

SMITH INTERNATIONAL INC

Form S-4

June 24, 2008

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As filed with the Securities and Exchange Commission on June 24, 2008

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

SMITH INTERNATIONAL, INC.

Delaware

*(State or other jurisdiction of
incorporation or organization)*

1-8514

*(Primary Standard Industrial
Classification Code Number)*

95-3822631

*(I.R.S. Employer
Identification No.)*

**16740 East Hardy Road
Houston, Texas 77032
(281) 443-3370**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Richard E. Chandler, Jr.
Senior Vice President, General Counsel and Corporate Secretary
Smith International, Inc.
16740 East Hardy Road
Houston, Texas 77032
(281) 443-3370**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Daniel A. Neff
David E. Shapiro
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
(212) 403-1000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and completion of the transactions described in the enclosed prospectus/offer to exchange.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting company <input type="checkbox"/>
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(2) N/A	Proposed Maximum Offering Price per Unit N/A	Proposed Maximum Aggregate Offering Price(3) \$1,396,526,372	Amount of Registration Fee(4) \$54,883.49

Common stock, par value
\$1.00 per share (together
with the associated preferred
share purchase rights)(1)

- (1) Each share of Smith common stock includes a right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value \$1.00 per share, pursuant to the Rights Agreement, dated as of June 8, 2000, as amended, between Smith International, Inc. and First Chicago Trust Company of New York, as rights agent.
- (2) In accordance with Rule 457(o), the number of shares has not been included.
- (3) Pursuant to Rule 457(c) and Rule 457(f), and solely for the purpose of calculating the registration fee, the market value of the securities to be received was calculated as the product of (i) 32,383,154 shares of W-H common stock (the sum of (x) 30,711,232 shares of W-H common stock outstanding, (y) 1,411,838 shares of W-H common stock issuable upon the exercise of outstanding options and (z) 260,084 restricted stock awards outstanding, each as of June 23, 2008 (as set forth by W-H in its Solicitation/Recommendation Statement on Schedule 14D-9, filed June 24, 2008) and (ii) the average of the high and low sales prices of W-H common stock as reported on the New York Stock Exchange on June 17, 2008 (\$93.65), minus \$1,636,156,000, the estimated maximum aggregate amount of cash to be paid by Smith in the exchange offer and proposed merger.
- (4) Calculated by multiplying the estimated aggregate offering price of securities to be registered by 0.00003930.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this prospectus/offer to exchange may be changed. Smith International, Inc. may not sell these securities until the registration statement filed with the Securities and Exchange Commission becomes effective. This prospectus/offer to exchange is not an offer to sell these securities and Smith International, Inc. is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SMITH INTERNATIONAL, INC.

**Offer by Whitehall Acquisition Corp.
to Exchange Each Outstanding Share of Common Stock
of**

W-H ENERGY SERVICES, INC.

**for
\$56.10 in Cash and
0.48 Shares of Common Stock of Smith International, Inc.
or
\$93.55 in Cash
or**

**1.1990 Shares of Common Stock of Smith International, Inc.
subject in each case to the election procedures and, in the case of an all-cash election or an all-stock election,
to the proration procedures described in this prospectus/offer to exchange and the related letter of election
and transmittal**

THE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, AT THE END OF JULY 22, 2008, UNLESS EXTENDED.

Whitehall Acquisition Corp. (Offeror), a wholly owned subsidiary of Smith International, Inc. (Smith), is offering to exchange for each outstanding share of common stock of W-H Energy Services, Inc. (W-H), par value \$0.0001 per share, including the associated preferred share purchase rights (the Shares), validly tendered and not withdrawn in the offer, at the election of the holder of such Share, either:

\$56.10 in cash, without interest, and 0.48 shares of Smith common stock, par value \$1.00 per share, including the associated preferred share purchase rights (Smith Common Stock) (the Mixed Consideration), or

\$93.55 in cash, without interest (the All-Cash Consideration), or

1.1990 shares of Smith Common Stock (the All-Stock Consideration),

subject in each case to the election procedures and, in the case of elections of the All-Cash Consideration or All-Stock Consideration, to the proration procedures described in this prospectus/offer to exchange and the related letter of election and transmittal (which together, as each may be amended, supplemented or otherwise modified from time to time, constitute the Offer). W-H shareholders electing the Mixed Consideration will not be subject to proration under any circumstance; however, W-H shareholders electing All-Cash Consideration or All-Stock Consideration may be subject to proration and may receive a different form of consideration than selected. W-H shareholders who otherwise would be entitled to receive a fractional share of Smith Common Stock will instead receive an amount in cash (without interest) equal to the amount of such fraction multiplied by the All-Cash Consideration. See The Offer

Elections and Proration for a detailed description of the proration procedure.

The purpose of the Offer is for Smith to acquire control of, and ultimately the entire equity interest in, W-H. The Offer is the first step in Smith's plan to acquire all of the outstanding Shares. Promptly after completion of the Offer, Smith intends to consummate a merger of Offeror with and into W-H, with W-H surviving the Merger (this merger is referred to herein as the Merger and W-H after the Merger is sometimes referred to as the Surviving Corporation). The purpose of the Merger is for Smith to acquire all Shares not acquired in the Offer. After the Merger, the Surviving Corporation will be a wholly owned subsidiary of Smith and the former W-H shareholders will no longer have any direct ownership interest in the Surviving Corporation. As promptly as practicable following the Merger, Smith intends to cause the Surviving Corporation to merge with and into a wholly owned subsidiary of Smith, with such wholly owned subsidiary surviving such merger (we refer to this second merger as the Post-Closing Merger and together with the Merger, the Mergers).

Offeror's obligation to accept for exchange, and to exchange, Shares for cash and shares of Smith Common Stock in the Offer is subject to a number of conditions, which are more fully described in The Offer Conditions of the Offer.

Smith's common stock is listed on the New York Stock Exchange under the symbol SII. W-H's Shares are listed on the New York Stock Exchange under the symbol WHQ.

For a discussion of certain factors that W-H shareholders should consider in connection with the Offer, please carefully read Risk Factors beginning on page 7.

Smith has not authorized any person to provide any information or to make any representation in connection with the Offer other than the information contained or incorporated by reference in this prospectus/offer to exchange, and if any person provides any information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by Smith.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus/offer to exchange. Any representation to the contrary is a criminal offense.

The date of this prospectus/offer to exchange is June 24, 2008.

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This prospectus/offer to exchange incorporates by reference important business and financial information about Smith, W-H and their respective subsidiaries from documents filed with the SEC that have not been included in or delivered with this prospectus/offer to exchange. This information is available without charge at the SEC's website at www.sec.gov, as well as from other sources. See "Where To Obtain More Information."

W-H shareholders also may request copies of these publicly-filed documents from Smith, without charge, upon written or oral request to Smith's information agent at its address or telephone number set forth on the back cover of this prospectus/offer to exchange. In order to receive timely delivery of the documents, W-H shareholders must make such request no later than July 14, 2008, or five business days before the expiration date of the Offer, whichever is later.

This prospectus/offer to exchange does not constitute a solicitation of proxies for any meeting of shareholders of W-H. We are not asking you for a proxy and you are requested not to send us a proxy. Any solicitation of proxies that Smith or W-H might make will be made only pursuant to separate proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act).

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WHERE TO OBTAIN MORE INFORMATION

Smith and W-H file annual, quarterly and current reports, proxy statements and other information with the SEC. W-H shareholders may read and copy any reports, statements or other information that Smith or W-H file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference room. Smith's and W-H's public filings also are available to the public from commercial document retrieval services and may be obtained without charge at the SEC's website at www.sec.gov.

Smith has filed a registration statement on Form S-4 with the SEC to register the offer and sale of shares of Smith Common Stock to be issued in the Offer and the Merger. This prospectus/offer to exchange is a part of that registration statement. Smith may also file amendments to such registration statement. In addition, on June 24, 2008, Smith filed with the SEC a Tender Offer Statement on Schedule TO under the Exchange Act together with exhibits, to furnish certain information about the Offer. Smith may file amendments to the Schedule TO. As allowed by SEC rules, this prospectus/offer to exchange does not contain all of the information in the registration statement or the exhibits to the registration statement. You may obtain copies of the Form S-4 and Schedule TO (and any amendments to those documents) by contacting the information agent as directed on the back cover of this prospectus/offer to exchange.

The SEC allows Smith to incorporate information into this prospectus/offer to exchange by reference, which means that Smith and Offeror can disclose important information to W-H shareholders by referring to another document or information filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus/offer to exchange, except for any information amended or superseded by information contained in, or incorporated by reference into, this prospectus/offer to exchange. This prospectus/offer to exchange incorporates by reference the documents and information set forth below that Smith and W-H have previously filed with the SEC. These documents contain important information about Smith and W-H and their financial conditions.

Smith Filings (File No. 001-08514):

Smith Information Incorporated by Reference

Period Covered or Date of Filing

Annual Report on Form 10-K

Fiscal year ended December 31, 2007, as filed with the SEC on February 29, 2008

The description of Smith Common Stock set forth in Smith's Registration Statement on Form 8-A, filed with the SEC on May 20, 1959, including all amendments and reports filed for the purpose of updating such description.

