided locally be invoiced and paid in local currency. The case relates to certain foreign currency payments made to us by CEPSA, a Spanish operator, for wells drilled in 2006. Approximately $7.5 million of the total contract amount was paid offshore in foreign currency, and approximately $3.2 million was paid in local currency. The judgment includes fines and penalties of approximately four times the amount at issue. We have appealed the ruling based on our understanding that the law in question applies only to resident entities incorporated under Algerian law. An intermediate court of appeals upheld the lower court's ruling, and we appealed the matter to the Supreme Court. On September 25, 2014, the Supreme Court overturned the verdict against us, and the case was reheard by the Ouargla Court of Appeals on March 22, 2015 in light of the Supreme Court's opinion. On March 29, 2015, the Ouargla Court of Appeals reinstated the initial judgment against us. We have appealed this decision again to the Supreme Court. While our payments were consistent with our historical operations in the country, and, we believe, those of other multinational corporations there, as well as interpretations of the law by the Central Bank of Algeria, the ultimate resolution of this matter could result in a loss of up to $15.4 million in excess of amounts accrued.

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

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

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Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to some transactions, agreements or other contractual arrangements defined as “off-balance sheet arrangements” that could have a material future effect on our financial position, results of operations, liquidity and capital resources. The most significant of these off-balance sheet arrangements include the A/R Agreement (see Note 5—Accounts Receivable Sales Agreement) and certain agreements and obligations under which we provide financial or performance assurance to third parties. Certain of these financial or performance assurances serve as guarantees, including standby letters of credit issued on behalf of insurance carriers in conjunction with our workers’ compensation insurance program and other financial surety instruments such as bonds. In addition, we have provided indemnifications, which serve as guarantees, to some third parties. These guarantees include indemnification provided by Nabors to our share transfer agent and our insurance carriers. We are not able to estimate the potential future maximum payments that might be due under our indemnification guarantees.

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

	Maximum Amount				
	2019	2020	2021	Thereafter	
			(In thousands)		
Financial standby letters of credit and other financial surety instruments	$ 62,783	158,880	—	—	$

Note 9 Earnings (Losses) Per Share

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

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

Diluted earnings (losses) per share is computed using the weighted-average number of common and common equivalent shares outstanding during the periods utilizing the two-class method for stock options and unvested restricted shares. Shares issuable upon exchange of the $575 million 0.75% exchangeable notes are not included in the calculation of diluted earnings (losses) per share unless the exchange value of the notes exceeds their principal amount at the end of the relevant reporting period, in which case the notes will be accounted for as if the number of common shares that would be necessary to settle the excess are issued. Such shares are only included in the calculation of the weighted-average number of shares outstanding in our diluted earnings (losses) per share calculation, when the price of our shares exceeds $25.16 on the last trading day of the quarter, which did not occur during the nine months ended September 30, 2019.

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

	Three Months Ended September 30,		Nine Month Septemb
	2019	2018	2019
	(In thousands, except per share amounts)		
BASIC EPS:			
Net income (loss) (numerator):			
Income (loss) from continuing operations, net of tax	$ (99,788)	$ (93,710)	$ (395,965)
Less: net (income) loss attributable to noncontrolling interest	(19,297)	(6,934)	(44,202)
Less: preferred stock dividends	(4,310)	(4,313)	(12,935)
Less: accrued distribution on redeemable noncontrolling interest in subsidiary	(5,176)	(2,146)	(15,358)
Less: distributed and undistributed earnings allocated to unvested shareholders	(114)	(432)	(347)
Numerator for basic earnings per share:			
Adjusted income (loss) from continuing operations, net of tax - basic	$ (128,685)	$ (107,535)	$ (468,807)
Income (loss) from discontinued operations, net of tax	$ 157	$ (13,933)	$ (34)
Weighted-average number of shares outstanding - basic	352,026	350,194	351,444
Earnings (losses) per share:			
Basic from continuing operations	$ (0.37)	$ (0.31)	$ (1.33)
Basic from discontinued operations	—	(0.04)	—
Total Basic	$ (0.37)	$ (0.35)	$ (1.33)
DILUTED EPS:			
Adjusted income (loss) from continuing operations, net of tax - basic	$ (128,685)	$ (107,535)	$ (468,807)
Add: effect of reallocating undistributed earnings of unvested shareholders	—	—	—
Adjusted income (loss) from continuing operations, net of tax - diluted	$ (128,685)	$ (107,535)	$ (468,807)
Income (loss) from discontinued operations, net of tax	$ 157	$ (13,933)	$ (34)
Weighted-average number of shares outstanding - basic	352,026	350,194	351,444
Add: dilutive effect of potential common shares	—	—	—
Weighted-average number of shares outstanding - diluted	352,026	350,194	351,444
Earnings (losses) per share:			
Diluted from continuing operations	$ (0.37)	$ (0.31)	$ (1.33)
Diluted from discontinued operations	—	(0.04)	—
Total Diluted	$ (0.37)	$ (0.35)	$ (1.33)

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

	Three Months Ended September 30,		Nine Months September
	2019	2018	2019
	(In thousands)		
Potentially dilutive securities excluded as anti-dilutive	1,807	4,354	2,053

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

Additionally, we excluded 39.0 million common shares from the computation of diluted shares issuable upon the conversion of mandatory convertible preferred shares, because their effect would be anti-dilutive under the if-converted method.

Note 10 Impairments and Other Charges

The components of impairments and other charges are provided below:

	Three Months Ended September 30,		Nine Mo Septe
	2019	2018	2019
		(In thousands)	
Goodwill & Intangible Assets:			
Goodwill impairments	—	—	93,6
Intangible asset impairment	—	—	5,2
Subtotal	—	—	98,8
Other Charges:			
Divestiture of International assets	—	—	
Severance and transaction related costs	2,911	1,753	5,3
Tangible asset impairments	—	1,541	
Loss (gain) on early extinguishment of debt	718	10,476	1,7
Total	$ 3,629	$ 13,770	$ 106,0

For the three and nine months ended September 30, 2019

Goodwill impairments

During the nine months ended September 30, 2019, we recognized goodwill impairment charges of $93.6 million. As part of our annual goodwill impairment test, we determined the carrying value of some of our reporting units exceeded their fair value. As such, we recognized an impairment of $75.6 million for the remaining goodwill balance attributable to our International Drilling operating segment and $18.0 million for a partial impairment to our goodwill balance related to the acquisition of 2TD in 2014, reported within our Rig Technologies operating segment. These non-cash pre-tax impairment charges were primarily the result of a sustained decline in our market capitalization and lower future cash flow projections due to expectations for future commodity prices and the resulting impact on the demand for our products and services within these reporting units.

Intangible impairments

Additionally, we determined the fair value of one of our intangible assets was less than the current book value. As such, we recognized a partial impairment of $5.2 million to write down the intangible asset to its fair value. This intangible asset relates to in-process research and development associated with our rotary steerable tools purchased as part of the 2TD acquisition. Based on our updated projections of future cash flows, the carrying value did not support the current fair value and thus an impairment charge was recognized.

Severance and transaction related costs

During the three and nine months ended September 30, 2019, we recognized charges of $2.9 million and $5.4 million, respectively, due to severance and other related costs incurred to right-size our cost structure.

Loss (gain) on early extinguishment of debt

During the three and nine months ended September 30, 2019, we repurchased $16.6 million and $378.1 million, respectively, aggregate principal amount of our senior notes and recognized a loss of $0.7 million and $1.8 million, respectively, as part of the debt extinguishment. See Note 6—Debt for additional discussion.

Three and nine months ended September 30, 2018

Divestiture of International assets

During the nine months ended September 30, 2018, we recognized a loss of $63.7 million on the sale of three offshore drilling rigs within our International Drilling operating segment.

Severance and transaction related costs

During the three and nine months ended September 30, 2018, we incurred $1.8 million and $12.5 million, respectively, in transaction related costs, including professional fees, severances, facility closure costs and other cost rationalization items, primarily in connection with the acquisition of Tesco.

Loss (gain) on early extinguishment of debt

During the three and nine months ended September 30, 2018, we repurchased $460.8 million aggregate principal amount of our senior notes and recognized a loss of $10.5 million as part of the debt extinguishment.

Tangible asset impairments

During the three and nine months ended September 30, 2018, we recognized impairment charges of $1.5 million and $3.7 million, respectively, primarily due to obsolete inventory within our Rig Technologies reportable segment.

Note 11 Supplemental Balance Sheet and Income Statement Information

Accrued liabilities included the following:

	September 30, 2019	
	(In thousand	
Accrued compensation	$ 79,085	$
Deferred revenue and proceeds on insurance and asset sales	100,030	
Other taxes payable	24,650	
Workers' compensation liabilities	15,214	
Interest payable	18,570	
Litigation reserves	15,547	
Current liability to discontinued operations	—	
Dividends declared and payable	7,830	
Other accrued liabilities	18,255	
	$ 279,181	$

Investment income (loss) includes the following:

	Three Months Ended September 30,		Nin S
	2019	2018	2019
	(In thousands)		
Interest and dividend income	$ 2,040	$ 900	$ 6,3
Gains (losses) on marketable securities	(3,477)	(2,242)	2,3
	$ (1,437)	$ (1,342)	$ 8,7

Other, net included the following:

	Three Months Ended September 30,		Nine M Sept
	2019	2018	2019
	(In thousands)		
Losses (gains) on sales, disposals and involuntary conversions of long-lived assets	$ (1,750)	$ 4,811	$ 8,410
Litigation expenses and reserves	(2,400)	1,375	4,211
Foreign currency transaction losses (gains)	8,745	1,607	18,715
Other losses (gains)	410	1,344	(738
	$ 5,005	$ 9,137	$ 30,598

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

	Gains (losses) on cash flow hedges	Unrealized gains (losses) on available-for-sale securities	Defined benefit pension plan items	Foreign currency items
			(In thousands (1))	
As of January 1, 2018	$ (922)	$ 9,144	$ (4,111)	$ 7,074
Other comprehensive income (loss) before reclassifications	—	—	—	(9,604)
Amounts reclassified from accumulated other comprehensive income (loss)	323	—	125	—
Adoption of ASU No. 2016-01	—	(9,144)	—	—
Net other comprehensive income (loss)	323	(9,144)	125	(9,604)
As of September 30, 2018	$ (599)	$ —	$ (3,986)	$ (2,530)

[redacted]

[redacted]

	Gains (losses) on cash flow hedges	Unrealized gains (losses) on available-for-sale securities	Defined benefit pension plan items	Foreign currency items
			(In thousands (1))	
As of January 1, 2019	$ (492)	$ —	$ (3,945)	$ (24,888)
Other comprehensive income (loss) before reclassifications	—	—	—	12,314
Amounts reclassified from accumulated other comprehensive income (loss)	319	—	125	—
Net other comprehensive income (loss)	319	—	125	12,314
As of September 30, 2019	$ (173)	$ —	$ (3,820)	$ (12,574)

[redacted]

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

	Three Months Ended September 30,		N
	2019	2018	201
		(In thousands)	
Interest expense	$ 142	$ 143	$
General and administrative expenses	54	54	
Total income (loss) from continuing operations before income tax	(196)	(197)	
Tax expense (benefit)	(48)	(48)	
Reclassification adjustment for (gains)/ losses included in net income (loss)	$ (148)	$ (149)	$

