SMITH INTERNATIONAL INC
Form S-4/A
August 15, 2008

Table of Contents

**As filed with the Securities and Exchange Commission on August 15, 2008**

**Registration No. 333-151897**

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

**Amendment No. 3**
**to**
**Form S-4**
**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

**SMITH INTERNATIONAL, INC.**

| **Delaware** | **1-8514** | **95-3822631** |
|---|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(Primary Standard Industrial Classification Code Number)* | *(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. o

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. o

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. o

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

| | | | |
|---|---|---|---|
| Large accelerated filer þ | Accelerated filer o | Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller Reporting company o |

**CALCULATION OF REGISTRATION FEE**

| **Title of Each Class of** | **Amount** | **Proposed Maximum Offering** | **Proposed Maximum Aggregate Offering** | **Amount of** |
|---|---|---|---|---|

| Securities to be Registered | to be Registered(2) | Price per Unit | Price(3) | Registration Fee(4)(5) |
|---|---|---|---|---|
| Common stock, par value $1.00 per share (together with the associated preferred share purchase rights)(1) | N/A | N/A | $1,396,526,372 | $54,883.49 |

(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.

(5) Previously paid.

**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.**

Table of Contents

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.

**SUBJECT TO COMPLETION, DATED AUGUST 15, 2008**

**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 AUGUST 18, 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 [ ], 2008.

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## TABLE OF CONTENTS

**Table of Contents**

**Table of Contents**

Table of Contents

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 ).**

Table of Contents

## 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 | |

| | |
|---|---|
| | Fiscal quarters ended March 31, 2008, as filed with the SEC on May 12, 2008, and June 30, 2008, as filed with the SEC on August 11, 2008. |
| Current Reports on Form 8-K | Filed on:<br>April 29, 2008<br>May 19, 2008<br>June 5, 2008<br>June 25, 2008<br>July 22, 2008<br>August 15, 2008 |

Table of Contents

**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 quarters ended March 31, 2008, as filed with the SEC on May 8, 2008 and June 30, 2008, as filed with the SEC on August 8, 2008 |
| Current Reports on Form 8-K | Filed with the SEC on:<br>January 3, 2008<br>June 5, 2008<br>June 12, 2008<br>June 25, 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, estir 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;

**Table of Contents**

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

Table of Contents

## 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.

Table of Contents

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 ).

Table of Contents

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.

Table of Contents

**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 August 18, 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.

Table of Contents

**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.

## 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 45)**

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 55)**

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 57)**

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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**Table of Contents**

**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.

**Expiration of the Offer (Page 48)**

The Offer is scheduled to expire at 12:00 midnight, New York City time, at the end of August 18, 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 48)**

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 49)**

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 50)**

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;

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; or

comply with the guaranteed delivery procedures set forth in The Offer Guaranteed Delivery.

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 49)**

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 46)**

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 48)**

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 60)**

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. On August 12, 2008, Smith and W-H received notification from the FTC granting early termination of the waiting period under the HSR Act with respect to the Offer and the Merger.

**Source and Amount of Funds (Page 64)**

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 has arranged $2.0 billion of new financing in connection with the Offer and the Merger. Smith has secured commitments for a $1.0 billion senior unsecured bridge loan facility and a $1.0 billion senior unsecured term loan facility from a syndicate of lenders. For a more detailed description of these commitments, see The Offer Source and Amount of Funds.

**Dissenter s Rights (Page 56)**

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 53)**

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 76)**

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 53)**

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

Table of Contents

Common Stock received, such shareholder s loss generally will not be currently allowed or recognized for U.S. federal income tax purposes.

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 65)**

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**

# 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;

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 made premerger filings under the HSR Act with the FTC and Antitrust Division of the DOJ on June 24, 2008. On July 18, 2008, following consultation with the Antitrust Division of the DOJ, Smith withdrew and re-filed its Notification and Report Form with respect to the Offer and the Merger. On August 12, 2008, Smith and W-H received notification from the FTC granting early termination of the waiting period under the HSR Act with respect to the Offer and the Merger.

***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.

Table of Contents

***A significant portion of Smith s revenue is derived in markets outside of North America.***

Smith is a multinational oilfield service company and generates the majority of its oilfield-related 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 operations in such countries and, as a result, 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 affecting oil and natural gas exploration and development activities;
- 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 in the countries in which Smith operates; 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.

***Regulatory compliance costs and liabilities could adversely impact Smith s earnings and cash available for operations.***

Smith is exposed to a variety of federal, state, local and international laws and regulations relating to matters such as the use of hazardous materials, health and safety, labor and employment, import/export control, currency exchange, bribery, corruption and taxation and environmental, including laws and regulations governing air emissions, water discharge and waste management. 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. For example, the adoption of more stringent laws and regulations curtailing the level of oil and natural gas exploration and development activities could adversely affect Smith s operations by limiting demand for its products and services.