The description of Smith preferred share purchase rights set forth in Smith's Registration Statement on Form 8-A12B, filed with the SEC on June 15, 2000, including all amendments or reports filed for the purpose of updating such description.

Quarterly Reports on Form 10-Q

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Fiscal quarter ended March 31, 2008, as filed with the
SEC on May 12, 2008

Current Reports on Form 8-K

Filed on:

April 29, 2008

May 19, 2008

June 5, 2008

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W-H Filings (File No. 001-31346):

W-H Information Incorporated by Reference	Period Covered or Date of Filing
Annual Report on Form 10-K	Fiscal year ended December 31, 2007, as filed with the SEC on February 28, 2008
The description of W-H's common stock set forth in W-H's Registration Statement on Form 8-A, filed with the SEC on July 28, 2003, including all amendments and reports filed for the purpose of updating such description.	
The description of W-H's stock purchase rights set forth in W-H's Registration Statement on Form 8-A, filed with the SEC on July 28, 2003, including all amendments and reports filed for the purpose of updating such description.	
Quarterly Reports on Form 10-Q	Fiscal quarter ended March 31, 2008, as filed with the SEC on May 8, 2008
Current Reports on Form 8-K	Filed with the SEC on: January 3, 2008 June 5, 2008 June 12, 2008

Smith also hereby incorporates by reference any additional documents that either it or W-H may file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus/offer to exchange to the termination of the Offer. Nothing in this prospectus/offer to exchange shall be deemed to incorporate information furnished but not filed with the SEC.

W-H shareholders may obtain any of these documents without charge upon written or oral request to the information agent at MacKenzie Partners, Inc., 105 Madison Avenue, New York, NY 10016, collect at (212) 929-5500 or toll-free at (800) 322-2885, or from the SEC at the SEC's website at www.sec.gov.

FORWARD-LOOKING STATEMENTS

Information both included and incorporated by reference in this prospectus/offer to exchange may contain forward-looking statements, concerning, among other things, Smith's outlook, financial projections and business strategies, all of which are subject to risks, uncertainties and assumptions. These forward-looking statements are identified by their use of terms such as intend, plan, may, should, will, anticipate, believe, could, estimate, continue, potential, opportunity, project and similar terms. These statements are based on certain assumptions and analyses that we believe are appropriate under the circumstances. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Management believes these forward-looking statements are reasonable. However, we cannot guarantee that we actually will achieve these plans, intentions or expectations, including completing the Offer and the Mergers on the terms summarized in this prospectus/offer to exchange. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of them in light of new information, future events or otherwise. Factors that could have a material adverse effect on our operations and future

prospects or the completion of the Offer and the Mergers include, but are not limited to:

failure to satisfy the conditions to consummate the Offer and the Mergers;

the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;

the failure of the Offer or the Mergers to close for any other reason;

the amount of the costs, fees, expenses and charges related to the Offer and the Mergers;

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general economic and business conditions;

the level of oil and natural gas exploration and development activities;

global economic growth and activity;

political stability of oil-producing countries;

finding and development costs of operations;

decline and depletion rates for oil and natural gas wells;

seasonal weather conditions;

industry conditions; and

changes in laws or regulations.

These risks and uncertainties, along with the risk factors discussed under **Risk Factors** in this prospectus/offer to exchange, should be considered in evaluating any forward-looking statements contained in this prospectus/offer to exchange. All forward-looking statements speak only as of the date of this prospectus/offer to exchange. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Below are some of the questions that you as a holder of Shares may have regarding the Offer and answers to those questions. You are urged to carefully read the remainder of this prospectus/offer to exchange and the related letter of election and transmittal and the other documents to which we have referred because the information contained in this section and in the Summary is not complete. Additional important information is contained in the remainder of this prospectus/offer to exchange and the related letter of election and transmittal. See Where To Obtain More Information.

As used in this prospectus/offer to exchange, unless otherwise indicated or the context requires, Smith or we refers to Smith and its consolidated subsidiaries, Offeror refers to Whitehall Acquisition Corp., and W-H refers to W-H and its consolidated subsidiaries.

Who is offering to buy my Shares?

The Offer is made by Whitehall Acquisition Corp., a Texas corporation formed for the purpose of making the Offer and consummating the Merger. Offeror is a wholly owned subsidiary of Smith. Smith is a leading global provider of premium products and services to the oil and gas exploration and production industry. Smith provides a comprehensive line of technologically-advanced products and engineering services, including drilling and completion fluid systems, solids-control and separation equipment, waste-management services, oilfield production chemicals, three-cone and diamond drill bits, turbine products, tubulars, fishing services, drilling tools, underreamers, casing exit and multilateral systems, packers and liner hangers. Smith also offers supply-chain management solutions through an extensive North American branch network providing pipe, valves and fittings as well as mill, safety and other maintenance products.

What are the classes and amounts of W-H securities that Smith is offering to acquire in the Offer?

We are seeking to acquire all issued and outstanding shares of W-H common stock, par value \$0.0001 per share, including the associated preferred share purchase rights.

What will I receive for my Shares?

We are offering to exchange for each outstanding Share validly tendered pursuant to the Offer and not properly withdrawn:

\$56.10 in cash, without interest, and 0.48 shares of Smith Common Stock (the Mixed Consideration), or

\$93.55 in cash, without interest (the All-Cash Consideration), or

1.1990 shares of Smith Common Stock (the All-Stock Consideration),

subject in each case to the election procedures and, in the case of elections of the All-Cash Consideration or All-Stock Consideration, to the proration procedures described in this prospectus/offer to exchange and the related letter of election and transmittal (which together, as each may be amended, supplemented or otherwise modified from time to time, constitute the Offer). W-H shareholders electing the Mixed Consideration will not be subject to proration under any circumstance; however, W-H shareholders electing All-Cash Consideration or All-Stock Consideration may be subject to proration and may receive a different form of consideration than selected. W-H shareholders who otherwise

would be entitled to receive a fractional share of Smith Common Stock will instead receive an amount in cash (without interest) equal to the amount of such fraction multiplied by the All-Cash Consideration. See The Offer Elections and Proration for a detailed description of the proration procedure.

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Solely for purposes of illustration, the following table indicates the relative value of the Mixed Consideration, the All-Cash Consideration and the All-Stock Consideration based on different assumed trading prices for the Smith Common Stock.

Assumed Smith Common Stock Price	Market Value of Mixed Consideration (Per Share Exchanged)	Value of All-Cash Consideration (Per Share Exchanged)	Market Value of All-Stock Consideration (Per Share Exchanged)
\$ 70.00	\$ 89.70	\$ 93.55	\$ 83.93
\$ 75.00	\$ 92.10	\$ 93.55	\$ 89.93
\$ 78.02	\$ 93.55	\$ 93.55	\$ 93.55
\$ 80.00	\$ 94.50	\$ 93.55	\$ 95.92
\$ 85.00	\$ 96.90	\$ 93.55	\$ 101.92
\$ 90.00	\$ 99.30	\$ 93.55	\$ 107.91

The market prices of Smith Common Stock used in the above table, and the assumptions regarding the mix of cash and/or stock a hypothetical W-H shareholder would receive, are for purposes of illustration only. The price of Smith Common Stock fluctuates and may be higher or lower than in these examples at the time the Offer is completed. In addition, W-H shareholders electing the All-Cash Consideration and the All-Stock Consideration are subject to proration if holders of Shares, in the aggregate, elect to receive more or less than the aggregate amount of cash consideration to be paid in the Offer. As a consequence, the elections of other W-H shareholders will impact whether a tendering W-H shareholder electing the All-Cash Consideration or the All-Stock Consideration receives solely the type of consideration elected or if a portion of such shareholder's tendered Shares are exchanged for another form of consideration.

W-H shareholders should consider the potential effects of proration and should obtain current market quotations for shares of Smith Common Stock before deciding whether to tender pursuant to the Offer and before electing the form of consideration they wish to receive. Please also see the section of this prospectus/offer to exchange entitled Risk Factors.

Will I have to pay any fee or commission to exchange Shares?

If you are the record owner of your Shares and you tender your Shares in the Offer, you will not have to pay any brokerage fees, commissions or similar expenses. If you own your Shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your Shares on your behalf, your broker or such other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Why is Offeror making this Offer?

The purpose of the Offer is for Smith to acquire control of, and ultimately the entire equity interest in, W-H. The Offer is the first step in Smith's plan to acquire all of the outstanding Shares. Promptly after completion of the Offer, Smith intends to consummate the Merger. The purpose of the Merger is for Smith to acquire all Shares not acquired in the Offer. After the Merger, the Surviving Corporation will be a wholly owned subsidiary of Smith and the former W-H shareholders will no longer have any direct ownership interest in the Surviving Corporation. As promptly as practicable following the Merger, Smith intends to consummate the Post-Closing Merger.

What does the W-H board of directors recommend?

The W-H board of directors has unanimously (i) deemed the Agreement and Plan of Merger, dated June 3, 2008, among Smith, Offeror and W-H (the Merger Agreement) and the transactions contemplated thereby, including the Offer and the Mergers, to be in the best interests of the W-H shareholders, (ii) approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Mergers, in all respects and (iii) recommended that you accept the Offer and tender your Shares to Offeror and, if applicable, that you approve and adopt the Merger Agreement and the Merger (the W-H Recommendation).