Note 12 Segment Information

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

	Three Months Ended September 30,		Nine Months E September 3	
	2019	2018	2019	
		(In thousands)		
Operating revenues:				
U.S. Drilling	$ 307,808	$ 273,996	$ 951,419	$
Canada Drilling	12,191	26,645	48,895	
International Drilling	328,278	377,125	992,439	
Drilling Solutions	62,286	60,923	192,291	
Rig Technologies	63,106	63,641	207,610	
Other reconciling items (1)	(15,593)	(22,905)	(63,532)	
Total	$ 758,076	$ 779,425	$ 2,329,122	$

	Three Months Ended September 30,		Nine Mont Septem
	2019	2018	2019
		(In thousands)	
Adjusted operating income (loss): (2)			
U.S. Drilling	$ 12,427	$ 2,578	$ 57,502
Canada Drilling	(5,701)	(1,895)	(11,297)
International Drilling	2,466	25,680	(10,055)
Drilling Solutions	16,145	9,506	42,793
Rig Technologies	(641)	(4,141)	(5,293)
Total segment adjusted operating income (loss)	$ 24,696	$ 31,728	$ 73,650

[redacted]

	Three Months Ended September 30,		Nine Month Septembe
	2019	2018	2019
	(In thousands)		
Reconciliation of segment adjusted operating income (loss) to net income (loss) from continuing operations before income taxes:			
Total segment adjusted operating income (loss) (2)	$ 24,696	$ 31,728	$ 73,650
Other reconciling items (3)	(39,219)	(39,285)	(121,480)
Earnings (losses) from unconsolidated affiliates	—	—	(5)
Investment income (loss)	(1,437)	(1,342)	8,709
Interest expense	(51,291)	(51,415)	(155,134)
Impairments and other charges	(3,629)	(13,770)	(106,007)
Other, net	(5,005)	(9,137)	(30,598)
Income (loss) from continuing operations before income taxes	$ (75,885)	$ (83,221)	$ (330,865)

	September 30, 2019
	(In thousan
Total assets:	
U.S. Drilling	$ 2,521,098
Canada Drilling	215,813
International Drilling	3,084,525
Drilling Solutions	222,605
Rig Technologies	411,831
Other reconciling items (3)	817,625
Total	$ 7,273,497

[redacted]ions.

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

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

Note 13 Revenue Recognition

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

[redacted]

Disaggregation of revenue

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

	Three Months Ended September 30, 2019				
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies
	(In thousands)				
Lower 48	$ 256,978	$ —	$ —	$ 41,459	$ 40,082 $
U.S. Offshore Gulf of Mexico	37,365	—	—	2,935	—
Alaska	13,465	—	—	1,488	341
Canada	—	12,191	—	358	1,894
Middle East & Asia	—	—	197,095	11,167	14,481
Latin America	—	—	85,558	4,545	468
Europe, Africa & CIS	—	—	45,625	334	5,840
Eliminations & other	—	—	—	—	—
Total	$ 307,808	$ 12,191	$ 328,278	$ 62,286	$ 63,106 $

	Nine Months Ended September 30, 2019					
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies	Otl
	(In thousands)					
Lower 48	$ 784,638	$ —	$ —	$ 132,156	$ 144,983 $	
U.S. Offshore Gulf of Mexico	117,572	—	—	9,945	—	
Alaska	49,209	—	—	4,137	888	
Canada	—	48,895	—	1,413	6,942	
Middle East & Asia	—	—	570,142	31,095	38,344	
Latin America	—	—	266,715	11,202	1,850	
Europe, Africa & CIS	—	—	155,582	2,343	14,603	
Eliminations & other	—	—	—	—	—	
Total	$ 951,419	$ 48,895	$ 992,439	$ 192,291	$ 207,610 $	

	Three Months Ended September 30, 2018				
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies
	(In thousands)				
Lower 48	$ 231,935	$ —	$ —	$ 42,045	$ 45,707 $
U.S. Offshore Gulf of Mexico	31,942	—	—	3,345	—
Alaska	10,119	—	—	1,248	209
Canada	—	26,645	—	1,081	3,483
Middle East & Asia	—	—	226,926	9,126	7,882
Latin America	—	—	94,048	3,399	1,604
Europe, Africa & CIS	—	—	56,151	679	4,756
Eliminations & other	—	—	—	—	—
Total	$ 273,996	$ 26,645	$ 377,125	$ 60,923	$ 63,641 $

	Nine Months Ended September 30, 2018					
	U.S. Drilling	Canada Drilling	International Drilling	Drilling Solutions	Rig Technologies	Ot
	(In thousands)					
Lower 48	$ 655,916	$ —	$ —	$ 127,733	$ 153,878 $	
U.S. Offshore Gulf of Mexico	84,997	—	—	9,455	—	
Alaska	38,480	—	—	2,691	553	
Canada	—	75,974	—	4,797	17,096	
Middle East & Asia	—	—	701,292	25,859	19,592	
Latin America	—	—	265,738	11,048	5,181	
Europe, Africa & CIS	—	—	156,926	1,847	13,331	
Eliminations & other	—	—	—	—	—	
Total	$ 779,393	$ 75,974	$ 1,123,956	$ 183,430	$ 209,631 $	

Contract balances

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

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

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

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

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

	Contract Receivables	Contract Assets (Current)	Contract Assets (Long-term)	Contract Liabilities (Current)
			(In millions)	
As of December 31, 2018	$ 791.2	$ 55.8	$ 32.3	$ 116.7
As of September 30, 2019	$ 647.2	$ 38.1	$ 32.3	$ 72.0

Approximately 64% of the contract liability balance at the beginning of the period is expected to be recognized as revenue during 2019, of which 55% was recognized during the nine months ended September 30, 2019, and 23% is expected to be recognized during 2020. The remaining 13% of the contract liability balance at the beginning of the period is expected to be recognized as revenue during 2021 or thereafter.

Additionally, 60% of the contract asset balance at the beginning of the period is expected to be recognized as expense during 2019, of which 50% was recognized during the nine months ended September 30, 2019, and 17% is expected to be recognized during 2020. The remaining 23% of the contract asset balance at the beginning of the period is expected to be recognized as expense during 2021 or thereafter. This disclosure does not include variable consideration allocated entirely to a wholly unsatisfied performance obligation or promise to transfer a distinct good or service that forms part of a single performance obligation.

Note 14 Leases

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

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

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

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

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

Lease Position

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

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

Lease Costs

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

	Three Months Ended September 30, 2019		N
	(In thousands)		
Operating lease cost	$	4,007	$
Short-term lease cost		741	
Variable lease cost		217	
Total lease cost	$	4,965	$

Other Information

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

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

Lease Terms and Discount Rates

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

	S
Weighted-average remaining lease term - operating leases	
Weighted-average discount rate - operating leases	

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Undiscounted Cash Flows

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

	Septemb (In th
2019	$
2020	
2021	
2022	
2023	
Thereafter	
Total undiscounted lease liability	
Less: amount of lease payments representing interest	
Long-term lease obligations	$

As of September 30, 2019, we had additional leases that have not yet commenced of approximately $12.9 million. These leases will commence in the fourth quarter of 2019 with lease terms of 12 years.

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

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

Note 15 Condensed Consolidating Financial Information

Nabors has fully and unconditionally guaranteed on a joint and several basis all of the issued public debt securities of Nabors Delaware, a 100% wholly owned subsidiary. The following condensed consolidating financial information is included so that separate financial statements of Nabors Delaware 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 September 30, 2019 and December 31, 2018, statements of income (loss) and statements of other comprehensive income (loss) for the three and nine months ended September 30, 2019 and 2018, and statements of cash flows for the nine months ended September 30, 2019 and 2018 of (a) Nabors, parent/guarantor, (b) Nabors Delaware, issuer of public debt securities guaranteed by Nabors, (c) the non-guarantor subsidiaries, (d) consolidating adjustments necessary to consolidate Nabors and its subsidiaries and (e) Nabors on a consolidated basis.

Condensed Consolidating Balance Sheets

	September 30, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
	(In thousands)				
	ASSETS				
Current assets:					
Cash and cash equivalents	$ 349	$ 39	$ 396,549	$ —	$
Short-term investments	—	—	22,000	—	
Accounts receivable, net	—	—	613,527	—	
Inventory, net	—	—	186,124	—	
Assets held for sale	—	—	8,037	—	
Other current assets	172	—	153,551	—	
Total current assets	521	39	1,379,788	—	
Property, plant and equipment, net	—	—	5,152,236	—	
Goodwill	—	—	90,543	—	
Intercompany receivables	94,749	—	2,611	(97,360)	
Investment in consolidated affiliates	2,167,547	5,787,607	4,269,318	(12,224,472)	
Deferred income taxes	—	423,318	353,181	(423,318)	
Other long-term assets	—	132	304,382	(7,325)	
Total assets	$ 2,262,817	$ 6,211,096	$ 11,552,059	$ (12,752,475)	$
	LIABILITIES AND EQUITY				
Current liabilities:					
Current portion of debt	$ —	$ —	$ 1,058	$ —	$
Trade accounts payable	190	244	364,224	—	
Accrued liabilities	8,374	18,558	252,249	—	
Income taxes payable	—	—	23,837	—	
Current lease liabilities	—	—	13,570	—	
Total current liabilities	8,564	18,802	654,938	—	
Long-term debt	—	3,523,917	—	(7,325)	
Other long-term liabilities	—	29,331	255,057	—	
Deferred income taxes	—	—	452,427	(423,318)	
Intercompany payable	2,548	46,109	48,703	(97,360)	
Total liabilities	11,112	3,618,159	1,411,125	(528,003)	
Redeemable noncontrolling interest in subsidiary	—	—	420,217	—	
Shareholders' equity	2,251,705	2,592,937	9,631,535	(12,224,472)	
Noncontrolling interest	—	—	89,182	—	
Total equity	2,251,705	2,592,937	9,720,717	(12,224,472)	
Total liabilities and equity	$ 2,262,817	$ 6,211,096	$ 11,552,059	$ (12,752,475)	$

Condensed Consolidating Balance Sheets

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

Condensed Consolidating Statements of Income (Loss)

	Three Months Ended September 30, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non- Guarantors)	Consolidating Adjustments	
			(In thousands)		
Revenues and other income:					
Operating revenues	$ —	$ —	$ 758,076	$ —	$
Earnings (losses) from consolidated affiliates	(116,696)	96,069	55,565	(34,938)	
Investment income (loss)	—	—	(909)	(528)	
Total revenues and other income	(116,696)	96,069	812,732	(35,466)	
Costs and other deductions:					
Direct costs	—	3	475,458	—	
General and administrative expenses	1,894	163	61,870	(350)	
Research and engineering	—	—	12,004	—	
Depreciation and amortization	—	31	221,526	—	
Interest expense, net	—	51,691	(400)	—	
Impairments and other charges	—	—	3,629	—	
Other, net	300	714	3,641	350	
Intercompany interest expense, net	38	—	(38)	—	
Total costs and other deductions	2,232	52,602	777,690	—	
Income (loss) from continuing operations before income taxes	(118,928)	43,467	35,042	(35,466)	
Income tax expense (benefit)	—	(12,098)	36,001	—	
Income (loss) from continuing operations, net of tax	(118,928)	55,565	(959)	(35,466)	
Income (loss) from discontinued operations, net of tax	—	—	157	—	
Net income (loss)	(118,928)	55,565	(802)	(35,466)	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(19,297)	—	
Net income (loss) attributable to Nabors	(118,928)	55,565	(20,099)	(35,466)	
Less: Preferred stock dividend	(4,310)	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (123,238)	$ 55,565	$ (20,099)	$ (35,466)	$