***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 |
| July 3, 2008 | $ 81.48 | $ 95.09 | $ 93.55 | $ 97.69 | $ 95.21 |

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 six-month periods ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 2008 and 2007.

| | For the Six Months Ended June 30, | | For The Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2007 | 2006 | 2005 | 2004(a) | 2003 |
| | (In thousands, except per share data) | | | | | | |
| **Statements of Operations Data:** | | | | | | | |
| Revenues | $ 4,865,156 | $ 4,222,097 | $ 8,764,330 | $ 7,333,559 | $ 5,579,003 | $ 4,419,015 | $ 3,594,828 |
| Gross profit | 1,588,936 | 1,372,511 | 2,855,657 | 2,344,271 | 1,685,138 | 1,351,939 | 1,075,931 |
| Operating income | 768,574 | 663,577 | 1,369,797 | 1,080,081 | 670,561 | 438,764 | 328,747 |
| Income before cumulative effect of change in accounting principle | 358,264 | 313,211 | 647,051 | 502,006 | 302,305 | 182,451 | 124,634 |
| Diluted earnings per share before cumulative effect of change in accounting principle(b) | 1.77 | 1.55 | 3.20 | 2.49 | 1.48 | 0.89 | 0.62 |
| **Balance Sheet Data:** | | | | | | | |
| Total assets | $ 6,642,025 | $ 5,597,222 | $ 6,061,880 | $ 5,335,475 | $ 4,059,914 | $ 3,506,778 | $ 3,097,047 |
| Long-term debt | 806,408 | 741,979 | 845,624 | 800,928 | 610,857 | 387,798 | 488,548 |
| Total stockholders equity | 2,939,577 | 2,283,093 | 2,594,897 | 1,986,937 | 1,578,505 | 1,400,811 | 1,235,776 |
| Cash dividends declared per common share(c) | 0.24 | 0.20 | 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 dividend distributed on August 24, 2005.

(c) In February 2005, the Smith s 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 six months ended June 30, 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 six months ended June 30, 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 Six Months Ended June 30, | | As of and For The Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2007 | 2006 | 2005 | 2004 | 2003 |
| | (In thousands, except per share data) | | | | | | |
| **Statements of Operations** | | | | | | | |
| Revenues: | | | | | | | |
| Drilling | $ 417,237 | $ 358,402 | $ 738,413 | $ 563,945 | $ 409,155 | $ 302,788 | $ 242,085 |
| Completion and workover | 230,668 | 192,237 | 388,594 | 330,809 | 225,206 | 159,640 | 125,098 |
| Total revenues | 647,905 | 550,639 | 1,127,007 | 894,754 | 634,361 | 462,428 | 367,183 |
| Cost of revenues | 355,314 | 292,805 | 610,500 | 471,896 | 356,816 | 269,717 | 208,848 |
| Selling, general and administrative expense | 102,394 | 88,244 | 175,900 | 147,202 | 108,946 | 87,772 | 71,078 |
| Warehouse fire related costs | | | | | 3,690 | | |
| Research and development | 12,943 | 10,201 | 21,362 | 17,189 | 16,275 | 15,474 | 11,241 |
| Depreciation and amortization | 47,988 | 36,714 | 79,286 | 62,713 | 56,639 | 45,665 | 36,032 |
| Income from operations | 129,266 | 122,675 | 239,959 | 195,754 | 91,995 | 43,800 | 39,984 |
| Interest expense and other expense, net(1) | 5,166 | 3,848 | 8,355 | 8,936 | 10,777 | 11,023 | 8,168 |
| | 46,294 | 43,929 | 85,193 | 71,212 | 31,608 | 12,608 | 12,184 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provision for income taxes | | | | | | | |
| Income from continuing operations | 77,806 | 74,898 | 146,411 | 115,606 | 49,610 | 20,169 | 19,632 |
| Loss from discontinued operations, net of tax(2) | | | | | | (2,126) | (140) |
| Net income | $ 77,806 | $ 74,898 | $ 146,411 | $ 115,606 | $ 49,610 | $ 18,043 | $ 19,492 |
| Earnings (loss) per share: | | | | | | | |
| Basic | | | | | | | |
| From continuing operations | $ 2.54 | $ 2.48 | $ 4.82 | $ 3.90 | $ 1.76 | $ 0.73 | $ 0.72 |
| From discontinued operations | | | | | | (0.08) | |
| Total | $ 2.54 | $ 2.48 | $ 4.82 | $ 3.90 | $ 1.76 | $ 0.65 | $ 0.72 |
| Diluted | | | | | | | |
| From continuing operations | $ 2.48 | $ 2.42 | $ 4.70 | $ 3.78 | $ 1.71 | $ 0.72 | $ 0.70 |
| From discontinued operations | | | | | | (0.08) | |
| Total | $ 2.48 | $ 2.42 | $ 4.70 | $ 3.78 | $ 1.71 | $ 0.64 | $ 0.70 |
| Number of shares used in computing earnings per share: | | | | | | | |
| Basic | 30,622 | 30,196 | 30,351 | 29,656 | 28,135 | 27,528 | 27,190 |
| Diluted | 31,389 | 31,008 | 31,154 | 30,572 | 29,086 | 28,201 | 27,942 |
| **Balance Sheet Information:** | | | | | | | |
| Total assets | $ 1,178,573 | $ 937,873 | $ 1,007,030 | $ 824,281 | $ 621,975 | $ 548,125 | $ 500,899 |
| Total debt | $ 225,149 | $ 170,075 | $ 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.

## 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.

| | Six Months Ended June 30, 2008 | Year Ended December 31, 2007 |
|---|---|---|
| | (In millions, except per share data) | |
| **Statement of Operations Data:** | | |
| Revenues | $ 5,493.9 | $ 9,861.6 |
| Operating Profit | 872.7 | 1,559.4 |
| Net Income | 388.4 | 698.1 |
| **Earnings per Share:** | | |
| Basic | $ 1.79 | $ 3.24 |
| Diluted | $ 1.78 | $ 3.21 |

| | June 30, 2008 (In millions) |
|---|---|
| **Balance Sheet Data (at end of period):** | |
| Cash and Cash Equivalents | $ 114.3 |

| | |
|---|---|
| Total Assets | 10,285.2 |
| Long-Term Debt | 1,806.4 |
| Total Stockholders Equity | 4,166.1 |

14

Table of Contents

## COMPARATIVE PER SHARE DATA
## (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 six month period ended June 30, 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.