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A description of the reasons why the W-H board of directors approved the Offer is set forth in W-H's Solicitation/Recommendation Statement on Schedule 14D-9 that is being mailed to you together with this prospectus/offer to exchange.

The directors and executive officers of W-H currently beneficially own approximately 5.0% of the outstanding Shares on a fully diluted basis. Except for Shares that may be sold in market transactions prior to the completion of the Offer, after reasonable inquiry and to the best of W-H's knowledge, each executive officer and director of W-H currently intends, subject to compliance with applicable law including Section 16(b) of the Exchange Act, to tender all Shares held of record or beneficially owned by such person to the Offeror pursuant to the Offer.

What are the conditions of the Offer?

The Offer is conditioned upon, among other things, the following:

W-H shareholders shall have validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares that shall be at least 66²/₃% of the Shares outstanding on a fully diluted basis (the Minimum Condition).

Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), shall have expired or been terminated and any other requisite clearances and/or approvals under any other federal, state or foreign antitrust or competition law shall have been obtained.

The registration statement of which this prospectus/offer to exchange is a part shall have become effective under the Securities Act of 1933 (the Securities Act) and no stop order or proceeding seeking a stop order shall have been issued.

No order, decree, injunction or ruling restraining or enjoining or otherwise materially delaying or preventing the acceptance for payment of, or the payment for, some or all of the Shares or otherwise prohibiting consummation of the Offer shall have been issued and no statute, rule or regulation shall have been enacted that prohibits or makes illegal the acceptance for payment of, or the payment for, some or all of the Shares.

No W-H Material Adverse Effect shall have occurred nor shall any fact, circumstance, occurrence, event, development or change have occurred or exist that would reasonably be expected to have a W-H Material Adverse Effect, as described in the section of this prospectus/offer to exchange entitled The Offer Conditions of the Offer.

None of the following events shall have occurred and continue to exist: (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange (excluding any coordinated trading halt triggered solely as a result of a specified decrease in a market index and suspensions or limitations resulting from physical damage to or interference with such exchange not related to market conditions), (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory) or (iii) any material limitation (whether or not mandatory) by any United States governmental entity on the extension of credit by banks or other financial institutions.

The Merger Agreement shall not have been terminated in accordance with its terms.

The W-H board of directors shall not have made an adverse recommendation change, as described in the section of this prospectus/offer to exchange entitled Merger Agreement Changes of Recommendation.

The Offer is subject to a number of additional conditions set forth below in the section entitled "The Offer - Conditions of the Offer." The conditions to the Offer are for the sole benefit of Smith and Offeror and may be asserted by Smith or Offeror regardless of the circumstances (including any action or inaction by Smith or Offeror) giving rise to such condition or may be waived by Smith or Offeror, by express and specific action to that effect, in whole or in part at any time and from time to time in each case except for the Minimum Condition, which may only be waived by Smith or Offeror with the express written consent of W-H.

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How long will it take to complete the proposed transaction?

The transaction is expected to be completed in the third quarter of 2008, subject to the conditions described in The Offer Conditions of the Offer and Merger Agreement Conditions to the Merger.

Is Smith's financial condition relevant to my decision to tender Shares in the Offer?

Yes. Smith's financial condition is relevant to your decision to tender your Shares because part of the consideration you may receive if your Shares are exchanged in the Offer could consist of shares of Smith Common Stock. As a result of the proration procedures described in this prospectus/offer to exchange, you may receive shares of Smith Common Stock in addition to cash even if you elect to receive the All-Cash Consideration. You should therefore consider Smith's financial condition as you could become one of Smith's shareholders through the Offer. You also should consider the likely effect that Smith's acquisition of W-H could have on Smith's financial condition. This prospectus/offer to exchange contains financial information regarding Smith and W-H, as well as pro forma financial information for the proposed combination of Smith and W-H, all of which we encourage you to review.

When does the Offer expire? Can the Offer be extended and, if so, under what circumstances?

The Offer is scheduled to expire at 12:00 midnight, New York City time, at the end of July 22, 2008, which is the Initial Expiration Date, unless further extended by Smith. Any extension, delay, termination, waiver or amendment of the Offer will be followed as promptly as practicable by public announcement thereof to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. During any such extension, all Shares previously tendered and not properly withdrawn will remain subject to the Offer, subject to the rights of a tendering shareholder to withdraw such shareholder's Shares. Expiration Date means the Initial Expiration Date, unless and until Offeror has extended the period during which the Offer is open, subject to the terms and conditions of the Merger Agreement, in which event the term Expiration Date means the latest time and date at which the Offer, as so extended by Offeror, will expire.

Subject to the provisions of the Merger Agreement and the applicable rules and regulations of the SEC, Offeror may, without the consent of W-H, (1) from time to time extend the Offer for one or more periods if, at the scheduled Expiration Date, any of the conditions of the Offer shall not have been satisfied or waived until such time as such conditions are satisfied or waived or (2) from time to time extend the Offer, if at the scheduled Expiration Date less than 90% of the number of Shares then outstanding on a fully diluted basis have been validly tendered and not withdrawn. Offeror shall extend the Offer for any period required by any rule, regulation, interpretation or position of the SEC or the staff of the SEC applicable to the Offer.

Any decision to extend the Offer will be made public by an announcement regarding such extension as described under The Offer Extension, Termination and Amendment.

How do I tender my Shares?

To tender Shares into the Offer, you must deliver the certificates representing your Shares, together with a completed letter of election and transmittal and any other documents required by the letter of election and transmittal, to Computershare Trust Company, N.A., the exchange agent for the Offer, not later than the time the Offer expires. The letter of election and transmittal (and the instructions thereto) is enclosed with this prospectus/offer to exchange. If your Shares are held in street name (i.e., through a broker, dealer, commercial bank, trust company or other nominee), your Shares can be tendered by your nominee by book-entry transfer through The Depository Trust Company.

For a complete discussion of the procedures for tendering your Shares, please see the section of this prospectus/offer to exchange entitled "The Offer Procedure for Tendering."

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Until what time can I withdraw tendered Shares?

You may withdraw previously tendered Shares at any time prior to the expiration of the Offer. For a complete discussion of the procedures for withdrawing your Shares, please see the section of this prospectus/offer to exchange entitled "The Offer - Withdrawal Rights."

How do I withdraw previously tendered Shares?

To withdraw previously tendered Shares, you must deliver a written or facsimile notice of withdrawal with the required information to the exchange agent while you still have the right to withdraw. If you tendered Shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct the broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your Shares. For a complete discussion on the procedures for withdrawing your Shares, including the applicable deadlines for effecting withdrawals, please see the section of this prospectus/offer to exchange entitled "The Offer - Withdrawal Rights."

When and how will I receive the Offer consideration in exchange for my tendered Shares?

Offeror will exchange all validly tendered and not properly withdrawn Shares promptly after the Expiration Date, subject to the terms thereof and the satisfaction or waiver of the conditions to the Offer, as set forth in the section of this prospectus/offer to exchange entitled "The Offer - Conditions of the Offer." Offeror will deliver the consideration for your validly tendered and not properly withdrawn Shares by depositing the cash and stock consideration therefor with the exchange agent, which will act as your agent for the purpose of receiving the Offer consideration from Offeror and transmitting such consideration to you. In all cases, an exchange of tendered Shares will be made only after timely receipt by the exchange agent of certificates for such Shares (or a confirmation of a book-entry transfer of such Shares as described in the section of this prospectus/offer to exchange entitled "The Offer - Procedure for Tendering") and a properly completed and duly executed letter of election and transmittal and any other required documents for such Shares.

Why does the cover page to this prospectus/offer to exchange state that this Offer is subject to change and that the registration statement filed with the SEC is not yet effective? Does this mean that the Offer has not commenced?

No. Completion of this preliminary prospectus/offer to exchange and effectiveness of the registration statement are not necessary for the Offer to commence. The Offer was commenced on the date of the initial filing of the registration statement of which this prospectus/offer to exchange is a part. We cannot, however, accept for exchange any Shares tendered in the Offer or exchange any Shares until the registration statement is declared effective by the SEC and the other conditions to the Offer have been satisfied or waived.

Where can I find more information about Smith and W-H?

You can find more information about Smith and W-H from various sources described in the section of this prospectus/offer to exchange entitled "Where To Obtain More Information."

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SUMMARY

*This section summarizes material information presented in greater detail elsewhere in this prospectus/offer to exchange. However, this summary does not contain all of the information that may be important to W-H shareholders. You are urged to carefully read the remainder of this prospectus/offer to exchange and the related letter of election and transmittal and the other documents to which we have referred because the information in this section is not complete. See *Where To Obtain More Information*.*

The Offer (Page 44)

Under the terms of the Offer, each W-H shareholder may elect to receive, for each outstanding Share validly tendered and not withdrawn in the Offer, at the election of such holder either:

\$56.10 in cash, without interest, and 0.48 shares of Smith Common Stock (the *Mixed Consideration*), or

\$93.55 in cash, without interest (the *All-Cash Consideration*), or

1.1990 shares of Smith Common Stock (the *All-Stock Consideration*),

subject in each case to the election procedures and, in the case of elections of the All-Cash Consideration or All-Stock Consideration, to the proration procedures described in this prospectus/offer to exchange and the related letter of election and transmittal (which together, as each may be amended, supplemented or otherwise modified from time to time, constitute the *Offer*). W-H shareholders electing the Mixed Consideration will not be subject to proration under any circumstance; however, W-H shareholders electing the All-Cash Consideration or the All-Stock Consideration may be subject to proration and may receive some Offer consideration in a different form than selected.