Condensed Consolidating Statements of Income (Loss)

	Three Months Ended September 30, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non- Guarantors)	Consolidating Adjustments	
	(In thousands)				
Revenues and other income:					
Operating revenues	$ —	$ —	$ 779,425	$ —	$
Earnings (losses) from unconsolidated affiliates	—	—	—	—	
Earnings (losses) from consolidated affiliates	(112,066)	78,395	30,508	3,163	
Investment income (loss)	—	—	1,826	(3,168)	
Total revenues and other income	(112,066)	78,395	811,759	(5)	
Costs and other deductions:					
Direct costs	—	—	497,194	—	
General and administrative expenses	2,294	94	64,415	10	
Research and engineering	—	—	14,458	—	
Depreciation and amortization	—	31	208,486	—	
Interest expense, net	—	51,590	(175)	—	
Impairments and other charges	—	10,476	3,294	—	
Other, net	206	—	8,941	(10)	
Intercompany interest expense	11	—	(11)	—	
Total costs and other deductions	2,511	62,191	796,602	—	
Income (loss) from continuing operations before income taxes	(114,577)	16,204	15,157	(5)	
Income tax expense (benefit)	—	(14,304)	24,793	—	
Income (loss) from continuing operations, net of tax	(114,577)	30,508	(9,636)	(5)	
Income (loss) from discontinued operations, net of tax	—	—	(13,933)	—	
Net income (loss)	(114,577)	30,508	(23,569)	(5)	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(6,934)	—	
Net income (loss) attributable to Nabors	$ (114,577)	$ 30,508	$ (30,503)	$ (5)	$
Less: Preferred stock dividend	(4,313)	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (118,890)	$ 30,508	$ (30,503)	$ (5)	$

Condensed Consolidating Statements of Income (Loss)

	Nine Months Ended September 30, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Revenues and other income:					
Operating revenues	$ —	$ —	$ 2,329,122	$ —	$
Earnings (losses) from unconsolidated affiliates	—	—	(5)	—	
Earnings (losses) from consolidated affiliates	(432,995)	292,602	174,659	(34,266)	
Investment income (loss)	—	—	10,293	(1,584)	
Total revenues and other income	(432,995)	292,602	2,514,069	(35,850)	
Costs and other deductions:					
Direct costs	—	3	1,493,079	—	
General and administrative expenses	6,292	577	190,164	(874)	
Research and engineering	—	—	37,444	—	
Depreciation and amortization	—	94	650,173	—	
Interest expense, net	—	156,515	(1,381)	—	
Impairments and other charges	—	—	106,007	—	
Other, net	816	(4,017)	32,925	874	
Intercompany interest expense, net	98	—	(98)	—	
Total costs and other deductions	7,206	153,172	2,508,313	—	
Income (loss) from continuing operations before income taxes	(440,201)	139,430	5,756	(35,850)	
Income tax expense (benefit)	—	(35,229)	100,329	—	
Income (loss) from continuing operations, net of tax	(440,201)	174,659	(94,573)	(35,850)	
Income (loss) from discontinued operations, net of tax	—	—	(34)	—	
Net income (loss)	(440,201)	174,659	(94,607)	(35,850)	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(44,202)	—	
Net income (loss) attributable to Nabors	(440,201)	174,659	(138,809)	(35,850)	
Less: Preferred stock dividend	(12,935)	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (453,136)	$ 174,659	$ (138,809)	$ (35,850)	$

Condensed Consolidating Statements of Income (Loss)

	Nine Months Ended September 30, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
	(In thousands)				
Revenues and other income:					
Operating revenues	$ —	$ —	$ 2,275,539	$ —	$
Earnings (losses) from unconsolidated affiliates	—	—	1	—	
Earnings (losses) from consolidated affiliates	(448,485)	161,420	16,063	271,002	
Investment income (loss)	2	—	5,274	(9,317)	
Total revenues and other income	(448,483)	161,420	2,296,877	261,685	
Costs and other deductions:					
Direct costs	—	—	1,466,572	—	
General and administrative expenses	7,531	493	201,681	(498)	
Research and engineering	—	—	42,703	—	
Depreciation and amortization	—	93	640,134	—	
Interest expense, net	—	177,713	(4,320)	—	
Impairments and other charges	—	10,476	79,958	—	
Other, net	1,405	—	22,260	498	
Intercompany interest expense, net	111	—	(111)	—	
Total costs and other deductions	9,047	188,775	2,448,877	—	
Income (loss) from continuing operations before income taxes	(457,530)	(27,355)	(152,000)	261,685	
Income tax expense (benefit)	—	(43,418)	100,730	—	
Income (loss) from continuing operations, net of tax	(457,530)	16,063	(252,730)	261,685	
Income (loss) from discontinued operations, net of tax	—	—	(14,592)	—	
Net income (loss)	(457,530)	16,063	(267,322)	261,685	
Less: Net (income) loss attributable to noncontrolling interest	—	—	(10,426)	—	
Net income (loss) attributable to Nabors	$ (457,530)	$ 16,063	$ (277,748)	$ 261,685	$
Less: Preferred stock dividend	(7,993)	—	—	—	
Net income (loss) attributable to Nabors common shareholders	$ (465,523)	$ 16,063	$ (277,748)	$ 261,685	$

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Condensed Consolidating Statements of Comprehensive Income (Loss)

	Three Months Ended September 30, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net income (loss) attributable to Nabors	$ (118,928)	$ 55,565	$ (20,099)	$ (35,466)	$
Other comprehensive income (loss) before tax:					
Translation adjustment attributable to Nabors	(3,225)	—	(3,225)	3,225	
Pension liability amortization and adjustment	54	54	108	(162)	
Unrealized gains (losses) and amortization on cash flow hedges	142	142	142	(284)	
Other comprehensive income (loss) before tax	(3,029)	196	(2,975)	2,779	
Income tax expense (benefit) related to items of other comprehensive income (loss)	48	48	96	(144)	
Other comprehensive income (loss), net of tax	(3,077)	148	(3,071)	2,923	
Comprehensive income (loss) attributable to Nabors	(122,005)	55,713	(23,170)	(32,543)	
Net income (loss) attributable to noncontrolling interest	—	—	19,297	—	
Translation adjustment attributable to noncontrolling interest	—	—	(4)	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	19,293	—	
Comprehensive income (loss)	$ (122,005)	$ 55,713	$ (3,877)	$ (32,543)	$

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Three Months Ended September 30, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net income (loss) attributable to Nabors	$ (114,577)	$ 30,508	$ (30,503)	$ (5)	$
Other comprehensive income (loss) before tax:					
Translation adjustment attributable to Nabors	5,309	—	5,309	(5,309)	
Pension liability amortization and adjustment	54	54	108	(162)	
Unrealized gains (losses) and amortization on cash flow hedges	143	143	143	(286)	
Other comprehensive income (loss) before tax	5,506	197	5,560	(5,757)	
Income tax expense (benefit) related to items of other comprehensive income (loss)	48	48	96	(144)	
Other comprehensive income (loss), net of tax	5,458	149	5,464	(5,613)	
Comprehensive income (loss) attributable to Nabors	(109,119)	30,657	(25,039)	(5,618)	
Net income (loss) attributable to noncontrolling interest	—	—	6,934	—	
Translation adjustment attributable to noncontrolling interest	—	—	58	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	6,992	—	
Comprehensive income (loss)	$ (109,119)	$ 30,657	$ (18,047)	$ (5,618)	$

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Nine Months Ended September 30, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non- Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net income (loss) attributable to Nabors	$ (440,201)	$ 174,659	$ (138,809)	$ (35,850)	$
Other comprehensive income (loss) before tax					
Translation adjustment attributable to Nabors	12,314	1	12,314	(12,315)	
Pension liability amortization and adjustment	162	162	324	(486)	
Unrealized gains (losses) and amortization on cash flow hedges	424	424	424	(848)	
Other comprehensive income (loss) before tax	12,900	587	13,062	(13,649)	
Income tax expense (benefit) related to items of other comprehensive income (loss)	142	142	284	(426)	
Other comprehensive income (loss), net of tax	12,758	445	12,778	(13,223)	
Comprehensive income (loss) attributable to Nabors	(427,443)	175,104	(126,031)	(49,073)	
Net income (loss) attributable to noncontrolling interest	—	—	44,202	—	
Translation adjustment attributable to noncontrolling interest	—	—	55	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	44,257	—	
Comprehensive income (loss)	$ (427,443)	$ 175,104	$ (81,774)	$ (49,073)	$

Condensed Consolidating Statements of Comprehensive Income (Loss)

	Nine Months Ended September 30, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non- Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net income (loss) attributable to Nabors	$ (457,530)	$ 16,063	$ (277,748)	$ 261,685	$
Other comprehensive income (loss) before tax					
Translation adjustment attributable to Nabors	(9,604)	—	(9,604)	9,604	
Pension liability amortization and adjustment	162	162	324	(486)	
Unrealized gains (losses) and amortization on cash flow hedges	425	425	425	(850)	
Adoption of ASU No. 2016-01	(9,144)	—	(9,144)	9,144	
Other comprehensive income (loss) before tax	(18,161)	587	(17,999)	17,412	
Income tax expense (benefit) related to items of other comprehensive income (loss)	139	139	278	(417)	
Other comprehensive income (loss), net of tax	(18,300)	448	(18,277)	17,829	
Comprehensive income (loss) attributable to Nabors	(475,830)	16,511	(296,025)	279,514	
Net income (loss) attributable to noncontrolling interest	—	—	10,426	—	
Translation adjustment attributable to noncontrolling interest	—	—	(101)	—	
Comprehensive income (loss) attributable to noncontrolling interest	—	—	10,325	—	
Comprehensive income (loss)	$ (475,830)	$ 16,511	$ (285,700)	$ 279,514	$

Condensed Consolidating Statements Cash Flows

	Nine Months Ended September 30, 2019				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non- Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net cash provided by (used for) operating activities	$ 69,861	$ (171,500)	$ 593,391	$ (60,924)	$
Cash flows from investing activities:					
Purchases of investments	—	—	(5,008)	—	
Sales and maturities of investments	—	—	14,466	—	
Cash paid for acquisitions of businesses, net of cash acquired	—	—	(2,929)	—	
Cash paid for investments in consolidated affiliates	—	—	(8,500)	8,500	
Capital expenditures	—	—	(366,594)	—	
Proceeds from sales of assets and insurance claims	—	—	26,365	—	
Change in intercompany balances	—	264,238	(264,238)	—	
Net cash provided by (used for) investing activities	—	264,238	(606,438)	8,500	
Cash flows from financing activities:					
Increase (decrease) in cash overdrafts	—	—	(130)	—	
Debt issuance costs	—	(48)	—	—	
Proceeds from revolving credit facilities	—	975,000	—	—	
Proceeds from parent contributions	—	8,500	—	(8,500)	
Proceeds from issuance of common shares, net of issuance costs	6	—	(6)	—	
Reduction of long-term debt	—	(379,193)	—	—	
Reduction in revolving credit facilities	—	(690,000)	—	—	
Dividends to common and preferred shareholders	(45,297)	—	(570)	4,224	
Proceeds from (payments for) short-term borrowings	—	—	497	—	
Repurchase of preferred shares	(79)	—	—	—	
Proceeds from issuance of intercompany debt	4,700	—	(4,700)	—	
Paydown of intercompany debt	(27,700)	(7,194)	34,894	—	
Distributions to Non-controlling interest	—	—	(4,552)	—	
Distribution from subsidiary to parent	—	—	(56,700)	56,700	
Other changes	(1,616)	—	5	—	
Net cash (used for) provided by financing activities	(69,986)	(92,935)	(31,262)	52,424	
Effect of exchange rate changes on cash and cash equivalents	—	—	(4,421)	—	
Net increase (decrease) in cash, cash equivalents and restricted cash	(125)	(197)	(48,730)	—	
Cash, cash equivalents and restricted cash, beginning of period	474	42	450,564	—	
Cash, cash equivalents and restricted cash, end of period	$ 349	$ (155)	$ 401,834	$ —	$