| | Six Months Ended June 30, 2008 | Year Ended December 31, 2007 |
|---|---|---|
| **Smith historical** | | |
| Income from continuing operations basic | $ 1.78 | $ 3.23 |
| Income from continuing operations diluted | $ 1.77 | $ 3.20 |
| Cash dividends | $ 0.24 | $ 0.40 |
| Book value at end of period | $ 14.53 | $ 12.85 |
| **Smith pro forma combined** | | |
| Income from continuing operations basic | $ 1.79 | $ 3.24 |
| Income from continuing operations diluted | $ 1.78 | $ 3.21 |
| Cash dividends | $ 0.24 | $ 0.40 |
| Book value at end of period | $ 14.54 | $ 17.81 |
| **W-H historical** | | |
| Income from continuing operations basic | $ 2.54 | $ 4.82 |
| Income from continuing operations diluted | $ 2.48 | $ 4.70 |
| Cash dividends (1) | $ 0.00 | $ 0.00 |
| Book value at end of period | $ 23.55 | $ 21.04 |
| **W-H pro forma (equivalent)** (2) | | |
| Income from continuing operations basic | $ 0.86 | $ 1.56 |
| Income from continuing operations diluted | $ 0.85 | $ 1.54 |

| | | |
|---|---|---|
| Cash dividends | $ 0.12 | $ 0.19 |
| Book value at end of period | $ 6.98 | $ 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.

Table of Contents

## 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.

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. At the July 17, 2008 meeting of the Smith Board of Directors, the Board increased the number of directors from six to seven and appointed Luiz Rodolfo Landim Machado to fill the resulting vacancy. 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.

## 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.

Over the next several months, W-H continued to analyze strategic alternatives and industry conditions generally as part of its continuous evaluation of its business. In late December 2007, Mr. White and Mr. Jeffrey L. Tepera, W-H s Vice President and Chief Operating Officer, had lunch with a representative of UBS to discuss industry conditions. At such lunch, UBS suggested that Smith might have an interest in discussing a possible business combination transaction with W-H.

Table of Contents

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 W-H board of directors which authorized W-H to enter into a confidentiality agreement to permit Smith to conduct due diligence, and on March 10, 2008 W-H and Smith entered into a confidentiality agreement.

On March 18, 2008, the W-H board of directors held a special meeting at which Mr. White provided an update regarding the initial conversations concerning a potential business combination of Smith and W-H. Mr. White described the discussions that had occurred to date with Mr. Rock. The W-H board of directors directed Mr. White to continue discussions with Smith about the possibility of a business combination.

On March 26, 2008, a lengthy due diligence meeting and management presentation was held for several senior executive officers of Smith, including Mr. Rock.

On March 31, 2008, the W-H board of directors held a special meeting at which Mr. White provided an update regarding the March 26, 2008 due diligence and management presentation meeting between Smith and W-H. The W-H board of directors again directed Mr. White to continue working with Smith to provide a valuation proposal.

On April 24 and 25, 2008, the W-H board of directors held a regularly scheduled quarterly meeting. During such meeting, Mr. White, together with representatives of Bracewell and UBS, updated the W-H board of directors as to the status of the discussions with Smith. The W-H board of directors directed Mr. White to continue working with Smith to secure a valuation proposal.

On May 6, 2008, Mr. Rock contacted Mr. White and advised him that Smith was prepared to make a preliminary acquisition proposal for W-H. Mr. Rock advised Mr. White that Smith would be sending a letter, and proceeded to summarize the proposal as representing a per share value that day of approximately $93.50, consisting of $56.10 in cash and .461 shares of Smith Common Stock for each outstanding Share. Mr. Rock stated Smith s desire to execute a definitive merger agreement by May 30, 2008 and consummate the transaction within 90 days. Mr. Rock advised Mr. White that Smith would be requesting a 5% break-up fee and a no shop provision and that Smith s proposal was expressly conditioned on a 30-day exclusive period in which to negotiate a definitive merger agreement. Smith s proposal of $56.10 in cash and .461 shares of Smith Common Stock for each Share represented a 22.8% premium to the closing price of the Shares on the New York Stock Exchange on May 6, 2008 of $76.10 per share.

On May 7, 2008, Mr. Richard E. Chandler, Jr., Smith s Senior Vice President and General Counsel, representatives of Bracewell and representatives of Wachtell, Lipton, Rosen & Katz ( Wachtell ), Smith s outside legal counsel, discussed the terms of the proposed business combination transaction by telephone in more detail, including a discussion of the terms of the transaction, the proposed timeline, the state of Smith s due diligence investigation of W-H, the proposed break-up fee and the possibility of structuring the transaction as an exchange offer followed by a second step merger. The representatives of Bracewell advised the representatives of Smith that W-H desired to further negotiate the price and break-up fee. The Smith representatives advised that Smith would be unwilling to consider an increase in price.

Later that day, Bracewell received a letter from Smith containing Smith s preliminary views concerning an acquisition/business combination proposal on the following terms:

- the transaction would be a tax-free reorganization with consideration consisting of a fixed exchange ratio of 0.461 shares of Smith Common Stock and $56.10 in cash for each Share (with Smith allowing the holders to elect between cash and stock, subject to proration);

there would be no financing condition;

the break-up fee would be 5% of the transaction value, plus expenses; and

the merger agreement would contain a customary no shop provision.

The letter stated that Smith would require W-H to agree to a 30-day exclusivity period. The letter also stated that Smith desired to execute an agreement no later than May 30, 2008 and close within 90 days. The letter stated that the transaction was subject to approval by the Smith board of directors, completion of due diligence and the negotiation and execution of a definitive acquisition agreement. The letter further stated that no material regulatory or other impediments were anticipated by Smith, no Smith shareholder vote was required and the proposal was confidential and would terminate if publicly disclosed.