The value of the Mixed Consideration and the All-Stock Consideration will fluctuate prior to the Expiration Date as the market price of Smith Common Stock changes.

W-H shareholders will not receive any fractional shares of Smith Common Stock in the Offer. Instead of receiving any fractional shares of Smith Common Stock to which W-H shareholders otherwise would be entitled, tendering W-H shareholders will receive an amount in cash (without interest) equal to such fraction multiplied by the All-Cash Consideration, as described in *The Offer* *Fractional Shares*.

Purpose of the Offer; The Merger (Page 54)

Smith intends, promptly after the completion of the Offer, to have Offeror merge into W-H, with W-H surviving the merger (this merger is referred to herein as the *Merger* and W-H after the Merger is sometimes referred to as the *Surviving Corporation*). After the Merger, the Surviving Corporation will be a wholly owned subsidiary of Smith and the former W-H shareholders will not have any direct equity ownership interest in W-H or the Surviving Corporation. In the Merger, each issued and outstanding Share (except for Shares held in W-H's treasury, Shares beneficially owned by any direct or indirect wholly owned subsidiary of W-H and Shares beneficially owned directly or indirectly by Smith or Offeror, including Shares acquired in the Offer) will be converted into the right to receive the Mixed Consideration, without interest, subject to such adjustments as are necessary to preserve the status of the Offer and the Mergers, taken together, as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and subject to dissenter's rights under Texas law, as more fully described under *The Offer* *Purpose of the Offer; the Merger; Dissenter's Rights*.

The Post-Closing Merger (Page 55)

As promptly as practicable after the Merger, Smith intends to cause the Surviving Corporation to merge with and into a wholly owned subsidiary of Smith. Immediately before the Post-Closing Merger, Smith will be the sole owner of the entity surviving the Post-Closing Merger, and none of the former W-H shareholders will have any direct economic interest in, or approval or other rights with respect to, the Post-Closing Merger.

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The Companies (Page 16)

Smith

Smith International, Inc.
16740 East Hardy Road
Houston, Texas 77032
(281) 443-3370

Smith is a leading global provider of premium products and services to the oil and gas exploration and production industry. Smith provides a comprehensive line of technologically-advanced products and engineering services, including drilling and completion fluid systems, solids-control and separation equipment, waste-management services, oilfield production chemicals, three-cone and diamond drill bits, turbine products, tubulars, fishing services, drilling tools, underreamers, casing exit and multilateral systems, packers and liner hangers. Smith also offers supply-chain management solutions through an extensive North American branch network providing pipe, valves and fittings as well as mill, safety and other maintenance products.

Offeror

Whitehall Acquisition Corp.
c/o Smith International, Inc.
16740 East Hardy Road
Houston, Texas 77032
(281) 443-3370

Offeror, a Texas corporation, is a wholly owned subsidiary of Smith. Offeror is newly formed, and was organized for the purpose of making the Offer and consummating the Merger. Offeror has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the Offer and the Merger.

W-H

W-H Energy Services, Inc.
2000 West Sam Houston Parkway South
Suite 500
Houston, Texas 77042
(713) 974-9071

W-H, a Texas corporation, is a diversified oilfield service company that provides products and services used in connection with the drilling and completion of oil and natural gas wells and the production of oil and natural gas. W-H has operations in North America and select areas internationally. W-H provides drilling related products and services, which include logging-while-drilling, measurement-while-drilling, directional drilling, down-hole drilling motors, drilling fluids and rental tools as well as completion and workover related products and services, which include cased-hole wireline logging, perforating, tubing conveyed perforating and associated rental equipment, coiled tubing, completion fluids and rental tools.

Reasons for the Offer (Page 22)

The purpose of the Offer is for Smith to acquire control of, and ultimately the entire equity interest in, W-H. Offeror is making the Offer and Smith plans to complete the Merger because it believes that the acquisition of W-H by Smith will provide significant beneficial long-term growth prospects and increased shareholder value for the combined company. Smith believes that the Offer and the Merger will increase its market presence and opportunities, enhance its product mix, increase operating efficiencies, combine significant management talent and enhance employee opportunities.

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Expiration of the Offer (Page 47)

The Offer is scheduled to expire at 12:00 midnight, New York City time, at the end of July 22, 2008, which is the Initial Expiration Date, unless further extended by Offeror. Expiration Date means the Initial Expiration Date, unless and until Offeror has extended the period during which the Offer is open, subject to the terms and conditions of the Merger Agreement, in which event the term Expiration Date means the latest time and date at which the Offer, as so extended by Offeror, will expire.

Extension, Termination or Amendment (Page 47)

Subject to the provisions of the Merger Agreement and the applicable rules and regulations of the SEC, Offeror may, without the consent of W-H, (1) from time to time extend the Offer for one or more periods if, at the scheduled Expiration Date, any of the conditions of the Offer shall not have been satisfied or waived until such time as such conditions are satisfied or waived or (2) from time to time extend the Offer, if at the scheduled Expiration Date less than 90% of the number of Shares then outstanding on a fully diluted basis have been validly tendered and not withdrawn. Offeror shall extend the Offer for any period required by any rule, regulation, interpretation or position of the SEC or the staff of the SEC applicable to the Offer.

Offeror will effect any extension, termination, amendment or delay by giving oral or written notice to the exchange agent and by making a public announcement as promptly as practicable thereafter as described under The Offer Extension, Termination and Amendment. In the case of an extension, any such announcement will be issued no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled Expiration Date. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that any material change in the information published, sent or given to shareholders in connection with the Offer be promptly disseminated to shareholders in a manner reasonably designed to inform them of such change) and without limiting the manner in which Offeror may choose to make any public announcement, Offeror assumes no obligation to publish, advertise or otherwise communicate any such public announcement of this type other than by issuing a press release to Business Wire. During any extension, Shares previously tendered and not properly withdrawn will remain subject to the Offer, subject to the right of each W-H shareholder to withdraw previously tendered Shares.

The Merger Agreement provides that the agreement may be terminated if the Offer has not been consummated on or before December 3, 2008, and Offeror may not extend the Offer beyond such date without the prior written consent of W-H.

Subject to applicable SEC rules and regulations, Offeror also reserves the right, in its sole discretion, at any time or from time to time to waive any condition identified as subject to waiver in The Offer Conditions of the Offer by giving oral or written notice of such waiver to the exchange agent.

No subsequent offering period will be available following the expiration of the Offer.

Withdrawal Rights (Page 48)

Tendered Shares may be withdrawn at any time prior to the Expiration Date. Additionally, if Offeror has not agreed to accept the Shares for exchange on or prior to August 23, 2008, W-H shareholders may thereafter withdraw their Shares from tender at any time after such date until Offeror accepts the Shares for exchange. Once Offeror accepts Shares for exchange pursuant to the Offer, all tenders not previously withdrawn become irrevocable.

Procedure for Tendering (Page 49)

To validly tender Shares pursuant to the Offer, W-H shareholders must:

deliver a properly completed and duly executed letter of election and transmittal, along with any required signature guarantees and any other required documents, and certificates for tendered Shares to the exchange agent at its address set forth on the back cover of this prospectus/offer to exchange, all of which must be received by the exchange agent prior to the Expiration Date; or

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deliver an agent's message in connection with a book-entry transfer, and any other required documents, to the exchange agent at its address set forth on the back cover of this prospectus/offer to exchange, and Shares must be tendered pursuant to the procedures for book entry tender set forth herein (and a confirmation of receipt of that tender received), and in each case be received by the exchange agent prior to the Expiration Date.

W-H shareholders who hold Shares in street name through a bank, broker or other nominee holder, and desire to tender their Shares pursuant to the Offer, should instruct the nominee holder to do so prior to the Expiration Date.

Exchange of Shares; Delivery of Cash and Shares of Smith Common Stock (Page 48)

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), as soon as practicable following the Expiration Date, Offeror will accept for exchange, and will exchange, all Shares validly tendered and not withdrawn prior to the Expiration Date.

Elections and Proration (Page 45)

W-H shareholders may elect to receive the Mixed Consideration, the All-Cash Consideration or the All-Stock Consideration in exchange for each Share validly tendered and not withdrawn pursuant to the Offer, subject in each case to the election procedures and, in the case of elections of the All-Cash Consideration or the All-Stock Consideration, to the proration procedures described in this prospectus/offer to exchange and the related letter of election and transmittal, by indicating their elections in the applicable section of the letter of election and transmittal. If a W-H shareholder decides to change its election after tendering its Shares, it must first properly withdraw the tendered Shares and then re-tender the Shares prior to the Expiration Date, with a new letter of election and transmittal that indicates the revised election.