[redacted]

Condensed Consolidating Statements Cash Flows

	Nine Months Ended September 30, 2018				
	Nabors (Parent/ Guarantor)	Nabors Delaware (Issuer)	Other Subsidiaries (Non-Guarantors)	Consolidating Adjustments	
			(In thousands)		
Net cash provided by (used for) operating activities	$ 82,365	$ (203,493)	$ 238,064	$ (40,017)	$
Cash flows from investing activities:					
Purchases of investments	—	—	(676)	—	
Sales and maturities of investments	—	—	2,962	—	
Cash paid for investments in consolidated affiliates	(587,500)	—	(199,000)	786,500	
Capital expenditures	—	—	(338,968)	—	
Proceeds from sale of assets and insurance claims	—	—	86,666	—	
Change in intercompany balances	—	327,555	(327,555)	—	
Net cash provided by (used for) investing activities	(587,500)	327,555	(776,571)	786,500	
Cash flows from financing activities:					
Increase (decrease) in cash overdrafts	—	—	(261)	—	
Debt issuance costs	—	(13,262)	—	—	
Proceeds from issuance of common shares, net of issuance costs	301,835	—	—	—	
Reduction in long-term debt	—	(774,802)	—	—	
Reduction in revolving credit facilities	—	(1,200,000)	—	—	
Dividends to common and preferred shareholders	(70,658)	—	—	9,317	
Proceeds from (payments for) commercial paper, net	—	(40,000)	—	—	
Proceeds from (payments for) issuance of intercompany debt	20,000	—	(20,000)	—	
Proceeds from issuance of preferred stock, net of issuance costs	278,358	—	—	—	
Proceeds from revolving credit facilities	—	905,000	—	—	
Proceeds from issuance of long-term debt	—	800,000	—	—	
Paydown of intercompany debt	(21,000)	—	21,000	—	
Distributions to Non-controlling interest	—	—	(4,676)	—	
Proceeds from (payments for) short-term borrowings	—	—	252	—	
Proceeds from parent contributions	—	199,000	587,500	(786,500)	
Distribution from subsidiary to parent	—	—	(30,700)	30,700	
Other changes	(3,722)	—	—	—	
Net cash (used for) provided by financing activities	504,813	(124,064)	553,115	(746,483)	
Effect of exchange rate changes on cash and cash equivalents	—	—	(5,320)	—	
Net increase (decrease) in cash, cash equivalents and restricted cash	(322)	(2)	9,288	—	
Cash, cash equivalents and restricted cash, beginning of period	1,091	44	340,894	—	
Cash, cash equivalents and restricted cash, end of period	$ 769	$ 42	$ 350,182	$ —	$

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

We often discuss expectations regarding our future markets, demand for our products and services, and our performance in our annual, quarterly and current reports, press releases, and other written and oral statements. Statements relating to matters that are not historical facts are "forward-looking statements" within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These "forward-looking statements" are based on an analysis of currently available competitive, financial and economic data and our operating plans. They are inherently uncertain and investors should recognize that events and actual results could turn out to be significantly different from our expectations. By way of illustration, when used in this document, words such as "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "will," "should," "could," "may," "predict" and similar expressions are intended to identify forward-looking statements.

You should consider the following key factors when evaluating these forward-looking statements:

- fluctuations and volatility in worldwide prices of and demand for oil and natural gas;
- fluctuations in levels of oil and natural gas exploration and development activities;
- fluctuations in the demand for our services;
- competitive and technological changes and other developments in the oil and gas and oilfield services industries;
- our ability to renew customer contracts in order to maintain competitiveness;
- the existence of operating risks inherent in the oil and gas and oilfield services industries;
- the possibility of the loss of one or a number of our large customers;
- the impact of long-term indebtedness and other financial commitments on our financial and operating flexibility;
- our access to and the cost of capital, including the impact of a downgrade in our credit rating, covenant restrictions, availability under our unsecured revolving credit facilities, and future issuances of debt or equity securities;
- our dependence on our operating subsidiaries and investments to meet our financial obligations;
- our ability to retain skilled employees;
- our ability to complete, and realize the expected benefits of, strategic transactions;
- the recent changes in U.S. tax laws and the possibility of changes in other tax laws and other laws and regulations;
- the possibility of political or economic instability, civil disturbance, war or acts of terrorism in any of the countries in which we do business;
- the possibility of changes to U.S. trade policies and regulations including the imposition of trade embargoes or sanctions; and
- general economic conditions, including the capital and credit markets.

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

The above description of risks and uncertainties is by no means all-inclusive, but highlights certain factors that we believe are important for your consideration. For a more detailed description of risk factors that may affect us or our industry, please refer to Item 1A. — *Risk Factors* in our 2018 Annual Report.

Management Overview

This section is intended to help you understand our results of operations and our financial condition. This information is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying notes thereto.

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

Financial Results

Comparison of the three months ended September 30, 2019 and 2018

Operating revenues for the three months ended September 30, 2019 totaled $758.1 million, representing a decrease of $21.3 million, or 3%, compared to the three months ended September 30, 2018. We experienced an overall decline in rig activity as evidenced by an 8% decline in the average rigs working compared to the prior period, which was partially offset by improved dayrates within our U.S. Drilling operating segment. For a more detailed description of our operating results see Segment Results of Operations, below.

Net loss from continuing operations attributable to Nabors common shareholders totaled $123.4 million ($0.37 per diluted share) for the three months ended September 30, 2019 compared to a net loss from continuing operations attributable to Nabors common shareholders of $105.0 million ($0.31 per diluted share) for the three months ended September 30, 2018, or an $18.4 million increase in the net loss. Our net loss was adversely impacted by the $7.0 million decrease in our segments adjusted operating income as well as a $13.4 million increase in income tax expense primarily due to a tax settlement in one of our foreign jurisdictions.

General and administrative expenses for the three months ended September 30, 2019 totaled $63.6 million, representing a decrease of $3.2 million, or 5%, compared to the three months ended September 30, 2018. This is reflective of a reduction in workforce and general cost-reduction efforts across our operating segments and our corporate offices.

Research and engineering expenses for the three months ended September 30, 2019 totaled $12.0 million, representing a decrease of $2.5 million, or 17%, compared to the three months ended September 30, 2018. The decrease is primarily attributable to a reduction in staffing levels and other cost control efforts across many of our research and engineering projects and initiatives.

Depreciation and amortization expense for the three months ended September 30, 2019 was $221.6 million, representing an increase of $13.0 million, or 6%, compared to the three months ended September 30, 2018. The slight increase is primarily due to additional rigs and equipment in our U.S. Drilling operating segment as well as within our SANAD joint venture.

Segment Results of Operations

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Increase/(Decr
	(In thousands, except percentages and rig activity)		
U.S. Drilling			
Operating revenues	$ 307,808	$ 273,996	$ 33,812
Adjusted operating income (loss) (1)	$ 12,427	$ 2,578	$ 9,849
Average rigs working (2)	114.1	111.6	2.5
Canada Drilling			
Operating revenues	$ 12,191	$ 26,645	$ (14,454)
Adjusted operating income (loss) (1)	$ (5,701)	$ (1,895)	$ (3,806)
Average rigs working (2)	7.7	17.9	(10.2)
International Drilling			
Operating revenues	$ 328,278	$ 377,125	$ (48,847)
Adjusted operating income (loss) (1)	$ 2,466	$ 25,680	$ (23,214)
Average rigs working (2)	87.7	96.0	(8.3)
Drilling Solutions			
Operating revenues	$ 62,286	$ 60,923	$ 1,363
Adjusted operating income (loss) (1)	$ 16,145	$ 9,506	$ 6,639
Rig Technologies			
Operating revenues	$ 63,106	$ 63,641	$ (535)
Adjusted operating income (loss) (1)	$ (641)	$ (4,141)	$ 3,500

[redacted]segment profit and loss. See Note 12—Segment Information to the consolidated financial statements included in Item 1 of the report.

(2) Represents a measure of the average number of rigs operating during a given period. For example, one rig operating 45 days during a quarter represents approximately 0.5 average rigs working for the quarter. On an annual period, one rig operating 182.5 d approximately 0.5 average rigs working for the year.

U.S. Drilling

Operating results increased during the three months ended September 30, 2019 compared to the corresponding 2018 period primarily due to an increase in dayrates as market prices continued to improve. Additionally, we experienced a slight increase in activity as reflected by a 2% increase in the average number of rigs working, which further contributed to the increase in operating results.

Canada Drilling

Operating results decreased during the three months ended September 30, 2019 compared to the corresponding 2018 period primarily due to a decline in activity as reflected by a 57% decrease in the average number of rigs working. This segment was adversely impacted by the industry-wide decline in rig count in Canada due to weak market conditions relative to the prior year period.

International Drilling

Operating results decreased during the three months ended September 30, 2019 compared to the corresponding 2018 period. Operating results for the period were unfavorably impacted by a reduction in pre-funded amortizing revenue and a decline in activity as reflected by a 9% decrease in the average number of rigs working, most notably in Latin America and as a result of the sale of our Argentina workover business.

[redacted]

Drilling Solutions

Operating results increased during the three months ended September 30, 2019 compared to the corresponding 2018 period. We benefited from a slight increase in activity primarily within the U.S. as well as some international markets which was further supplemented by improved profitability within our wellbore placement and tubular running services lines due to cost optimization.

Rig Technologies

Operating results improved sharply by $3.5 million, or 85%, for the three months ended September 30, 2019 compared to the corresponding 2018 period, despite a marginal decline in operating revenue. The primary driver of the improvement in results was attributable to an overall reduction in workforce and general cost-reduction efforts.

Other Financial Information

Interest expense

Interest expense for the three months ended September 30, 2019 was $51.3 million, representing a marginal decrease of $0.1 million compared to the three months ended September 30, 2018 due to the repurchase of approximately $305.3 million aggregate principal of our 5.00% senior notes due September 2020 during the three months ended June 30, 2019. This decrease was mostly offset by an increase in the amount outstanding under our revolving credit facilities during the three months ended September 30, 2019 compared to the prior period.

Impairments and other charges

During the three months ended September 30, 2019, we recognized impairments and other charges of $3.6 million resulting from severance and other related costs incurred to right-size our cost structure of approximately $2.9 million and a loss on debt buybacks of approximately $0.7 million.

Impairments and other charges for the three months ended September 30, 2018 was $13.8 million, primarily comprised of a $10.5 million loss on debt buybacks and transaction related costs of approximately $1.8 million, primarily in connection with the acquisition of Tesco. The balance of the impairment charge primarily related to obsolete inventory within our Rig Technologies reportable segment.

Other, net

Other, net for the three months ended September 30, 2019 was $5.0 million of expense, mostly attributable to foreign currency exchange losses of $8.7 million, primarily due to the recent devaluation in Argentina. This was partially offset by a decrease in litigation reserves of $2.4 million and net gains on sales and disposals of assets of approximately $1.8 million.