On the evening of May 7, 2008, the W-H board of directors held a special meeting to consider Smith s preliminary acquisition proposal. Representatives of Bracewell and UBS were also present. Mr. White updated the members of the W-H board of directors regarding his May 6, 2008 call with Mr. Rock, and a Bracewell representative summarized the May 7, 2008 letter from Smith containing the preliminary acquisition proposal. The Bracewell representative also described for the W-H board of directors the telephone call that had occurred with Smith s legal representatives, including a discussion of Smith s position regarding its unwillingness to further negotiate price. Following discussion, the W-H board of directors decided that the Smith proposal warranted moving forward, but that further discussions regarding, among other things, the price and break-up fee, would be required.

On May 8, 2008, Mr. White contacted Mr. Rock to advise him of the results of the prior evening s board meeting. Mr. White advised Mr. Rock that the Smith proposal had generally been well received by the W-H board of directors, but that the price and break-up fee would require further negotiation. Mr. Rock and Mr. White agreed that the parties would continue their discussions and Smith would proceed with more detailed due diligence.

On May 12, 2008, W-H and Smith executed an exclusivity letter as contemplated by Smith s May 7, 2008 valuation proposal. The letter, which was dated May 9, 2008, prohibited W-H from discussing or entering into a business combination transaction with any party other than Smith until June 8, 2008.

On May 20, 2008, Mr. White received a telephone call from Mr. Rock in which Mr. Rock expressed Smith s desire for a response to the economic terms proposed by Smith and confirmation that W-H was willing to proceed on substantially the basis Smith had initially presented before Smith expended additional resources pursuing a transaction. Mr. White told Mr. Rock he would take the matter up with the W-H board of directors.

On May 21, 2008, the W-H board of directors met to discuss the status of the negotiations and Smith s request regarding the consideration payable in the potential transaction. Representatives of Bracewell and UBS were also present. Mr. White summarized for the W-H board of directors his May 20, 2008 telephone call with Mr. Rock and Smith s desire for a response from W-H regarding Smith s preliminary acquisition proposal. Representatives of Bracewell then reviewed the fiduciary duties of the W-H board of directors in the context of the preliminary acquisition proposal from Smith. The W-H board of directors considered and discussed the advisability of contacting Party A, Party B or Party C following the expiration of the exclusivity period. The W-H board of directors also considered and discussed the inability of Party A to make a competitive offer for W-H in light of W-H s high capital expenditure requirements and the lack of synergies and difficulties that Party A or any other financial buyer would have in financing a transaction in the current capital markets environment. The W-H board of directors also discussed the integration and competitive concerns with respect to Party C and the fact that both Party B and Party C had expressed the view that the Shares were fully valued at a time when they were trading at considerably lower levels than in May 2008 and had failed to submit valuation proposals near the level of value that was being proposed by Smith. UBS also informed the W-H board of directors that they did not believe any of these parties or others would be interested in exploring a transaction at a valuation higher than the Smith proposal. Bracewell discussed with the W-H board of directors that any definitive merger agreement would provide the Board with the ability to terminate the agreement in favor of a superior proposal and that W-H should attempt to negotiate a lower break-up fee so as not to preclude any such proposal.

After discussion, the W-H board of directors determined to present to Smith the following non-binding counterproposal, subject to completion of due diligence by W-H of Smith, the receipt by the W-H board of directors of a fairness opinion from UBS, and the negotiation and execution of a mutually satisfactory definitive agreement that is approved by the W-H board of directors: (1) cash per Share to remain the same at $56.10; (2) .50 shares of Smith Common Stock for each Share; and (3) a 2.5% break-up fee, plus expenses. The W-H board of directors also determined that the exchange offer followed by a second step merger, which had been proposed by Smith on May 7,

Table of Contents

2008, would be an advantageous method for structuring the transaction because it would accelerate the time at which W-H shareholders would receive payment and because it gave each W-H shareholder the right to accept or reject the Offer.

Later in the day on May 21, 2008, Messrs. White and Trauber met with Mr. Rock at Mr. Rock s offices to deliver W-H s counterproposal.

At a meeting of Smith s board of directors on May 22, 2008, Mr. Rock informed the Smith board of directors of the status of negotiations with W-H and Mr. White s counterproposal. After discussion, the Smith board of directors authorized Mr. Rock to discuss a revised proposal to acquire W-H via an exchange offer with the lower break-up fee that W-H was seeking and an increase in the exchange ratio to .48 shares of Smith Common Stock for each Share, with the cash portion remaining at $56.10 per Share.

On May 22, 2008, Mr. Rock contacted Mr. White by telephone to advise him that Smith was agreeable to the 2.5% break-up fee, plus expenses, and that Smith was willing to increase the stock component of the transaction to .48 shares of Smith Common Stock for each Share. Mr. White committed to discuss the revised proposal with the W-H board of directors. Mr. White reminded Mr. Rock that due diligence was still ongoing and that a transaction could only occur following negotiation of a mutually agreeable definitive agreement and approval of the same by the W-H board of directors.

On May 27, 2008, Mr. Rock contacted Mr. White regarding the proposed exchange ratio and Smith s desire to have a response with regard to price. He emphasized that Smith was unwilling to deliver an initial draft of a merger agreement until such response was received.

On May 28, 2008, the W-H board of directors held a special meeting. Representatives of Bracewell were also present. Mr. White reviewed with the W-H board of directors the negotiations that had occurred over the prior weeks and also provided a summary of his May 27, 2008 call with Mr. Rock, in which Mr. Rock indicated Smith s desire to achieve an understanding regarding the exchange ratio. Mr. White reminded the W-H board of directors that a merger agreement had not yet been provided by Smith and that the definitive terms of the merger agreement would need to be negotiated and approved by the W-H board of directors.