Top-Up Option (Page 47)

Under the Merger Agreement, Offeror has an irrevocable option (the Top-Up Option) to purchase a number of additional Shares such that following the consummation of the Offer, Smith and Offeror shall own one Share more than 90% of the Shares then outstanding on a fully diluted basis. The Top-Up Option's per share purchase price, which is equal to the All-Cash Consideration, may be paid in cash or a promissory note, or a combination thereof.

Certain Legal Matters; Regulatory Approvals (Page 58)

The Offer and the Merger cannot be consummated until certain information that Smith and W-H have furnished to the Antitrust Division of the Department of Justice (the DOJ) and the Federal Trade Commission (the FTC) has been reviewed and certain waiting period requirements have been satisfied. These requirements and other issues are discussed under The Offer Certain Legal Matters; Regulatory Approvals.

Source and Amount of Funds (Page 62)

The Offer and the Merger are not conditioned upon any financing arrangements or contingencies.

Assuming W-H holders elect the Mixed Consideration, all stock options are exercised and all incentive equity awards tender into the Offer, the Offeror estimates the amounts required to purchase the then outstanding Shares and fund transaction-related fees and expenses will approximate \$3.1 billion, including \$1.8 billion of cash. Smith is currently negotiating term and bridge loan facilities with a group of financial institutions which will be used to finance the cash portion of the Transaction. The details of the term and bridge loan facilities will be disclosed when material terms and

conditions are finalized.

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Dissenter's Rights (Page 55)

No dissenter's rights are available in connection with the Offer. However, W-H shareholders would have dissenter's rights under Texas law in connection with the Merger. See The Offer Purpose of the Offer; the Merger; Dissenter's Rights.

Comparative Market Price Data (Page 11)

Shares of Smith Common Stock are listed on the New York Stock Exchange under the symbol SII. The Shares trade on the New York Stock Exchange under the symbol WHQ. On June 2, 2008, the last full trading day before the public announcement of Smith's proposal to acquire W-H, the closing sales price of Smith Common Stock on the New York Stock Exchange was \$78.02 and the closing sales price of the Shares on the New York Stock Exchange was \$85.54. W-H shareholders should obtain current market quotations for Smith Common Stock and the Shares before deciding whether to tender Shares in the Offer and before electing the form of Offer consideration they wish to receive. See Comparative Market Price and Dividend Matters for a discussion of pro forma per share data.

Ownership of Smith After the Offer and the Merger (Page 51)

Smith estimates that if all Shares (assuming all stock options are exercised and all incentive equity awards tender into the Offer) are exchanged for Mixed Consideration pursuant to the Offer and the Merger, former W-H shareholders would own, in the aggregate, approximately 7.2% of the shares of Smith Common Stock outstanding after the Merger. For a detailed discussion of the assumptions on which this estimate is based, see The Offer Ownership of Smith After the Offer and the Merger.

Comparison of Shareholders' Rights (Page 74)

The rights of Smith stockholders are different in some respects from the rights of W-H shareholders. Therefore, W-H shareholders will have different rights as shareholders once they become Smith stockholders. The differences are described in more detail under Comparison of Shareholders' Rights.

Material U.S. Federal Income Tax Consequences (Page 51)

The Offer and the Mergers, taken together, are intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code (the Code). Neither the Offer nor the Mergers are conditioned on the receipt of an opinion of counsel regarding the U.S. federal income tax treatment of the Offer and the Mergers. If the Offer and the Mergers, taken together, qualify as a reorganization within the meaning of Section 368(a) of the Code, the U.S. federal income tax consequences to W-H shareholders who receive shares of Smith Common Stock and/or cash in exchange for their Shares pursuant to the Offer and/or the Merger generally will be as follows:

if a W-H shareholder receives solely shares of Smith Common Stock in exchange for such shareholder's Shares, such shareholder generally will not recognize any gain or loss, except with respect to cash received in lieu of fractional shares of Smith Common Stock;

if a W-H shareholder receives solely cash in exchange for such shareholder's Shares, such shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the shareholder's tax basis in its Shares; and

if a W-H shareholder receives a combination of Smith Common Stock and cash in exchange for such shareholder's Shares and such shareholder's tax basis in its Shares is less than the sum of the cash and the fair market value of the Smith Common Stock received, such shareholder generally will recognize gain equal to the lesser of (1) the sum of the cash and the fair market value of the Smith Common Stock received, minus the shareholder's tax basis in its Shares surrendered, and (2) the amount of cash received. If a shareholder's tax basis in its Shares surrendered is greater than the sum of the cash and the fair market value of the Smith Common Stock received, such shareholder's loss generally will not be currently allowed or recognized for U.S. federal income tax purposes.

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Each W-H shareholder should read the discussion under "The Offer - Material U.S. Federal Income Tax Consequences" and should consult its own tax advisor for a full understanding of the tax consequences of the Offer and the Mergers to such shareholder.

Accounting Treatment (Page 63)

The purchase price will be allocated to W-H's identifiable assets and liabilities based on their respective estimated fair values at the closing date of the Merger, and any excess of the purchase price over those fair values will be accounted for as goodwill.

The valuation of W-H's assets and liabilities has not yet been completed. The preliminary purchase price allocation is subject to change based on the completion of the final valuation analysis by Smith management, which will be based upon relevant facts and circumstances and discussion with an independent third-party consulting firm.

Questions about the Offer and the Merger

W-H shareholders should contact MacKenzie Partners, Inc., Smith's information agent, at the following address and telephone numbers with any questions about the Offer or the Merger, or to request additional copies of this prospectus/offer to exchange or other documents:

**105 Madison Avenue
New York, New York 10016**

**(212) 929-5500 (Call Collect)
or**

**Call Toll-Free (800) 322-2885
Email: tenderoffer@mackenziepartners.com**

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RISK FACTORS

W-H shareholders should carefully read this prospectus/offer to exchange and the other documents referred to or incorporated by reference into this prospectus/offer to exchange, including in particular the following risk factors, in deciding whether to tender Shares pursuant to the Offer.

Risk Factors Relating to the Offer

The market price of Smith Common Stock may decline as a result of Smith's acquisition of W-H.

The market price of Smith Common Stock may decline after the Offer and Merger are completed. Some of the issues that Smith could face are:

the integration of W-H's business is unsuccessful or takes longer or is more disruptive than anticipated;

Smith does not achieve the expected synergies or other benefits of the W-H acquisition as rapidly or to the extent anticipated, if at all;

the effect of Smith's acquisition of W-H on Smith's financial results does not meet the expectations of Smith, financial analysts or investors;

after Smith acquires W-H, W-H's business does not perform as anticipated; or

Smith's credit rating is downgraded as a result of Smith's increased indebtedness incurred to finance the Offer and the Merger.

As of June 13, 2008, there were 201,061,325 shares of Smith Common Stock outstanding, net of shares held in treasury, and held of record by approximately 1,752 shareholders, and no shares of preferred stock were outstanding. On such date, 1,187,240 shares of Smith Common Stock were subject to outstanding options, 1,042,339 shares of Smith Common Stock were subject to outstanding performance-based restricted stock units, 821,146 shares of Smith Common Stock were subject to outstanding time-based restricted stock units, 1,138,100 shares of Smith Common Stock were unassigned and available for grant. In connection with the Offer and Merger, Smith estimates that Smith could issue up to approximately 17,850,000 additional shares of Smith Common Stock. The increase in the number of outstanding shares of Smith Common Stock may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market price of Smith Common Stock.

W-H shareholders may not receive all consideration in the form elected.

W-H shareholders electing to receive either the All-Cash Consideration or the All-Stock Consideration will be subject to proration if holders of Shares, in the aggregate, elect to receive more or less than the aggregate amount of cash consideration to be paid in the Offer. Accordingly, some of the consideration you receive in the Offer may differ from the type of consideration you select and such difference may be significant. This may result in, among other things, tax consequences that differ from those that would have resulted if you had received solely the form of consideration that you elected. A discussion of the proration mechanism can be found under the heading "The Offer - Elections and Proration" and a discussion of the material federal income tax consequences of the Offer and the Mergers can be found under the heading "The Offer - Material U.S. Federal Income Tax Consequences."

Uncertainties exist in integrating the business and operations of Smith and W-H.

After Smith's acquisition of W-H, Smith expects to continue W-H's current operations. However, Smith intends to integrate certain of W-H's and Smith's functions and operations. Although Smith believes the integration will be successfully completed, there can be no assurance that Smith will be able to successfully integrate W-H's operations with those of Smith. There will be inherent challenges in integrating the companies' operations that could result in a delay in achieving, or the failure to achieve, some or all of the anticipated synergies and, therefore, any cost savings and potential increases in earnings. Issues that must be addressed in integrating the operations of the companies include, among other things:

conforming standards, controls, procedures and policies, business cultures and compensation structures;

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consolidating corporate and administrative infrastructures;

consolidating sales and marketing operations;

retaining existing customers and attracting new customers;

retaining key employees;

identifying and eliminating redundant and underperforming operations and assets;

minimizing the diversion of management's attention from ongoing business concerns;

coordinating geographically dispersed organizations; and

managing tax costs or inefficiencies associated with integrating the operations of the combined company.

If Smith is not able to successfully address these challenges, Smith may be unable to successfully integrate the companies' operations, or to realize the anticipated benefits of the integration of the two companies. Actual synergies, if achieved at all, may be lower than Smith currently expects and may take a longer time to achieve than Smith currently anticipates.