Other, net for the three months ended September 30, 2018 was $9.1 million of expense, which included net losses on sales and disposals of assets of approximately $4.8 million, foreign currency exchange losses of $1.6 million and an increase in litigation reserves of $1.4 million.

Income tax rate

Our worldwide effective tax rate for the three months ended September 30, 2019 was (31.5%) compared to (12.6%) for the three months ended September 30, 2018. The change in effective tax rate was partially due to $14.7 million of expense due to a tax settlement in one of our foreign jurisdictions. For both periods, the impact of the geographic mix of our pre-tax earnings and the resultant tax expense (benefits), results in a negative tax rate due primarily to a higher mix of pre-tax earnings in certain high tax jurisdictions. Future changes in the mix or pre-tax earnings could materially change the effective income tax rate.

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Comparison of the nine months ended September 30, 2019 and 2018

Operating revenues for the nine months ended September 30, 2019 totaled $2.3 billion, representing an increase of $53.6 million, or 2%, compared to the nine months ended September 30, 2018. The primary driver was an increase in both activity and pricing within our U.S. Drilling operating segment as a result of the improved market conditions. This was partially offset by a decline in our International Drilling and Canada Drilling operating segments. For a more detailed description of operating results see Segment Results of Operations, below.

Net loss from continuing operations attributable to Nabors common shareholders totaled $453.1 million ($1.33 per diluted share) for the nine months ended September 30, 2019 compared to a net loss from continuing operations attributable to Nabors common shareholders of $450.9 million ($1.39 per diluted share) for the nine months ended September 30, 2018, or a $2.2 million increase in the net loss. Although we experienced a $31.1 million increase in our segment adjusted operating income, this was virtually offset by an increase in net income attributable to noncontrolling interest as well as an increase in our preferred stock dividend compared to the prior period.

General and administrative expenses for the nine months ended September 30, 2019 totaled $196.2 million, representing a decrease of $13.0 million or 6%, compared to the nine months ended September 30, 2018. This is reflective of a reduction in workforce and general cost-reduction efforts across our operating segments and our corporate offices.

Research and engineering expenses for the nine months ended September 30, 2019 totaled $37.4 million, representing a decrease of $5.3 million, or 12%, compared to the nine months ended September 30, 2018. The decrease is primarily attributable to a reduction in staffing levels and other cost control efforts across many of our research and engineering projects and initiatives.

Depreciation and amortization expense for the nine months ended September 30, 2019 was $650.3 million, representing an increase of $10.0 million, or 2%, compared to the nine months ended September 30, 2018.

Segment Results of Operations

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

	Nine Months Ended September 30, 2019		Nine Months Ended September 30, 2018		Increas
	(In thousands, except percentages and rig activ				
U.S. Drilling					
Operating revenues	$	951,419	$	779,393	$ 172
Adjusted operating income (loss) (1)	$	57,502	$	(30,275)	$ 87
Average rigs working (2)		119.0		111.8	
Canada Drilling					
Operating revenues	$	48,895	$	75,974	$ (27
Adjusted operating income (loss) (1)	$	(11,297)	$	(7,095)	$ (4
Average rigs working (2)		10.4		16.4	
International Drilling					
Operating revenues	$	992,439	$	1,123,956	$ (131
Adjusted operating income (loss) (1)	$	(10,055)	$	74,702	$ (84
Average rigs working (2)		88.7		94.6	
Drilling Solutions					
Operating revenues	$	192,291	$	183,430	$ 8
Adjusted operating income (loss) (1)	$	42,793	$	25,773	$ 17
Rig Technologies					
Operating revenues	$	207,610	$	209,631	$ (2
Adjusted operating income (loss) (1)	$	(5,293)	$	(20,550)	$ 15

[redacted]segment profit and loss. See Note 12—Segment Information to the consolidated financial statements included in Item 1 of the report.

[redacted]

(2) Represents a measure of the average number of rigs operating during a given period. For example, one rig operating 45 days during a quarter represents approximately 0.5 average rigs working for the quarter. On an annual period, one rig operating 182.5 d approximately 0.5 average rigs working for the year.

U.S. Drilling

Operating results increased during the nine months ended September 30, 2019 compared to the corresponding 2018 period primarily due to an increase in dayrates as market prices have continued to improve. Additionally, we experienced an increase in activity as reflected by a 6% increase in the average number of rigs working which further contributed to the improved operating results.

Canada Drilling

Operating results decreased during the nine months ended September 30, 2019 compared to the corresponding 2018 period. This segment was adversely impacted by the industry-wide decline in rig count in Canada due to weak market conditions relative to the prior year period as reflected by the 37% decline in average rigs working.

International Drilling

Operating results decreased during the nine months ended September 30, 2019 compared to the corresponding 2018 period. Operating results for the period were unfavorably impacted by a reduction in pre-funded amortizing revenue as well as a decline in activity as reflected by a 6% decrease in the average number of rigs working. The decreased activity was primarily attributed to the sale of three jackup rigs in the Middle East as well as our Argentina workover business.

Drilling Solutions

Operating results increased during the nine months ended September 30, 2019 compared to the corresponding 2018 period. The increase in operating income was primarily driven by the growth in our performance tools offering as well as improved profitability from our wellbore placement and tubular running services offerings due to effective cost reduction efforts across this business.

Rig Technologies

While operating revenues remained relatively flat during the nine months ended September 30, 2019 compared to the corresponding 2018 period, operating results were positively impacted by various cost reduction initiatives.

Other Financial Information

Interest expense

Interest expense for the nine months ended September 30, 2019 was $155.1 million, representing a decrease of $18.3 million, or 11%, compared to the nine months ended September 30, 2018. The decrease was primarily due to the repayment of approximately $303.5 million aggregate principal of our 9.25% senior notes due January 2019 during 2018 utilizing the proceeds from our equity offering completed in May 2018. This decrease was further supplemented by the repurchase of approximately $305.3 million aggregate principal of our 5.00% senior notes due September 2020 during the nine months ended September 30, 2019.

Impairments and other charges

During the nine months ended September 30, 2019, we recognized impairments and other charges of $106.0 million, primarily resulting from goodwill impairment charges of $93.6 million. Additionally, we recognized a partial impairment of $5.2 million to write down our intangible asset within our Rig Technologies operating segment to its fair value. A significantly prolonged period of lower oil and natural gas prices, other than those assumed in developing our forecasts, or changes in laws and regulations could adversely affect the demand for and prices of our services, which could in turn result in future goodwill and other intangible asset impairment charges for these reporting units due to the potential impact on our estimate of our future operating results. The balance of the impairments and other charges represents $5.4 million in severance and other related costs incurred to right-size our cost structure and a loss of $1.8 million related to the repurchase of our senior notes.

Impairments and other charges for the nine months ended September 30, 2018 was $90.4 million, primarily comprised of a $63.7 million loss on the sale of three jackup rigs, transaction related costs of approximately $12.5 million, primarily in connection with the acquisition of Tesco and a $10.5 million loss on debt buybacks. The balance of the impairment charge related to obsolete inventory within our Rig Technologies reportable segment.

Other, net

Other, net for the nine months ended September 30, 2019 was $30.6 million of expense, which included foreign currency exchange losses of $18.7 million, net losses on sales and disposals of assets of approximately $8.4 million and an increase in litigation reserves of $4.2 million.

Other, net for the nine months ended September 30, 2018 was $24.2 million of expense, which included net losses on sales and disposals of assets of approximately $10.6 million, an increase in litigation reserves of $9.7 million and foreign currency exchange losses of $7.9 million.

Income tax rate

Our worldwide effective tax rate for the nine months ended September 30, 2019 was (19.7%) compared to (15.3%) for the nine months ended September 30, 2018. The change in effective tax rate was partially due to a $31.1 million tax benefit from the release of a valuation allowance. This was partially offset by a $14.7 million settlement of a tax dispute in one of our foreign jurisdictions. For both periods, the impact of the geographic mix of our pre-tax earnings and the resultant tax expense (benefits), results in a negative tax rate due primarily to a higher mix of pre-tax earnings in certain high tax jurisdictions. Future changes in the mix or pre-tax earnings could materially change the effective income tax rate.

Liquidity and Capital Resources

Financial Condition and Sources of Liquidity

Our primary sources of liquidity are cash and investments, availability under our revolving credit facilities and cash provided by operating activities. As of September 30, 2019, we had cash and short-term investments of $418.9 million and working capital of $698.0 million. As of December 31, 2018, we had cash and short-term investments of $481.8 million and working capital of $761.5 million. At September 30, 2019, we had $455.0 million of borrowings outstanding under our revolving credit facilities.

We had 18 letter-of-credit facilities with various banks as of September 30, 2019. Availability under these facilities as of September 30, 2019 was as follows:

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

Our interest coverage ratio was 3.8:1 as of September 30, 2019 and 3.3:1 as of December 31, 2018. The interest coverage ratio is a trailing 12-month quotient of the sum of operating revenues, direct costs, general administrative expenses and research and engineering expenses divided by interest expense. The interest coverage ratio is not a measure of operating performance or liquidity defined by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies.

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

Availability under both the 2012 Revolving Credit Facility and the 2018 Revolving Credit Facility is subject to a covenant not to exceed a net debt to capital ratio of 0.60:1. For purposes of the revolving credit facilities, net debt is defined as total debt minus the sum of cash and cash equivalents. In addition, availability under the new 2018 Revolving Credit Facility is subject to a covenant that during any period in which Nabors Delaware fails to maintain an investment grade rating from at least two ratings agencies, the guarantors under the facility and their subsidiaries will be required to maintain an asset to debt coverage ratio of at least 2.50:1. In light of our credit ratings as of September 30, 2019, we are required to comply with this covenant. As of September 30, 2019, our asset to debt coverage ratio was 3.57:1. The asset to debt coverage ratio is calculated by dividing (x) drilling-related fixed assets wholly owned by the 2018 Revolver Guarantors or wholly owned subsidiaries of the 2018 Revolver Guarantors by (y) total debt of the 2018 Revolver Guarantors (subject to certain exclusions).

We expect to remain in compliance with all covenants under the revolving credit facilities during the twelve month period following the date of this report based on our current operational and financial projections. However, we can make no assurance of continued compliance if our current projections or material underlying assumptions prove to be incorrect. If we fail to comply with the covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facility could be declared immediately due and payable. We can limit or control our spending through reductions in discretionary capital or other types of controllable expenditures, monetization of assets, accessing capital markets through a variety of alternative methods, or any combination of these alternatives if needed. We cannot make any assurances as to our ability to implement any or all of these alternatives.

Accounts Receivable Sales Agreement

On September 13, 2019, certain U.S. subsidiaries of the Company entered into a $250 million A/R Agreement consisting of (i) a Receivables Purchase Agreement (the “Purchase Agreement”) entered into among Nabors A.R.F., LLC (the “SPE”), a special purpose entity that is an indirect wholly owned subsidiary of Nabors, as seller, Nabors Delaware, the purchasers party thereto (the “Purchasers”), and Wells Fargo Bank, N.A., as Administrative Agent, and (ii) a Receivables Sale Agreement (the “Sale Agreement”) among certain U.S. operating subsidiaries of the Company (collectively, the “Originators”), the SPE and Nabors Delaware. Under the Sale Agreement, each of the Originators has sold or contributed, and will on an ongoing basis continue to sell or contribute to the SPE, in exchange for cash and subordinated notes, all of such Originator’s right, title and interest in and to its trade receivables. Under the Purchase Agreement, the SPE may from time to time sell undivided interests in certain of its receivables meeting eligibility requirements to the Purchasers in exchange for cash, and the SPE has granted a security interest to the Administrative Agent on behalf of the Purchasers in all of its assets, including all of its right, title and interest in and to all of the receivables from time to time owned by the SPE. The sales of receivables by SPE to the Purchasers qualify for sale accounting treatment in accordance with ASC 860. During the term of the A/R Agreement, cash receipts from the Purchasers at the time of any sale of receivables are classified as operating activities while cash receipts on receivables sold by the Originators to the SPE are classified as investing activities on the condensed consolidated statement of cash flows. Subsequent collections on the pledged receivables, which were not sold by the SPE to the Purchasers, will be classified as operating cash flows on the condensed consolidated statement of cash flows at the time of collection.