Following a discussion with management, the W-H board of directors gave Mr. White the authority to reach a preliminary pricing understanding of $56.10 in cash and .48 shares of Smith Common Stock for each Share, subject to satisfactory completion of due diligence on Smith and negotiation and execution of a definitive agreement approved by the W-H board of directors that incorporated a break-up fee of 2.5%, plus expenses. The W-H board of directors conditioned its willingness to reach an understanding on price on the conditions that a definitive agreement satisfactory to the W-H board of Directors would be executed on or prior to June 2, 2008 and that W-H s due diligence review of Smith would be completed to W-H s satisfaction.

Later in the day on May 28, 2008, Mr. White spoke to Mr. Rock and advised him of the conclusions reached by the W-H board of directors. On the evening of May 28, 2008, Wachtell provided an initial draft of the merger agreement to Bracewell, and over the next several days representatives of Bracewell and representatives of Wachtell discussed the agreement and exchanged drafts. Bracewell circulated a draft of the merger agreement to Wachtell and to the W-H board of directors on May 30, 2008.

On the morning of June 2, 2008, the W-H board of directors held a special meeting. Representatives of Bracewell and UBS were also present. A representative of Bracewell gave a brief overview of the negotiations between W-H and Smith that had occurred since the initial draft of the merger agreement had been circulated and discussed the current draft of the merger agreement. A UBS representative presented a financial analysis of the proposed transaction. The

UBS representative also described the steps that had been taken in order to complete due diligence of Smith over the weekend, the status of UBS analysis and its ability to render a fairness opinion if and when requested to do so.

In the afternoon of June 2, the Compensation Committee of the W-H board of directors held a meeting. At this meeting, the Compensation Committee recognized that the offer would constitute a change in control event under W-H s employment contracts with its senior officers and selected key personnel. The Compensation Committee also approved the acceleration of the vesting of all unvested outstanding stock options, restricted share awards and

Table of Contents

cash awards under W-H s long-term cash incentive plan effective immediately prior to the consummation of the offer and exempted the participation by the holders of such restricted shares and shares issuable upon the exercise of the foregoing options from Section 16(b) of the Exchange Act as contemplated by SEC Rule 16b-3 thereunder. The Compensation Committee determined that the foregoing changes and payments were being made or paid as compensation for past services performed, future services to be performed or future services to be refrained from being performed and were not being calculated based on the number of securities tendered or to be tendered in the offer, all as permitted by SEC Rule 14d-10(b)(2).

Later on the afternoon of June 2, the W-H board of directors held a second special meeting. Representatives of Bracewell and UBS were also present. Management of W-H summarized for the W-H board of directors their due diligence of Smith, and a representative of Bracewell provided the W-H board of directors with an update regarding the status of the negotiations with Smith and its legal counsel. The Bracewell representative indicated that agreement still needed to be reached on the expense reimbursement. He described Smith s initial proposal of $25 million, W-H s counterproposal of $10 million and Smith s current proposal of a $17.5 million expense reimbursement. Discussion ensued between the W-H board of directors and representatives of UBS. Thereafter, the W-H board of directors concluded that the break-up fee of 2.5%, together with the $17.5 million flat fee expense reimbursement was reasonable, and not excessive when compared with the amounts payable in respect of other transactions of comparable size.

A UBS representative then outlined the final economic terms of the Offer, including the value of .48 shares of Smith Common Stock based upon its closing price on the New York Stock Exchange of $78.02 earlier in the day, and the resulting calculation of the Mixed Consideration, the All-Stock Consideration and the All-Cash Consideration, the proration applicable to the All-Stock Consideration and the All-Cash Consideration and the cash cap. The UBS representative then discussed with the W-H board of directors UBS valuation analysis, including its analysis regarding the Smith Common Stock, and, at the request of the W-H board of directors, delivered UBS oral opinion, which was subsequently confirmed in writing, that as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the consideration to be received by the holders of the Shares pursuant to the Offer and the Merger was fair, from a financial point of view, to such holders.

Following discussion, including consideration of the advice of UBS and Bracewell, the W-H board of directors unanimously adopted resolutions approving the merger agreement and the transactions contemplated thereby, and resolved to recommend that W-H shareholders tender their shares into the offer and approve the Merger Agreement. The W-H board of directors also unanimously waived the application of W-H s rights agreement to the transactions contemplated by the Merger Agreement, waived application to the transaction of Chapter 13 of the Texas Business Corporation Act (Business Combinations) and any other applicable anti-takeover laws or regulations, acknowledged the action taken by the Compensation Committee of the W-H board of directors earlier in the day and approved a draft press release announcing the transaction.

Also on June 2, 2008, the Smith board of directors met to discuss the merger agreement and the transactions contemplated thereby. At that meeting, the Smith board of directors unanimously determined that the transactions contemplated by the merger agreement were fair to, advisable and in the best interests of Smith and its stockholders, and the directors voted unanimously to approve the offer and the merger with W-H, to approve the merger agreement and the other transactions contemplated thereby.

The definitive Merger Agreement was thereafter finalized, and prior to the opening of the New York Stock Exchange on June 3, 2008, W-H and Smith executed the Merger Agreement and issued a joint press release announcing the transaction.