Even if the Offer is completed, full integration of W-H's operations with Smith's may be delayed if Offeror does not acquire at least 90% of the issued and outstanding Shares pursuant to the Offer.

The Offer is subject to a condition that, before the Expiration Date, there shall have been validly tendered and not properly withdrawn at least 66²/₃% of the Shares on a fully diluted basis. If Offeror acquires at least 90% of the issued and outstanding Shares, the Merger will be able to be effected as a subsidiary merger under Texas law. A subsidiary merger would enable Smith to complete the acquisition of W-H without any action on the part of the other holders of Shares. If Smith does not acquire 90% of the issued and outstanding Shares pursuant to the Offer or the Top-Up Option, if exercised, W-H will be required to hold a shareholder meeting in order to obtain the approval of W-H shareholders to consummate the Merger. Although this would not prevent the Merger or Post-Closing Merger from occurring because Offeror would hold sufficient Shares to approve the Merger, it would delay the completion of the Merger and could delay the realization of some or all of the anticipated benefits from integrating W-H's operations with Smith's operations.

Smith's acquisition of W-H could trigger certain provisions contained in W-H's agreements with third parties that could permit such parties to terminate that agreement.

W-H may be a party to agreements that permit a counter-party to terminate an agreement or receive payments because the Offer, the Merger or the Post-Closing Merger would cause a default or violate an anti-assignment, change of control or similar clause in such agreements. If this happens, Smith may have to seek to replace that agreement with a new agreement or make additional payments under such agreements. However, Smith may be unable to replace a terminated agreement on comparable terms or at all. Depending on the importance of such agreement to W-H's business, the failure to replace a terminated agreement on similar terms or at all, and requirements to pay additional amounts, may increase the costs to Smith of operating W-H's business or prevent Smith from operating W-H's business.

Antitrust authorities may attempt to delay or prevent Offeror's acquisition of W-H.

Smith and W-H are expected to make premerger filings under the HSR Act with the FTC and Antitrust Division of the DOJ on June 24, 2008. Until the applicable waiting period under the HSR Act expires or is terminated, Offeror may not purchase any Shares. The Offer is conditioned upon the receipt of all required antitrust approvals or clearances for Smith's acquisition of W-H and no court or other authority prohibiting the consummation of the Offer, the Merger or the Post-Closing Merger. W-H shareholders should be aware that all required regulatory approvals may not be timely obtained and could result in a significant delay in the consummation of the Offer, the Merger or the Post-Closing Merger.

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W-H shareholders who receive Smith Common Stock in the Offer will become Smith stockholders. Smith Common Stock may be affected by different factors and holders will have different rights than those as W-H shareholders.

Upon completion of the Offer, W-H shareholders receiving shares of Smith Common Stock will become stockholders of Smith. Smith's business differs from that of W-H, and Smith's results of operations and the trading price of Smith Common Stock may be adversely affected by factors different from those that would affect W-H's results of operations and stock price.

In addition, holders of shares of Smith Common Stock will have different rights as stockholders than those rights they had as W-H shareholders before the Offer or the Merger. For a detailed comparison of the rights of Smith stockholders compared to the rights of W-H shareholders, see "Comparison of Shareholders' Rights."

The receipt of shares of Smith Common Stock in the Offer and/or the Merger may be taxable to W-H shareholders.

If the Offer and the Mergers are not treated as component parts of an integrated transaction for U.S. federal income tax purposes, if the Merger or the Post-Closing Merger is not completed or if the transaction otherwise fails to qualify as a reorganization within the meaning of Section 368(a) of the Code, the exchange of Shares for shares of Smith Common Stock in the Offer and/or the Merger will be taxable to such shareholders for U.S. federal income tax purposes.

W-H shareholders should consult their tax advisors to determine the specific tax consequences to them of the Offer and the Mergers, including any federal, state, local, foreign or other tax consequences, and any tax return filing or other reporting requirements.

The transaction may adversely affect the liquidity and value of the Shares not tendered.

If the Offer is completed but all Shares are not tendered in the Offer, the number of W-H shareholders and the number of Shares publicly held will be greatly reduced. As a result, the closing of the Offer could adversely affect the liquidity and market value of the remaining Shares held by the public. In addition, following completion of the Offer, subject to the rules of the New York Stock Exchange and the SEC, W-H may seek to delist the Shares from the New York Stock Exchange and may seek to discontinue its reporting obligations under the Exchange Act. As a result of any such actions, Shares not tendered pursuant to the Offer may become illiquid and may be of reduced value. See "The Offer Plans for W-H."

Risk Factors Relating to Smith and the Combined Company

Smith is dependent on the level of oil and natural gas exploration and development activities.

Demand for Smith's products and services is dependent upon the level of oil and natural gas exploration and development activities. The level of worldwide oil and natural gas development activities is primarily influenced by the price of oil and natural gas, as well as price expectations. In addition to oil and natural gas prices, the following factors impact exploration and development activity and may lead to significant changes in worldwide activity levels:

overall level of global economic growth and activity;

actual and perceived changes in the supply of and demand for oil and natural gas;

political stability and policies of oil-producing countries;

finding and development costs of operators;

decline and depletion rates for oil and natural gas wells; and

seasonal weather conditions that temporarily curtail drilling operations.

Changes in any of these factors could adversely impact Smith's financial condition, results of operations or cash flows.

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There are certain risks associated with conducting business in markets outside of North America.

Smith is a multinational oilfield service company and generates the majority of its oilfield segment revenues in markets outside of North America. Changes in conditions within certain countries that have historically experienced a high degree of political and/or economic instability could adversely impact Smith's financial condition, results of operations or cash flows. Additional risks inherent in Smith's non-North American business activities include:

changes in political and economic conditions in the countries in which Smith operates, including civil uprisings, riots and terrorist acts;

unexpected changes in regulatory requirements;

fluctuations in currency exchange rates and the value of the U.S. dollar;

restrictions on repatriation of earnings or expropriation of property without fair compensation;

governmental actions that result in the deprivation of contract or proprietary rights; and

governmental sanctions.

Smith operates in a highly technical and competitive environment.

Smith operates in a highly competitive business environment. Accordingly, demand for Smith's products and services is largely dependent on its ability to provide leading-edge, technology-based solutions that reduce the operator's overall cost of developing energy assets. If competitive or other market conditions impact Smith's ability to continue providing superior-performing product offerings, Smith's financial condition, results of operations or cash flows could be adversely impacted.

Smith's businesses are subject to a variety of governmental regulations.

Smith is exposed to a variety of federal, state, local and international laws and regulations relating to matters such as environmental, health and safety, labor and employment, import/export control, currency exchange, bribery and corruption and taxation. These laws and regulations are complex, change frequently and have tended to become more stringent over time. In the event the scope of these laws and regulations expand in the future, the incremental cost of compliance could adversely impact Smith's financial condition, results of operations or cash flows.

Smith's industry is experiencing more litigation involving claims of infringement of intellectual property rights.

Over the past few years, Smith's industry has experienced increased litigation related to the infringement of intellectual property rights. Although no material matters are pending or threatened at this time, Smith, as well as certain of its competitors, has been named as defendants in various intellectual property matters in the past. These types of claims are typically costly to defend, involve monetary judgments that, in certain circumstances, are subject to being enhanced and are often brought in venues that have proved to be favorable to plaintiffs. If Smith is served with an intellectual property claim that it is unsuccessful in defending, it could adversely impact Smith's results of operations and cash flows.

Table of Contents**COMPARATIVE MARKET PRICE DATA**

Shares of Smith Common Stock are listed on the New York Stock Exchange under the symbol SII and the Shares are listed on the New York Stock Exchange under the symbol WHQ.

The following table contains historical closing prices per share for Smith Common Stock and the Shares on June 2, 2008, the last full trading day before the public announcement of Smith's proposal to acquire W-H, and June 23, 2008, the most recent practicable date before the mailing of this prospectus/offer to exchange. The implied value per Share of the common stock consideration in the Offer on each of the specified dates represents the closing sales price of a share of Smith Common Stock on that date multiplied by 0.48 per share in the case of the Mixed Consideration and 1.1990 per share in the case of the All-Stock Consideration.

	Smith Common Stock (NYSE)	W-H Common Stock (NYSE)	Per Share Implied Value of Offer		
			All-Cash Consideration	All-Stock Consideration	Mixed Consideration
June 2, 2008	\$ 78.02	\$ 85.54	\$ 93.55	\$ 93.55	\$ 93.55
June 23, 2008	\$ 81.65	\$ 95.47	\$ 93.55	\$ 97.90	\$ 95.29

The market prices of shares of Smith Common Stock and the Shares will fluctuate prior to the Expiration Date of the Offer and thereafter, and may be different at the Expiration Date from the prices set forth above, and for W-H shareholders tendering Shares in the Offer, at the time they receive cash or shares of Smith Common Stock. **W-H shareholders are encouraged to obtain current market quotations prior to making any decision with respect to the Offer.** See also The Offer Effect of the Offer on the Market for Shares; NYSE Listing; Registration Under the Exchange Act; Margin Regulations for a discussion of the possibility that Shares will cease to be listed on the New York Stock Exchange.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SMITH**

The following table summarizes Smith's selected historical audited consolidated financial data for each of the years in the five-year period ended December 31, 2007 and unaudited consolidated financial data for the three-month periods ended March 31, 2008 and 2007. This information is only a summary. The selected financial data should be read together with the historical consolidated Financial Statements, related Notes to the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Smith's annual and quarterly reports filed with the Securities and Exchange Commission and incorporated by reference into this registration statement.