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

The amount available for purchase under the A/R Agreement fluctuates over time based on the total amount of eligible receivables generated during the normal course of business after excluding excess concentrations and certain other ineligible receivables. The maximum purchase commitment of the Purchasers under the A/R Agreement is approximately $250.0 million and the amount of receivables purchased by the Purchasers as of September 30, 2019 was $98.0 million. As of September 30, 2019, the total amount of eligible receivables available for purchase by the Purchasers was $213.6 million.

The Originators, Nabors Delaware, the SPE, and the Company provide representations, warranties, covenants and indemnities under the A/R Agreement and the Indemnification Guarantee. See further details at Note 5 — Accounts Receivable Sales Agreement.

Future Cash Requirements

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

We expect capital expenditures over the next 12 months to be approximately $200 million. Purchase commitments outstanding at September 30, 2019 totaled approximately $191.4 million, primarily for capital expenditures, other operating expenses and purchases of inventory. We can reduce planned expenditures if necessary or increase them if market conditions and new business opportunities warrant it. The level of our outstanding purchase commitments and our expected level of capital expenditures over the next 12 months represent a number of capital programs that are currently underway or planned.

We have historically completed a number of acquisitions and will continue to evaluate opportunities to acquire assets or businesses to enhance our operations. Several of our previous acquisitions were funded using existing cash or debt or by issuing our common shares, such as our acquisition of Tesco in December 2017. Future acquisitions may be funded using existing cash or by issuing debt or additional shares of the Company. Such capital expenditures and acquisitions will depend on our view of market conditions and other factors.

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

There have been no material changes to the contractual cash obligations table that was included in our 2018 Annual Report.

On August 25, 2015, our Board of Directors authorized a share repurchase program (the “program”) under which we may repurchase, from time to time, up to $400.0 million of our common shares by various means, including in the open market or in privately negotiated transactions. Authorization for the program, which was renewed in February 2019, does not have an expiration date and does not obligate us to repurchase any of our common shares. Since establishing the program, we have repurchased 14.0 million of our common shares for an aggregate purchase price of approximately $119.4 million under this program. The repurchased shares, which are held by our subsidiaries, are registered and tradable subject to applicable securities law limitations and have the same voting and other rights as other outstanding shares. As of September 30, 2019, the remaining amount authorized under the program that may be used to purchase shares was $280.6 million. As of September 30, 2019, our subsidiaries held 52.8 million of our common shares.

On May 23, 2019, our Board of Directors authorized a share repurchase program under which we may repurchase, from time to time, up to $10.0 million of our mandatory convertible preferred shares by various means, including in the open market or in privately negotiated transactions. This authorization does not have an expiration date and does not obligate us to repurchase any of our mandatory convertible preferred shares. Through September 30, 2019, we repurchased and canceled 4,000 mandatory convertible preferred shares for an aggregate purchase price of approximately $.08 million.

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

Cash Flows

Our cash flows depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Sustained decreases in the price of oil or natural gas could have a material impact on these activities, and could also materially affect our cash flows. Certain sources and uses of cash, such as the level of discretionary capital expenditures or acquisitions, purchases and sales of investments, dividends, loans, issuances and repurchases of debt and of our common shares are within our control and are adjusted as necessary based on market conditions. We discuss our cash flows for the nine months ended September 30, 2019 and 2018 below.

*Operating Activities***.** Net cash provided by operating activities totaled $430.8 million during the nine months ended September 30, 2019, compared to net cash provided of $76.9 million during the corresponding 2018 period. Operating cash flows are our primary source of capital and liquidity. The increase in cash flows from operations is primarily attributable to increases in activity and margins in our U.S. Drilling operating segment. Additionally, changes in working capital items such as collection of receivables, other deferred revenue arrangements and payments of operating payables and interest payments are significant factors affecting operating cash flows. Changes in working capital items provided $37.3 million and used $300.7 million in cash during the nine months ended September 30, 2019 and 2018, respectively.

*Investing Activities***.** Net cash used for investing activities totaled $333.7 million during the nine months ended September 30, 2019 compared to net cash used of $250.0 million during the corresponding 2018 period. Our primary use of cash for investing activities is capital expenditures for rig-related enhancements, new construction and equipment, as well as sustaining capital expenditures. During the nine months ended September 30, 2019 and 2018, we used cash for capital expenditures totaling $366.6 million and $339.0 million, respectively.

*Financing Activities***.** Net cash used for financing activities totaled $141.8 million during the nine months ended September 30, 2019 compared to net cash provided of $187.4 million during the corresponding 2018 period. During the nine months ended September 30, 2019, we received net proceeds of $285.0 million in amounts borrowed under our revolving credit facilities, partially offset by a $379.2 million repayment on our senior notes. Additionally, we paid dividends totaling $41.6 million to our common and preferred shareholders.

Other Matters

Recent Accounting Pronouncements

See Note 2 — Summary of Significant Accounting Policies.

Off-Balance Sheet Arrangements (Including Guarantees)

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

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

	Maximum Amount			
	2019	2020	2021	Thereafter
			(In thousands)	
Financial standby letters of credit and other financial surety instruments	$ 62,783	158,880	—	—

ITEM 3. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

We may be exposed to market risks arising from the use of financial instruments in the ordinary course of business as discussed in our 2018 Annual Report. There were no material changes in our exposure to market risk during the nine months ended September 30, 2019 from those disclosed in our 2018 Annual Report.

ITEM 4. ***CONTROLS AND PROCEDURES***

We maintain a set of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) 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, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. We have investments in certain unconsolidated entities that we do not control or manage. Because we do not control or manage these entities, our disclosure controls and procedures with respect to these entities are necessarily more limited than those we maintain with respect to our consolidated subsidiaries.

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

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

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

ITEM 1A. *RISK FACTORS*

In addition to the information set forth elsewhere in this report, the risk factors set forth in Part 1, Item 1A, of our 2018 Annual Report, should be carefully considered when evaluating us. These risks are not the only risks we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

We withheld the following shares of our common stock to satisfy tax withholding obligations in connection with grants of stock awards during the three months ended September 30, 2019 from the distributions described below. These shares may be deemed to be “issuer purchases” of shares that are required to be disclosed pursuant to this Item, but were not purchased as part of a publicly announced program to purchase common shares:

Period (In thousands, except per share amounts)	Total Number of Shares Repurchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	
July 1 - July 31	4	$ 2.24	—	
August 1 - August 31	<1	$ 2.96	—	
September 1 - September 30	4	$ 1.68	—	

(1) [redacted] to satisfy certain tax withholding obligations due in connection with grants of shares under our 2013 Stock Plan and 2016 Stock Plan. Each of the 2016 Stock Plan, the 2013 Stock Plan, the 2003 Employee Stock Option Plan for Non-Employee Directors provide for the withholding of shares to satisfy tax obligations, but do not specify a maximum number of shares that can be withheld for this purpose. These shares were not purchased as part of a publicly a purchase common shares.

(2) In August 2015, our Board of Directors authorized a share repurchase program under which we may repurchase up to $400.0 million of our common shares in the open market or in privately negotiated transactions. The program was renewed by the Board i September 30, 2019, we repurchased 14.0 million of our common shares for an aggregate purchase price of approximately $119.4 million under this program. As of September 30, 2019, we had $280.6 million that remained authorized under the program that n shares. The repurchased shares, which are held by our subsidiaries, are registered and tradable subject to applicable securities law limitations and have the same voting, dividend and other rights as other outstanding shares. As of September 30, 2019, our million of our common shares.

[redacted]

Period (In thousands, except per share amounts)	Total Number of Shares Repurchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program
July 1 - July 31	—	$ —	—
August 1 - August 31	—	$ —	—
September 1 - September 30	—	$ —	—

(1) [redacted] share repurchase program under which we may repurchase, from time to time, up to $10.0 million of our mandatory convertible preferred shares in the open market or in privately negotiated transactions. Thr we repurchased and canceled 4,000 mandatory convertible preferred shares for an aggregate purchase price of approximately $.08 million.

ITEM 3. ***DEFAULTS UPON SENIOR SECURITIES***

None.

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

Not applicable.

ITEM 5. ***OTHER INFORMATION***

None.

ITEM 6. ***EXHIBITS***

Exhibit No.	Description
10.1	Receivables Purchase Agreement dated as of September 13, 2019, by and among Nabors A.R.F., LLC, certain operating subsidiaries of Nabors Industries Ltd., and Nabors Industries, Inc., (incorporated by reference to Exhibit 10. 001-32657) filed with the SEC on September 18, 2019).
10.2	Receivables Sale Agreement dated as of September 13, 2019, by and among Nabors A.R.F., LLC, , Nabors Industries, Inc., the purchasers party thereto, and Wells Fargo Bank, N.A., as Administrative Agent (incorporated by refe Form 8-K (File No. 001-32657) filed with the SEC on September 18, 2019).
10.3	Indemnification Agreement, dated as of September 13, 2019, between Nabors Industries Ltd. and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.3 to our Form 8-K (File No. 001-32657) filed with the SEC on Septe
10.4	Amendment No. 1 to Credit Agreement, dated as of October 11, 2018, among Nabors Industries, Inc., as US Borrower, Nabors Drilling Canada Limited, as Canadian Borrower, Nabors Industries Ltd., as Holdings, the other Guaran party thereto, HSBC Bank Canada, as Canadian Lender, the Issuing Banks and other Lenders party thereto and Citibank, N.A., as Administrative Agent solely for the US Lenders and not for the Canadian Lender.*
10.5	Amendment No. 1 to Nabors Industries, Inc. Executive Deferred Compensation Plan.*
10.6	Amendment No. 1 to Nabors Industries, Inc. Deferred Compensation Plan.*
10.7	Amendment No. 2 to Nabors Industries, Inc., Deferred Compensation Plan.*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Anthony G. Petrello, Chairman, President and Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of William Restrepo, Chief Financial Officer*
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Anthony G. Petrello, Chairman, President and Chief Executive Of Chief Financial Officer.*
101.INS	Inline XBRL Instance Document*

[redacted]

101.SCH	Inline XBRL Schema Document*
101.CAL	Inline XBRL Calculation Linkbase Document*
101.LAB	Inline XBRL Label Linkbase Document*
101.PRE	Inline XBRL Presentation Linkbase Document*
101.DEF	Inline XBRL Definition Linkbase Document*
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

[redacted]

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

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

Date: November 1, 2019

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Section 2: EX-10.4 (EX-10.4)

Exhibit 10.4

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "**Amendment**") is dated as of October 25, 2019 (the "**Amendment No. 1 Effective Date**"), among NABORS INDUSTRIES, INC., a Delaware corporation (the "**US Borrower**"), the US Lenders party hereto, BANK OF AMERICA, N.A., as an Issuing Bank, MIZUHO BANK, LTD., as an Issuing Bank, WELLS FARGO BANK, N.A., as an Issuing Bank and CITIBANK, N.A., as an Issuing Bank and as administrative agent solely for the US Lenders under the Credit Agreement (in such capacity, the "**Administrative Agent**").