## REASONS FOR THE OFFER

### Smith s Reasons for the Offer

In reaching its decision to approve the Offer, the Mergers, the Merger Agreement and the other transactions contemplated by the Merger Agreement, Smith s board of directors consulted with Smith s senior management team, as well as Smith s outside advisors, and considered a number of factors, including the following material factors which it viewed as supporting its decision to approve the Offer, the Mergers, the Merger Agreement and the other transactions contemplated by the Merger Agreement:

*Increased Product and Service Offering.* The combination of Smith and W-H would increase Smith s product and service offering in drilling, completions and workover. W-H brings a significant number of complementary products and services to Smith s existing drilling capabilities. W-H is expected to provide Smith with the ability to offer logging-while-drilling, measurement-while-drilling, and directional drilling services to its customers. Additionally, W-H provides complementary completion and workover related products and services including cased-hole wireline logging, perforating, tubing conveyed perforating and associated rental equipment, coiled tubing, and completion fluids. These combinations are expected to allow Smith to provide a more comprehensive suite of services to its customers.

*International Growth Opportunities for W-H Products.* Smith has a global footprint with operations in over 70 countries and 55% of its revenues generated outside the U.S. in fiscal 2007. Only 11% of W-H s revenues were generated outside the U.S. in fiscal 2007, although W-H has technologies and products well suited for many international markets. Smith believes it can leverage its global footprint and experience to expand W-H s product and service offering outside of the U.S.

*Growth in the Brownfield Market.* W-H is expected to increase Smith s product offering related to brownfields, which are mature fields in a state of declining production that require workover in order to continue producing hydrocarbons. The number of mature fields in the U.S. and around the world is increasing at a significant rate. The average field today reaches peak production in two years versus eight years in the 1970s. W-H has a suite of products including coiled tubing units and tools, wireline and wireline related tools and services which can be used for wellbore cleanout and recompletion of an existing well. Additionally, W-H s directional drilling, logging-while-drilling and measurement-while-drilling tools can be used to strategically drill additional wells which often require horizontal sections, in order to increase production in older fields.

*Technology Opportunities.* The combination of Smith s i-DRILL® optimization software, drill bits and other drill string tools such as underreamers and drill collars with W-H s directional drilling, logging-while-drilling and measurement-while-drilling tools is expected to allow for further harmonization and optimization of the bottom hole assembly. Additionally, the combination of these products is expected to create opportunities to improve sensing capabilities at or near the drill bit.

*Combination of Significant Talent.* The transaction is expected to afford the opportunity to combine the skills of two well-regarded groups of technology development and operations engineers as well as experienced managers and operators in the oilfield service industry.

Smith believes that combining Smith and W-H will provide significant beneficial long-term growth prospects, which will increase stockholder value. The shares of Smith Common Stock to be issued to W-H shareholders electing to receive shares in the Offer will allow former W-H shareholders to participate in the growth and opportunities of the combined company.

**W-H s Reasons for the Offer**

In deeming the Offer, the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement to be in the best interests of W-H shareholders, in approving the Merger Agreement and in recommending that W-H shareholders accept the Offer and tender their Shares to Offeror and approve the Merger, if necessary, the W-H board of directors consulted with W-H management and its outside advisors, and considered a variety of factors weighing in favor of the Offer and the Merger, including the material factors listed below.

**Table of Contents**

### *Expected Benefits of the Offer and the Merger*

The combination of Smith and W-H is expected to result in several benefits to W-H s shareholders and the combined company, including the following:

*Premium to W-H s Shareholders.* Based on the closing prices of the Smith Common Stock and the Shares as of May 6, 2008 (the last day prior to the date the W-H board of directors first considered Smith s preliminary acquisition proposal), May 28, 2008 (the day the W-H board of directors agreed, subject to the negotiation of an acceptable merger agreement, to fix the transaction consideration) and June 2, 2008 (the last trading day prior to the public announcement of the Merger Agreement), the value of the Mixed Consideration as of June 2, 2008 represented a premium of 24.9%, 10.6% and 9.4%, respectively, to W-H shareholders.

*Stock Consideration.* W-H s shareholders may, in the case of the Offer, and will, in the case of the Merger, receive a portion of the consideration in the form of shares of Smith Common Stock, which will allow W-H shareholders who receive Smith Common Stock to share in growth and other opportunities of the combined company after the closing of the Merger. The Offer and the Mergers, taken together, are intended to qualify as a reorganization within the meaning of Section 368(a) of the Code and, if so qualified, W-H shareholders generally would not recognize gain, for U.S. federal income tax purposes, upon their exchange of Shares pursuant to the Offer or the Merger, except with respect to cash received.

*Increased Scope and Scale of Operations.* The combined company is expected to have substantially greater cash flow, liquidity and financial flexibility than W-H on a stand-alone basis, strengthening the combined company s ability to pursue growth opportunities, especially internationally, to expand into new businesses, to continue to develop new technology and to compete in the highly competitive oilfield service industry.

*Creates a Leading Oilfield Services Company.* The combination of Smith and W-H will result in a company with a broader and more diversified product and service offering. This will produce a larger enterprise with an expanded customer base enabling it to better compete with the largest oilfield services companies. In addition, the shares of the combined company may trade at higher trading multiples of earnings and/or cash flow with lower trading volatility than Shares on a stand-alone basis.

### *Other Material Factors Considered*

During the course of its deliberations relating to the Offer and the Merger, the W-H board of directors also considered, among other things, the following factors:

*Strategic Alternatives.* The possible alternatives to the Offer and the Merger (including the possibility of continuing to operate as an independent entity), the perceived risks and benefits of any such alternatives, including the timing and likelihood of consummating any such alternative, and the W-H board of directors assessment that the Offer and the Merger, together, present a superior opportunity to any such alternatives. In making such assessment, the W-H board of directors considered that the Offer and the Merger were superior to the previous indications of interest from Parties A, B & C, that certain other prospective buyers were restricted from purchasing certain W-H assets by a Department of Justice consent decree and that the W-H board of directors was permitted to consider and accept a superior proposal if required by their fiduciary duties. In agreeing to the Offer and the Merger, the W-H board of directors considered that Smith had indicated that it would withdraw its valuation proposal if it was publicly disclosed, and that contacting other potential purchasers would not be in the best interests of the W-H shareholders as public disclosure of a possible transaction would disrupt customer, employee, supplier and other relationships, which could have a material adverse effect on W-H s results of operations, cash flows and financial condition.