The operating results for the three-month period ended March 31, 2008 are not necessarily indicative of the results for the remainder of the fiscal year or any future period. All adjustments which are, in the opinion of management, of a normal and recurring nature and necessary for a fair presentation of the interim financial statements have been included in the consolidated condensed financial statements for the three-month period ended March 31, 2008 and 2007.

	For the Three Months Ended March 31,		For the Years Ended December 31,				2003
	2008	2007	2007	2006	2005	2004(a)	
(In thousands, except per share data)							
Statements of Operations Data:							
Revenues	\$ 2,370,998	\$ 2,107,724	\$ 8,764,330	\$ 7,333,559	\$ 5,579,003	\$ 4,419,015	\$ 3,594,828
Gross profit	781,484	675,965	2,855,657	2,344,271	1,685,138	1,351,939	1,075,931
Operating income	378,807	331,128	1,369,797	1,080,081	670,561	438,764	328,747
Income before cumulative effect of change in accounting principle	174,991	160,158	647,051	502,006	302,305	182,451	124,634
Diluted earnings per share before cumulative effect of change in accounting principle(b)	0.87	0.80	3.20	2.49	1.48	0.89	0.62
Balance Sheet Data:							
Total assets	\$ 6,372,187	\$ 5,547,811	\$ 6,061,880	\$ 5,335,475	\$ 4,059,914	\$ 3,506,778	\$ 3,097,047
Long-term debt	794,995	826,617	845,624	800,928	610,857	387,798	488,548
Total stockholders equity	2,757,329	2,141,165	2,594,897	1,986,937	1,578,505	1,400,811	1,235,776
Cash dividends declared per common share(c)	0.12	0.10	0.40	0.32	0.24		

- (a) The 2004 results include a \$31.4 million, or \$0.10 per share, litigation-related charge associated with a patent infringement suit.
- (b) All fiscal years prior to 2005 have been restated for the impact of a two-for-one stock split, which was effected in the form of a stock dividend and distributed on August 24, 2005.
- (c) In February 2005, the Smith Board of Directors approved a regular quarterly cash dividend program.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF W-H**

The following table sets forth summary consolidated financial data for W-H as of and for each of the five years ended December 31, 2007, 2006, 2005, 2004 and 2003 and for each of the three months ended March 31, 2008 and 2007. This data for the years ended December 31, 2007, 2006 and 2005 was derived from W-H's audited consolidated financial statements included in W-H's Annual Report on Form 10-K for the year ended December 31, 2007 and from W-H's unaudited condensed consolidated financial statements included in W-H's Quarterly Report on Form 10-Q for the three months ended March 31, 2008, each of which is incorporated by reference herein. Such financial data should be read together with, and is qualified in its entirety by reference to, W-H's historical consolidated financial statements and the accompanying notes and the Management's Discussion and Analysis of Financial Condition and Results of Operations which are set forth in such Annual Report on Form 10-K and Quarterly Report on Form 10-Q. In particular, Note 3 to W-H's Consolidated Financial Statements describes acquisitions consummated since January 1, 2005, which could affect the year to year comparability of the information presented below.

	As of and For the Three Months Ended		As of and For The Years Ended December 31,				
	March 31, 2008	2007	2007	2006	2005	2004	2003
(In thousands, except per share data)							
Statements of Operations							
Revenues:							
Drilling	\$ 194,253	\$ 178,261	\$ 738,413	\$ 563,945	\$ 409,155	\$ 302,788	\$ 242,085
Completion and workover	106,715	93,626	388,594	330,809	225,206	159,640	125,098
Total revenues	300,968	272,887	1,127,007	894,754	634,361	462,428	367,183
Cost of revenues	164,038	147,419	610,500	471,896	356,816	269,717	208,848
Selling, general and administrative expense	46,170	43,280	175,900	147,202	108,946	87,772	71,078
Warehouse fire related costs					3,690		
Research and development	6,094	4,716	21,362	17,189	16,275	15,474	11,241
Depreciation and amortization	23,317	17,552	79,286	62,713	56,639	45,665	36,032
Income from operations	61,349	59,920	239,959	195,754	91,995	43,800	39,984
Interest expense and other expense, net(1)	2,400	2,022	8,355	8,936	10,777	11,023	8,168

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Provision for income taxes	21,889	22,074	85,193	71,212	31,608	12,608	12,184
Income from continuing operations	37,060	35,824	146,411	115,606	49,610	20,169	19,632
Loss from discontinued operations, net of tax(2)						(2,126)	(140)
Net income	\$ 37,060	\$ 35,824	\$ 146,411	\$ 115,606	\$ 49,610	\$ 18,043	\$ 19,492
Earnings (loss) per share:							
Basic							
From continuing operations	\$ 1.21	\$ 1.19	\$ 4.82	\$ 3.90	\$ 1.76	\$ 0.73	\$ 0.72
From discontinued operations						(0.08)	
Total	\$ 1.21	\$ 1.19	\$ 4.82	\$ 3.90	\$ 1.76	\$ 0.65	\$ 0.72
Diluted							
From continuing operations	\$ 1.18	\$ 1.16	\$ 4.70	\$ 3.78	\$ 1.71	\$ 0.72	\$ 0.70
From discontinued operations						(0.08)	
Total	\$ 1.18	\$ 1.16	\$ 4.70	\$ 3.78	\$ 1.71	\$ 0.64	\$ 0.70
Number of shares used in computing earnings per share:							
Basic	30,575	30,076	30,351	29,656	28,135	27,528	27,190
Diluted	31,312	30,868	31,154	30,572	29,086	28,201	27,942
Balance Sheet Information:							
Total assets	\$ 1,103,223	\$ 878,995	\$ 1,007,030	\$ 824,281	\$ 621,975	\$ 548,125	\$ 500,899
Total debt	\$ 210,744	\$ 150,000	\$ 150,000	\$ 150,000	\$ 165,000	\$ 180,805	\$ 177,725

- (1) The 2004 amount includes the write-off of approximately \$3.1 million (\$1.9 million, after tax) of non-cash financing costs associated with W-H's previous credit facility.
- (2) In March 2004, W-H committed to the divestiture of its maintenance and safety related products and services segment. Accordingly, this segment has been included in W-H's Selected Financial Data and W-H's Consolidated Statements of Operations and Comprehensive Income for fiscal years ended on or before December 31, 2004 as discontinued operations. In April 2004, W-H completed the sale of Well Safe, Inc., one of the two companies that formerly comprised W-H's maintenance and safety related products and services segment, for cash consideration of \$28.0 million. Additionally, in December 2004, W-H sold Charles Holston, Inc., the remaining entity that formerly comprised this segment, for consideration of \$2.0 million. These sales resulted in a loss of \$5.1 million for the year ended December 31, 2004.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The following selected unaudited pro forma condensed combined financial data has been prepared to reflect the acquisition of W-H. On June 3, 2008, Smith announced that it had entered into a definitive agreement to acquire all of the outstanding shares of W-H (the Transaction) pursuant to the Offer.

The selected unaudited pro forma condensed combined financial data has been prepared using the historical consolidated financial statements of each company which, in the opinion of management of each such company, include all adjustments necessary to present fairly the results of each company for such periods. The selected unaudited pro forma financial data gives effect to the acquisition under the purchase method of accounting and the assumptions included in the financial statement notes accompanying the unaudited pro forma condensed combined financial statements set forth under the section of this prospectus/offer to exchange entitled Unaudited Pro Forma Condensed Combined Financial Statements .

The selected unaudited pro forma condensed combined financial data assumes all of the W-H operations are acquired by a wholly-owned subsidiary of Smith. Additionally, the accompanying data does not include cost savings that may result from the merger and are not intended to be reflective of the results that would have occurred if the acquisition had been effective as of the dates indicated or that may be obtained in the future. The selected unaudited pro forma condensed combined financial data should be read in conjunction with the unaudited pro forma condensed combined financial statements and the related notes set forth under the section of this prospectus/offer to exchange entitled Unaudited Pro Forma Condensed Combined Financial Statements and the historical financial statements of Smith and W-H and the related notes which are incorporated by reference into this document.

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
	(In millions, except per share data)	
Statement of Operations Data:		
Revenues	\$ 2,662.6	\$ 9,861.6
Operating Profit	427.5	1,559.4
Net Income	188.2	698.1
Earnings per Share:		
Basic	\$ 0.87	\$ 3.24
Diluted	\$ 0.87	\$ 3.21
	March 31, 2008 (In millions)	
Balance Sheet Data (at end of period):		
Cash and Cash Equivalents	\$ 132.6	

Total Assets	10,003.1
Long-Term Debt	1,795.0
Total Stockholders Equity	3,984.3

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(UNAUDITED)**

The following table reflects historical information about basic and diluted income per share, cash dividends per share, and book value per share for the three month period ended March 31, 2008, and the year ended December 31, 2007, on a historical basis, and for Smith and W-H on an unaudited pro forma combined basis after giving effect to the Offer, the Merger and the Post-Closing Merger. The pro forma data of the combined company assumes the acquisition of 100% of the Shares by Smith and was derived by combining the historical consolidated financial information of Smith and W-H as described elsewhere in this prospectus/offer to exchange. The actual percentage of cash and Smith Common Stock a W-H shareholder electing the All-Cash Consideration or the All-Stock Consideration will receive depends upon such shareholder's election and the elections made by other W-H shareholders and any resulting proration. For a discussion of the assumptions and adjustments made in preparing the pro forma financial information presented in this prospectus/offer to exchange, see Unaudited Pro Forma Combined Condensed Financial Statements.