RECITALS:

WHEREAS, the US Borrower, the Canadian Borrower, Holdings, the Canadian Lender, the US Lenders, the Issuing Banks and the Administrative Agent are parties to that certain Credit Agreement dated as of October 11, 2018 (as amended, supplemented or otherwise modified prior to the date hereof, the "**Credit Agreement**");

WHEREAS, the US Borrower has requested that the Administrative Agent, the US Lenders and the Issuing Banks amend certain terms of the Credit Agreement as set forth herein; and

WHEREAS, the US Required Lenders, the Administrative Agent and the Issuing Banks are willing to enter into this Amendment on the terms and conditions contained herein.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1.1 **Defined Terms**. Capitalized terms used but not otherwise defined in this Amendment shall have the meaning given to such terms in the Credit Agreement, as amended hereby.

Section 1.2 **Amendments**. In reliance on the representations, warranties, covenants and agreements contained in this Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 1.3 hereof, the Credit Agreement is hereby amended as follows effective as of the Amendment No. 1 Effective Date:

a. The following definitions shall be added to Section 1.01 of the Credit Agreement, in alphabetical order:

"**Accepted Currency**" shall mean, (a) US Dollars, (b) Pounds Sterling, (c) Euros, (d) Yen and (e) Canadian Dollars.

"**Covered Party**" has the meaning assigned to such term in Section 14.19.

"**Discretionary Foreign Currency**" shall mean each Foreign Currency that is not an Accepted Currency.

"**Dollar Equivalent**" shall mean, as to any amount denominated in a currency other than US Dollars as of any date of determination, the amount of US Dollars that would be required to purchase the amount of such other currency based upon the Spot Rate. All calculations of Dollar Equivalents shall be made by the Person that determines the Spot Rate in accordance with the definition of "Spot Rate".

"**Foreign Currency**" shall mean, with respect to Letters of Credit, (a) Pounds Sterling, (b) Euros, (c) Yen, (d) Canadian Dollars and (e) any other lawful Currency that is freely transferable and freely convertible into US Dollars and is acceptable to the Administrative Agent and the applicable Issuing Bank(s).

"**QFC Credit Support**" has the meaning assigned to such term in Section 14.19.

"**Revaluation Date**" shall mean, with respect to any Letter of Credit denominated in a Foreign Currency, each of the following: (a) the date on which such Letter of Credit is issued, (b) the first Business Day of each calendar month and (c) the date of any amendment of such Letter of Credit that has the effect of increasing the face amount thereof.

"**Spot Rate**" shall mean, with respect to any currency, the rate determined by either (a) the Administrative Agent (for all purposes under Section 2.05 and Section 2.22 when the applicable Issuing Bank is a US Lender other than Citibank, N.A. and for all purposes under Section 14.16) or (b) the applicable Issuing Bank (when the applicable Issuing Bank is Citibank, N.A.), as applicable, to be the rate quoted by the person acting in such capacity as the spot rate for the purchase by such person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m., Local Time on the date two Business Days prior to the date as of which the foreign exchange computation is made or if such rate cannot be computed as of such date such other date as the Administrative Agent or such Issuing Bank, as applicable, shall reasonably determine is appropriate under the circumstances; provided, that the Administrative Agent or such Issuing Bank, as applicable, may obtain such spot rate from an Affiliate thereof or another financial institution designated by the Administrative Agent or such Issuing Bank, as applicable, if the person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"**Supported QFC**" has the meaning assigned to such term in Section 14.19.

"**U.S. Special Resolution Regimes**" has the meaning assigned to such term in Section 14.19.

b. A new Section 1.06 is added to the Credit Agreement that reads as follows:

Section 1.06. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

c. Section 2.05(c) of the Credit Agreement is hereby amended by (1) deleting the reference in the first sentence of such Section to "in Dollars" and inserting in lieu thereof a reference to "in US Dollars (or, if relating to a Letter of Credit denominated in a Foreign Currency, in the Dollar Equivalent thereof)" and (2) deleting the reference in the second sentence of such Section to "in Dollars" and inserting in lieu thereof a reference to "in the applicable Accepted Currency in which such Letter(s) of Credit is/are denominated (or, if relating to a Letter of Credit denominated in a Discretionary Foreign Currency, in the Dollar Equivalent thereof)".

d. Section 2.22(a) of the Credit Agreement is hereby amended by (x) adding "(i)" immediately following the Section heading at the beginning of such Section and (y) adding a new clause (ii) at the end of such Section, which new clause (ii) shall read in full as follows:

(ii) US Borrower may from time to time request that Letters of Credit be issued in a Foreign Currency in accordance with this Section 2.22(a)(ii) and, in the event that any provision of this Section 2.22(a)(ii)

[redacted]

conflicts with Section 2.22(b), the provisions of this Section 2.22(a)(ii) shall control. In the case of any such request with respect to the issuance of Letters of Credit in a Discretionary Foreign Currency, such request shall be subject to the approval of the Administrative Agent and the applicable Issuing Bank. Any such request shall be made to the Administrative Agent and the applicable Issuing Bank not later than 11:00 a.m., New York time, at least three (3) Business Days prior to the date of the desired Letter of Credit issuance (or such other time or date as may be agreed to by the Administrative Agent and the applicable Issuing Bank in their sole discretion). In the case of any such request, the Administrative Agent shall promptly advise each applicable Issuing Bank thereof. Each Issuing Bank shall notify the Administrative Agent, not later than Noon, New York time, two (2) Business Days (or such other period of time as may be agreed by the Administrative Agent in its sole discretion) after receipt of such request, whether it consents, in its sole discretion, to the issuance of Letters of Credit in such requested Discretionary Foreign Currency. Any failure by any Issuing Bank, as the case may be, to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Issuing Bank to permit Letters of Credit to be issued in such requested Discretionary Foreign Currency. If the Administrative Agent and an Issuing Bank consent to the issuance of Letters of Credit in such requested Discretionary Foreign Currency, the Administrative Agent shall so notify US Borrower. Notwithstanding the foregoing, any refusal or deemed refusal by an Issuing Bank to issue a Letter of Credit in a Discretionary Foreign Currency pursuant to any such request shall be specific to each such request and not a prospective refusal to agree to any such request at a later date.

e. Section 2.22(c)(i) of the Credit Agreement is hereby amended by inserting a reference to “in the applicable Accepted Currency in which the applicable Letter of Credit is denominated (or, if relating to a Letter of Credit denominated in a Discretionary Foreign Currency, in the Dollar Equivalent thereof)” immediately following the phrase “reimburse each Issuing Bank” contained therein.

f. Section 2.22(d) of the Credit Agreement is hereby amended by deleting the reference to “in Dollars” contained therein and inserting in lieu thereof a reference to “in US Dollars (or, if relating to a Letter of Credit denominated in a Foreign Currency, in the Dollar Equivalent thereof)”.

g. Section 2.22(e) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(e) Letter of Credit Amounts and Foreign Currency. (i) Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided*, *however*, that with respect to any Letter of Credit that, by its terms or the terms of any Application related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time. For purposes of calculations of amounts payable under this Agreement and the other Loan Documents, including Reimbursement Obligations and fees and for comparisons, measurements or other determinations of such amounts hereunder and thereunder, in any case, with respect to Letters of Credit denominated in any Discretionary Foreign Currency in accordance with Section 2.22(a)(ii), such amounts shall be converted to the Dollar Equivalent thereof on the Revaluation Date in accordance with the immediately following sentence. Without in any way limiting the foregoing provisions, all calculations of Dollar Equivalents shall be made in accordance with the definition of "Dollar Equivalent" and such calculations shall be conclusive absent manifest error.

(ii) US Borrower shall, and shall cause the other US Loan Parties to, make payment relative to any US Obligation with respect to Letters of Credit in the applicable Accepted Currency in which the applicable Letter of Credit is denominated (or, if relating to a Letter of Credit denominated in a Discretionary Foreign Currency, in the Dollar Equivalent thereof) (the "**Agreed Currency**"). If any payment is received on account of any such US Obligation in any currency other than the Agreed Currency (the "**Other Currency**") (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any collateral, if any, or the liquidation of a US Loan Party or otherwise), such payment shall constitute a discharge of the liability of the US Loan Parties hereunder and under the other Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Issuing Bank is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal banking procedures in the relevant jurisdiction and applicable law after deducting any costs of exchange. To the fullest extent permitted by applicable law, if the amount of the Other Currency received is insufficient to satisfy the obligation in the Agreed Currency in full, then the US Borrower does hereby agree to indemnify the Issuing Banks from and against any loss or cost arising out of or in connection with such deficiency; provided that if the amount of the Agreed Currency so purchased is greater than the amount of the Agreed Currency due in respect of such liability immediately prior to such judgment or order, voluntary prepayment, realization of collateral, if any, liquidation of a US Loan Party or otherwise, then the Administrative Agent, the applicable Issuing Bank or the US Lenders, as the case may be, agree to return the amount of any excess to US Borrower (or to any other Person who may be entitled thereto under applicable law). To the fullest extent permitted by applicable law, the foregoing indemnity and agreement by US Borrower shall constitute an obligation separate and independent from all other obligations contained in this Agreement and shall give rise to a separate and independent cause of action.

h. Section 14.16 of the Credit Agreement is hereby amended by (i) deleting the reference to "(as defined below)" in Section 14.16(a) and (ii) deleting Section 14.16(c) in its entirety.

i. A new Section 14.19 is added to the Credit Agreement that reads as follows:

Section 14.19. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**", and each such QFC, a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 14.19, the following terms have the following meanings:

"**BHC Act Affiliate**" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"**Covered Entity**" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"**QFC**" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section 1.3 **Conditions Precedent**. This Amendment shall become effective upon receipt by the Administrative Agent of counterparts of this Amendment duly executed by the US Borrower, US Lenders constituting US Required Lenders and each Issuing Bank.

Section 1.4 **Representations and Warranties**. The US Borrower represents and warrants to the Administrative Agent that, as of the date hereof (a) all of its representations and warranties set forth in the Loan Documents are true and correct in all respects, except that any representation or warranty which by its terms is made as of a specified date shall be true and correct only as of such specified dates, (b) the execution, delivery and performance of this Amendment by it are within its corporate power and authority and has been duly authorized by appropriate corporate action, (c) this Amendment constitutes the legal, valid and binding obligation of it enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity, and (d) other than those already obtained in connection herewith, there are no governmental or other third party consents, licenses and approvals required in connection with the execution, delivery, performance validity and enforceability of this Amendment.

Section 1.5 **Reaffirmation**. The US Borrower hereby ratifies, confirms, acknowledges and agrees that its obligations under the Credit Agreement are and remain in full force and effect, including its obligations under Section 14.03.