*The Companies Operating Conditions.* The W-H board of directors familiarity with, and understanding of, W-H s business, financial condition, results of operations, current business strategy and earnings and prospects and of Smith s business, financial condition, results of operations, business strategy and earnings and prospects (including the report of W-H s management and outside advisers on the results of their due diligence review of Smith).

**Table of Contents**

*Market Conditions.* The W-H board of directors understanding, and W-H management s review, of W-H s current and prospective business, and its and W-H management s belief that:

the Shares have never traded at a price in excess of the market value of the consideration to be offered in the Offer and the Merger;

maximizing W-H s business opportunities, especially international opportunities, would require significant capital outlays and expose W-H to the risks associated in starting-up operations in new countries, where, in contrast, Smith has an established international presence and, as a larger company, better access to capital markets; and

the ability of W-H to compete effectively during an industry downturn would likely be improved if the company were part of a larger and more diversified organization.

*Industry Conditions.* The W-H board of directors understanding, and management s review, of overall market conditions, including then-current industry conditions, the relatively high level of oil and natural gas prices, W-H s trading price, and the W-H board of directors determination that, in light of these factors, the timing of a potential transaction was favorable to W-H.

*Business Plan.* The risk that W-H may not be able to successfully fully execute its business plan as a stand-alone business.

*Impact of the Announcement of the Transaction on Business Operations.* The potential impact of the announcement of the Offer and the Merger on W-H s and Smith s business operations and on their respective suppliers, creditors, customers and employees.

*Possible Synergy Opportunities.* The possibility that the combined company could benefit from potential synergies, such as from reduced corporate overhead expenses and other similar opportunities to consolidate redundant activities and the risk of not capturing any such synergies.

*Dissenter s Rights.* The fact that W-H s shareholders will not be obligated to tender their Shares in the Offer and, if they so desire, will be able to exercise dissenter s rights with respect to the Merger.

*Provisions of the Merger Agreement.* The terms of the Merger Agreement, including:

the blend of cash and stock consideration and the cash and stock election features;

the conditions to closing of the Offer and the Merger, including the absence of a financing condition, and the fact that approval by Smith s stockholders was not required; and

W-H s ability to furnish information to and conduct negotiations with a third party and to terminate the Merger Agreement to enter into an agreement relating to a superior proposal under certain circumstances, including the payment of a termination fee and expense reimbursement to Smith, as more fully described under The Merger Agreement No Solicitation.

*Market Capitalization and Capital Structure.* The relative market capitalizations of W-H and Smith and the expected capital structure and market capitalization of the combined company after the closing of the Offer and the Merger.

*Due Diligence.* The results of the due diligence investigations of Smith by W-H s management and financial and legal advisors. Such due diligence investigations consisted of customary public company legal and financial due diligence, including meetings of W-H s management and financial and legal advisors with representatives of Smith senior management.

*Market Reaction.* Possible stock market reaction to the announcement of the Offer and the Merger transaction.

*Financial Advisor s Analysis and Opinion.* The financial analysis reviewed and discussed with the W-H board of directors by representatives of UBS on May 21, 2008, and on June 2, 2008 in connection with UBS oral opinion to the W-H board of directors (which was subsequently confirmed in writing by delivery of UBS written opinion dated June 2, 2008) with respect to the fairness, from a financial point of view, of the

Table of Contents

consideration to be received by the holders of Shares in the Offer and the Merger pursuant to the Merger Agreement.

The W-H board of directors also considered potential risks associated with the Offer and the Merger in connection with its evaluation of the proposed transaction, including:

the challenges of integrating the business and operations of the two companies, including the possible departure of key employees and the possible diversion of management s attention for an extended period of time;

the conditions to the Offer and the Merger and the requirement that certain regulatory approvals and clearances be obtained (see the sections entitled The Offer Certain Legal Matters; Regulatory Approvals and The Merger Agreement Conditions to the Merger on pages 59 and 34, respectively);

the risk that the Offer and the Merger may not be consummated despite the parties efforts or that consummation may be unduly delayed;

the risk, which is common in transactions of this type, that the terms of the Merger Agreement, including provisions relating to W-H s payment of a termination fee under specified circumstances, might discourage other parties that could otherwise have an interest in a business combination with, or an acquisition of, W-H from proposing such a transaction (see The Merger Agreement Termination );

the possibility that certain customers may decide to terminate their relationship with the combined company; and

the other risks described in the section entitled Risk Factors beginning on page 7.

After consideration of these material factors, the W-H board of directors determined that these risks could be mitigated or managed by W-H, Smith or the combined company, as applicable, were reasonably acceptable under the circumstances or were unlikely to have a material adverse impact on the Offer or the Merger or the combined company, or that, overall, the risks were significantly outweighed by the potential benefits of the transaction.

This discussion of the information and factors considered by the W-H board of directors includes the material positive and negative factors considered by the W-H board of directors, but is not intended to be exhaustive and may not include all of the factors considered by the W-H board of directors. The W-H board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the Offer, the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement are in the best interests of W-H s shareholders. Rather, the W-H board of directors conducted an overall analysis of the factors described above, including thorough discussion with, and questioning of, W-H management and W-H s outside advisors, and considered the factors overall to be favorable to, and to support, its determination. In addition, individual members of the W-H board of directors may have given different weight to different factors. It should be noted that this explanation of the reasoning of the W-H board of directors and certain information presented in this section, is forward-looking in nature and, therefore, that information should be read in light of the factors discussed in the section entitled Forward-Looking Statements in this prospectus/offer to exchange, beginning on page vi.