W-H shareholders should read the information presented in the following table together with the historical financial statements of Smith and W-H and the related notes which are incorporated herein by reference, and the Unaudited Pro Forma Combined Condensed Financial Statements appearing elsewhere in this prospectus/offer to exchange. The pro forma data is unaudited and for illustrative purposes only. W-H shareholders should not rely on this information as being indicative of the historical results that would have been achieved during the periods presented had the companies always been combined or the future results that the combined company will achieve after the consummation of the Offer, the Merger and the Post-Closing Merger. This pro forma information is subject to risks and uncertainties, including those discussed under Risk Factors above.

		Three Months Ended		Year Ended December 31,	
		March 31, 2008		2007	
Smith historical					
Income from continuing operations	basic	\$	0.87	\$	3.23
Income from continuing operations	diluted	\$	0.87	\$	3.20
Cash dividends		\$	0.12	\$	0.40
Book value at end of period		\$	13.65	\$	12.85
Smith pro forma combined					
Income from continuing operations	basic	\$	0.87	\$	3.24
Income from continuing operations	diluted	\$	0.87	\$	3.21
Cash dividends		\$	0.12	\$	0.40
Book value at end of period		\$	18.32	\$	17.81
W-H historical					
Income from continuing operations	basic	\$	1.21	\$	4.82
Income from continuing operations	diluted	\$	1.18	\$	4.70
Cash dividends (1)		\$	0.00	\$	0.00
Book value at end of period		\$	22.13	\$	21.04
W-H pro forma (equivalent) (2)					
Income from continuing operations	basic	\$	0.42	\$	1.56
Income from continuing operations	diluted	\$	0.42	\$	1.54

Cash dividends	\$	0.06	\$	0.19
Book value at end of period	\$	8.79	\$	8.55

- (1) W-H did not declare or pay dividends on its common stock during the periods presented.
- (2) The equivalent pro forma combined per share data for W-H was calculated by multiplying the corresponding information for Smith by 0.48. The exchange ratio does not include the \$56.10 cash portion of the Merger Consideration. This information shows how each share of common stock of W-H would have participated in the corresponding earnings, dividends and book values of Smith had the companies been combined for the periods presented.

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THE COMPANIES

Smith

Smith is a leading global provider of premium products and services to the oil and gas exploration and production industry. Smith provides a comprehensive line of technologically-advanced products and engineering services, including drilling and completion fluid systems, solids-control and separation equipment, waste-management services, oilfield production chemicals, three-cone and diamond drill bits, turbine products, tubulars, fishing services, drilling tools, underreamers, casing exit and multilateral systems, packers and liner hangers. Smith also offers supply-chain management solutions through an extensive North American branch network providing pipe, valves and fittings as well as mill, safety and other maintenance products.

Smith was incorporated in the state of California in January 1937 and reincorporated under Delaware law in May 1983. Smith's executive offices are headquartered at 16740 East Hardy Road, Houston, Texas 77032 and its telephone number is (281) 443-3370.

Smith's operations are aggregated into two reportable segments: Oilfield and Distribution. The Oilfield segment consists of three business units: M-I SWACO, a 60 percent-owned joint venture, which provides drilling and completion fluid systems, engineering and technical services, and oilfield production chemicals, and manufactures and markets equipment and services used for solids-control, particle separation, pressure control, rig instrumentation and waste-management; Smith Technologies, which designs and manufactures three-cone and diamond drill bits, turbines and borehole enlargement tools; and Smith Services, which manufactures and markets products and services used for drilling, work-over, well completion and well re-entry operations. The Distribution segment consists of one business unit, Wilson, which markets pipe, valves and fittings as well as mill, safety and other maintenance products to energy and industrial markets.

The name, business address, principal occupation or employment, five-year employment history and citizenship of each director and executive officer of Smith and Offeror and certain other information is set forth on Annex B to this prospectus/offer to exchange. During the last five years, neither Smith nor Offeror, nor to the best knowledge of Smith and Offeror, any of the persons listed on Annex B of this prospectus/offer to exchange, (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to any judicial or administrative proceeding that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Offeror

Offeror, a Texas corporation, is a wholly owned subsidiary of Smith. Offeror is newly formed, and was organized for the purpose of making the Offer and consummating the Merger. Offeror has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the Offer and the Mergers.

W-H

W-H, a Texas corporation, is a diversified oilfield service company that provides products and services used in connection with the drilling and completion of oil and natural gas wells and the production of oil and natural gas. W-H has operations in North America and select areas internationally. W-H provides drilling related products and services,

which include logging-while-drilling, measurement-while-drilling, directional drilling, down-hole drilling motors, drilling fluids and rental tools as well as completion and workover related products and services, which include cased-hole wireline logging, perforating, tubing conveyed perforating and associated rental equipment, coiled tubing, completion fluids and rental tools.

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BACKGROUND OF THE BOARD'S RECOMMENDATION

As a part of the continuous evaluation of its business, W-H has regularly considered various strategic alternatives, including the possibility of engaging in a business combination transaction with another oilfield service company or a financial buyer. In addition, from time to time W-H has received unsolicited inquiries regarding possible business combination transactions.

In late 2006, a prospective financial buyer, referred to herein as Party A, which expressed an interest in exploring strategic alternatives with W-H, entered into a confidentiality agreement with W-H and conducted preliminary business and financial due diligence on W-H. In mid-November 2006, after conducting this preliminary due diligence, Party A provided W-H with an acquisition proposal valuing W-H at between \$51.00 and \$53.00 per share subject to further due diligence. W-H rejected this proposal as inadequate in view of management's and the W-H board of directors' view of the long-term prospects of W-H. The average closing price of the Shares on the New York Stock Exchange during November 2006 was \$46.24.

In early 2007, Mr. Kenneth T. White, Jr., W-H's Chairman, President and Chief Executive Officer, met with the chief executive officer of a large oilfield services company referred to herein as Party B, and during such meeting the possibility of a business combination involving the two companies was discussed. Following this discussion, Party B entered into a confidentiality agreement with W-H and began conducting due diligence.

During the time Party B was conducting due diligence, another large oilfield services company, referred to herein as Party C, sent a letter to W-H expressing its interest in discussing a possible business combination transaction with W-H. The letter, which was received on March 20, 2007, stated that it did not constitute a firm offer but that, based solely on public information, Party C expected that an offer for W-H would be in a range of \$56.00 to \$61.00 per share. On the preceding business day, the closing price of the Shares on the New York Stock Exchange was \$42.85 per share. W-H's management and the W-H board of directors had concerns with respect to Party C because Party C competes with W-H in a number of product and service offerings; nevertheless, W-H subsequently entered into a confidentiality agreement with Party C pursuant to which it provided Party C with due diligence information.

On March 28, 2007, Party B informed W-H that it would be prepared to discuss a transaction valuing W-H at \$53.00 per share. On the preceding business day, the closing price of the Shares on the New York Stock Exchange was \$45.91 per share.

Also during this time, Party A contacted W-H to discuss the possibility of a leveraged recapitalization of, or other transaction involving, W-H. The W-H board of directors, after receiving the advice of UBS Securities LLC, W-H's investment banker (UBS), and Bracewell & Giuliani LLP, W-H's outside legal counsel (Bracewell), determined that Party A would be constrained in making an offer for W-H which would be competitive with the range offered by Party B and Party C in light of W-H's high capital expenditure requirements and Party A's lack of synergies. Accordingly, the W-H board of directors determined not to explore further discussions with Party A.

During the months of March and April of 2007, Party B and Party C conducted due diligence examinations of W-H. On May 15, 2007, each of Party B and Party C informed W-H that neither company planned to submit a formal valuation proposal. Both parties informed W-H that, because W-H's stock price had increased more than 25% since early April 2007, they believed that the W-H stock was fully valued and did not believe they could offer a premium to the current market price. The closing price of the Shares on the New York Stock Exchange on May 14, 2007 was \$60.22. Party C also expressed concerns about integrating W-H with Party C following an acquisition. Following discussion, including consideration of the advice of UBS and Bracewell, the W-H board of directors determined to

take no further action at that time with regard to a business combination transaction involving either Party B or Party C.

In late February 2008, at the suggestion of UBS, Mr. White met with Mr. Douglas Rock, Smith's Chairman and chief executive officer, and discussed industry conditions generally, their respective businesses and the possibility of a business combination transaction involving Smith and W-H. Mr. Rock informed Mr. White that Smith was interested in conducting a due diligence investigation of W-H and potentially proposing a business combination. Mr. White discussed this conversation with the