Section 1.6 **Confirmation and Effect; No Waiver**.

a. The provisions of the Credit Agreement shall remain in full force and effect in accordance with its terms following the Amendment No. 1 Effective Date, and this Amendment shall not constitute a waiver of any provision of the Credit Agreement or any other Loan Document, except as expressly provided for herein. Each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

b. Neither the execution by the Administrative Agent, the US Lenders or the Issuing Bank of this Amendment, nor any other act or omission by the Administrative Agent, the US Lenders or their officers in connection herewith, shall be deemed a waiver by the Administrative Agent, the US Lenders or the Issuing Banks of any Defaults or Events of Default which may exist, which may have occurred prior to the date of the effectiveness of this Amendment or which may occur in the future under the Credit Agreement and/or the other Loan Documents. Similarly, nothing contained in this Amendment shall directly or indirectly in any way whatsoever either: (i) impair, prejudice or otherwise adversely affect the Administrative Agent’s or the Lenders’ right at any time to exercise any right, privilege or remedy in connection with the Loan Documents with respect to any Default or Event of Default, (ii) except as expressly provided herein, amend or alter any provision of the Credit Agreement, the other Loan Documents, or any other contract or instrument, or (iii) constitute any course of dealing or other basis for altering any obligation of the Loan Parties or any right, privilege or remedy of the Beneficiaries under the Credit Agreement, the other Loan Documents, or any other contract or instrument.

Section 1.7 **Miscellaneous**.

a. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by email (in .pdf or similar format) or fax shall be effective as delivery of a manually executed counterpart of this Amendment. Headings, subheadings and captions used herein are for the convenience of the parties only and shall not be used to construe the meaning or intent of any provision hereof.

b. Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

c. This Amendment is a "Loan Document" as defined in and under the Credit Agreement and the provisions of Section 14.03 of the Credit Agreement, including as amended hereby shall apply with like force to this Amendment and the transactions contemplated hereby, including as may arise after the date hereof.

d. This Amendment and the transactions contemplated hereby, and all disputes between the parties under or relating to this Amendment or the facts or circumstances leading to its execution, whether in contract, tort or otherwise, shall be construed in accordance with and governed by the laws (including statutes of limitation) of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment.

e. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE REQUIREMENTS OF LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

NABORS INDUSTRIES, INC.

By: /s/R. Clark Wood
Name: Clark Wood
Title: Controller

CITIBANK N.A., as Administrative Agent

By: /s/Maureen Maroney

Name: Maureen Maroney

Title: Vice President

CITIBANK N.A., as a US Lender and an Issuing Bank

By: /s/Maureen Maroney
Name: Maureen Maroney
Title: Vice President

BANK OF AMERICA, N.A., as a US Lender and an Issuing Bank

By: /s/Tyler D. Levings
Name: Tyler D. Levings
Title: Director

MIZUHO BANK, LTD., as a US Lender and an Issuing Bank

By: /s/Edward Sacks
Name: Edward Sacks
Title: Authorized Signatory

WELLS FARGO BANK, N.A., as a US Lender and an Issuing Bank

By: /s/Shannon Cunningham
Name: Shannon Cunningham
Title: Director

HSBC BANK USA, N.A., as a US Lender

By: /s/Michael Bustios
Name: Michael Bustios
Title: Senior Vice President

MORGAN STANLEY BANK, N.A., as a US Lender

By: /s/Megan Kushner
Name: Megan Kushner
Title: Authorized Signatory

GOLDMAN SACHS BANK USA, as a US Lender

By: /s/David K. Gaskell
Name: David K. Gaskell
Title: Authorized Signer

RIYAD BANK, HOUSTON AGENCY, as a US Lender

By: /s/Michael Meiss
Name: Michael Meiss
Title: General Manager

By: /s/Roxanne Crawford
Name: Roxanne Crawford
Title: Vice President, Administrative Officer

MUFG BANK, LTD. (f/k/a BANK OF TOKYO-MITSUBISHI UFJ, LTD.), as a US Lender

By: /s/Stephen W. Warfel
Name: Stephen W. Warfel
Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION, as a US Lender

By: /s/Michael Maguire
Name: Michael Maguire
Title: Executive Director

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Section 3: EX-10.5 (EX-10.5)

Exhibit 10.5

FIRST AMENDMENT TO
NABORS INDUSTRIES, INC.
EXECUTIVE DEFERRED COMPENSATION PLAN
(As Amended and Restated Effective as of January 1, 2017)

WHEREAS, Nabors Industries, Inc. (the "Company") has heretofore established the Nabors Industries, Inc. Executive Deferred Compensation Plan, as amended and restated effective as of January 1, 2017 (the "Plan"), for the benefit of its and its participating affiliates' eligible employees; and

WHEREAS, the Company desires to amend the Plan in certain respects.

NOW, **THEREFORE**, the Plan shall be amended as follows effective as of August 9, 2019:

1. Section 7.8(g) of the Plan shall be deleted and the following shall be substituted therefor:
"(g) A Participant shall be entitled to receive distribution of all or such portion of the Vested Interest in his Accounts, in a single lump sum payment, under any other circumstance permitted under Treasury Regulation § 1.409A-3(j)(4) or any successor regulation thereto or prescribed by the Commissioner of Internal Revenue in generally applicable guidance published in the Internal Revenue Bulletin, including, without limitation, a distribution of all or a portion of the Vested Interest in such Participant's Accounts to an alternate payee (as defined in Section 414(p)(8) of the Code) pursuant to a domestic relations order (as defined in Section 414(p)(1)(B) of the Code); and"

2. Except as amended hereby, the Plan is specifically ratified and reaffirmed.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 9th day of August, 2019, effective for all purposes as provided above.

NABORS INDUSTRIES, INC.

By: /s/Michael Rasmuson
Michael Rasmuson
Vice President, General Counsel &
Chief Compliance Officer

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Section 4: EX-10.6 (EX-10.6)

Exhibit 10.6

FIRST AMENDMENT TO
NABORS INDUSTRIES, INC.
DEFERRED COMPENSATION PLAN
(As Amended and Restated Effective as of January 1, 2017)

WHEREAS, Nabors Industries, Inc. (the "Company") has heretofore established the Nabors Industries, Inc. Deferred Compensation Plan, as amended and restated effective as of January 1, 2017 (the "Plan"), for the benefit of its and its participating affiliates' eligible employees; and

WHEREAS, the Company desires to amend the Plan in certain respects.

NOW, **THEREFORE**, the Plan shall be amended as follows effective as of January 1, 2019:

1. Section 3.2 of the Plan shall be deleted and the following shall be substituted therefor:

"**3.2 Matching Deferrals.**

(a) For each Plan Year, the Employer shall defer an amount on behalf of each Participant whose Company matching contributions under the Savings Plan for such Plan Year were reduced as a result of the limitations imposed by Sections 401(k)(3), 401(m)(2), and/or 415 of the Code in order to comply with such limitations for such Plan Year. The amount of each such Matching Deferral shall equal 100% of the amount of such reduction. Matching Deferrals made on a Participant's behalf pursuant to this Section 3.2(a) for a Plan Year shall be credited to such Participant's Matching Deferral Account as of the date received by the Trustee.

(b) For each Plan Year, the Employer shall defer an amount on behalf of each Participant who elects to contribute the maximum permissible Employee Pre-Tax Contributions under the Savings Plan sponsored by his Employer for such Plan Year equal to the difference between:

(i) The sum of the Participant's "Compensation" for purposes of Employee Pre-Tax Contributions under the Savings Plan for such Plan Year and his Elective Deferrals of Base Salary pursuant to Section 3.1(a)(i) for such Plan Year (but limited in accordance with Section 401(a)(17) of the Code), multiplied by his Employee Pre-Tax Contribution percentage as in effect on the first day of such Plan Year or if later, the last day of the his Eligibility Period (but limited in accordance with Sections 402(g) and 414(v) of the Code), and further multiplied by the Company matching contribution formula under the Savings Plan as in effect on the first day of such Plan Year or if later, the last day of the Participant's Eligibility Period, and

(ii) The Participant's "Compensation" for purposes of Employee Pre-Tax Contributions under the Savings Plan for such Plan Year, multiplied by his Employee Pre-Tax Contribution percentage as of the first day of such Plan Year or if later, the last day of his Eligibility Period (but limited in accordance with Sections 402(g) and 414(v) of the Code), and further multiplied by the Company matching contribution formula under the Savings Plan as in effect on the first day of such Plan Year or if later, the last day of the Participant's Eligibility Period.

Matching Deferrals made on a Participant's behalf pursuant to this Section 3.2(b) for a Plan Year shall be credited to such Participant's Matching Deferral Account as of the date received by the Trustee.

(c) Notwithstanding anything to the contrary in this Section 3.2, the amount of Matching Deferrals pursuant to Section 3.2 with respect to any Participant shall not be affected by such Participant's actions or inactions under the Savings Plan or any other "qualified employer plan" (as defined under Section 409A of the Code) that is sponsored by the Employer or its Affiliates and that provides for matching or other similar contingent contributions with respect to elective deferrals and other employee pre-tax contributions subject to the contribution restrictions under Section 401(a)(3) or 402(g) of the Code, and any after-tax contributions by such Participant to the Savings Plan or any such other qualified employer plan, to the extent that such actions or inactions would cause the amount of such Marching Deferrals to exceed 100% of the matching or contingent amounts that would be provided under such qualified employer plan(s) absent plan-based restrictions that reflect limits on qualified plan contributions under the Code."

2. Except as amended hereby, the Plan is specifically ratified and reaffirmed.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 31st day of December, 2018, effective for all purposes as provided above.

NABORS INDUSTRIES, INC.

By: /s/Michael Rasmuson
Michael Rasmuson
Vice President, General Counsel &
Chief Compliance Officer

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Section 5: EX-10.7 (EX-10.7)

Exhibit 10.7

SECOND AMENDMENT TO
NABORS INDUSTRIES, INC.
DEFERRED COMPENSATION PLAN
(As Amended and Restated Effective as of January 1, 2017)

WHEREAS, Nabors Industries, Inc. (the "Company") has heretofore established the Nabors Industries, Inc. Deferred Compensation Plan, as amended and restated effective as of January 1, 2017 (the "Plan"), for the benefit of its and its participating affiliates' eligible employees; and

WHEREAS, the Company desires to amend the Plan in certain respects.

NOW, **THEREFORE**, the Plan shall be amended as follows effective as of August 9, 2019:

1. Section 7.7(g) of the Plan shall be deleted and the following shall be substituted therefor:
"(g) A Participant shall be entitled to receive distribution of all or such portion of the Vested Interest in his Accounts, in a single lump sum payment, under any other circumstance permitted under Treasury Regulation § 1.409A-3(j)(4) or any successor regulation thereto or prescribed by the Commissioner of Internal Revenue in generally applicable guidance published in the Internal Revenue Bulletin, including, without limitation, a distribution of all or a portion of the Vested Interest in such Participant's Accounts to an alternate payee (as defined in Section 414(p)(8) of the Code) pursuant to a domestic relations order (as defined in Section 414(p)(1)(B) of the Code); and"

2. Except as amended hereby, the Plan is specifically ratified and reaffirmed.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 9th day of August, 2019, effective for all purposes as provided above.

NABORS INDUSTRIES, INC.

By: /s/Michael Rasmuson
Michael Rasmuson
Vice President, General Counsel &
Chief Compliance Officer

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Section 6: EX-31.1 (EX-31.1)

Exhibit 31.1

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

I, Anthony G. Petrello, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabors Industries Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 1, 2019

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

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Section 7: EX-31.2 (EX-31.2)

Exhibit 31.2

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

I, William Restrepo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabors Industries Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 1, 2019

/s/ WILLIAM RESTREPO
William Restrepo
Chief Financial Officer

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Section 8: EX-32.1 (EX-32.1)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Nabors Industries Ltd. (the "Company") for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony G. Petrello, Chairman, President and Chief Executive Officer of the Company, and I, William Restrepo, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

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

/s/ WILLIAM RESTREPO
William Restrepo
Chief Financial Officer

Date: November 1, 2019

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