## OPINION OF UBS, FINANCIAL ADVISOR TO W-H

On June 2, 2008, at a meeting of the W-H board of directors held to evaluate the proposed Offer and Merger, UBS delivered to the W-H board of directors an oral opinion, confirmed by delivery of a written opinion, dated June 2, 2008, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the consideration to be received by holders of Shares was fair, from a financial point of view, to such holders.

The full text of UBS opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Annex C and is incorporated into this prospectus/offer to exchange by reference.

Table of Contents

**UBS opinion was provided for the benefit of the W-H board of directors in connection with, and for the purpose of, its evaluation of the consideration to be received by holders of Shares. The opinion does not address the relative merits of the Offer and the Merger as compared to other business strategies or transactions that might be available with respect to W-H or W-H s underlying business decision to effect the Offer and the Merger. The opinion does not constitute a recommendation to any shareholder of W-H as to how such shareholder should vote or act with respect to the Offer and the Merger, including which, if any, election a shareholder should make with respect to the consideration. Holders of Shares are encouraged to read this opinion carefully in its entirety. The summary of UBS opinion described below is qualified in its entirety by reference to the full text of its opinion.**

In arriving at its opinion, UBS, among other things:

reviewed certain publicly available business and historical financial information relating to W-H and Smith;

reviewed certain internal financial information and other data relating to W-H s business and financial prospects that were provided to UBS by W-H s management and not publicly available, including financial forecasts and estimates prepared by W-H s management that the W-H board of directors directed UBS to utilize for the purposes of its analysis;

reviewed certain financial information and other data relating to Smith s business and financial prospects that were publicly available, including Wall Street consensus financial forecasts and estimates published by Institutional Brokers Estimate System ( I/B/E/S ) (a data service that compiles estimates issued by securities analysts) that the W-H board of directors directed UBS to utilize for the purposes of its analysis;

conducted discussions with members of the senior managements of W-H and Smith concerning the businesses and financial prospects of W-H and Smith;

reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;

compared the financial terms of the Offer and the Merger with the publicly available financial terms of certain other transactions UBS believed to be generally relevant;

reviewed current and historical market prices of the Shares and Smith Common Stock;

reviewed the Merger Agreement; and

conducted other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

In connection with its review, with the consent of the W-H board of directors, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the consent of the W-H board of directors, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities, contingent or otherwise, of W-H or Smith, and was not furnished with any such evaluation or appraisal. With respect to the financial forecasts and estimates for W-H referred to above, UBS assumed, at the direction of the W-H board of directors, that they were reasonably prepared on a basis reflecting the best currently available estimates and judgments of W-H s management as to the future financial performance of W-H. With respect to the financial forecasts and estimates for Smith referred to above, UBS assumed, based on discussions with, and at the direction of, the W-H board of directors, that they were a reasonable basis upon which to evaluate the future performance of Smith and were appropriate to use in UBS analyses. In addition, UBS assumed, with the approval of the W-H board of directors, that the financial forecasts and estimates referred to above would be achieved at the times and in the amounts projected. UBS also assumed, with the consent of the W-H board of directors, that the Offer and the Mergers, taken together, would qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. UBS opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of, the date of its opinion.

At the direction of the W-H board of directors, UBS was not asked to, and it did not, offer any opinion as to the terms, other than the consideration to the extent expressly specified in UBS opinion, of the Merger Agreement or the form of the Offer or the Merger. In addition, UBS expressed no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the Offer or the Merger, or any class of such persons, relative to the consideration. UBS expressed no opinion as to what the value of Smith Common Stock would be when issued pursuant to the Offer or the Merger or the price at which Smith Common Stock or the Shares would trade at any time. In rendering its opinion, UBS assumed, with the consent of the W-H board of directors, that (i) the final executed form of the Merger Agreement would not differ in any material respect from the draft UBS reviewed, (ii) Smith and W-H would comply with all material terms of the Merger Agreement, and (iii) the Offer and the Mergers would be consummated in accordance with the terms of the Merger Agreement without any adverse waiver or amendment of any material term or condition thereof. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Offer and the Merger would be obtained without any material adverse effect on W-H, Smith the Offer or the Mergers. UBS was not authorized to solicit and did not solicit indications of interest in a business combination with W-H from any party. Except as described above, W-H imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion. The issuance of UBS opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to the W-H board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected companies analysis and the selected transactions analysis summarized below, no company or transaction used as a comparison is either identical or directly comparable to W-H or the Offer and the Merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS analyses and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

The estimates of the future performance of W-H and Smith provided by W-H s management or published by I/B/E/S, as the case may be, in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of W-H and Smith. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which companies actually may be sold.

The consideration was determined through negotiation between W-H and Smith and the decision to enter into the Offer and the Merger was solely that of the W-H board of directors. UBS opinion and financial analyses were only one of many factors considered by the W-H board of directors in its evaluation of the Offer and the Merger and should not be viewed as determinative of the views of the W-H board of directors or management with respect to the Offer, the Merger or the consideration to be paid to W-H shareholders in either transaction.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the W-H board of directors on June 2, 2008 in connection with its opinion relating to the proposed Offer and the Merger. The financial analyses summarized below include information presented in tabular format. In order to fully understand

UBS financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.

Table of Contents

*Selected Public Companies Analysis*

UBS compared financial and stock market data of W-H with corresponding data for the following publicly traded companies in the oilfield services industry:

Superior Energy Services, Inc.

Oil States International, Inc.

Complete Production Services, Inc.

Tetra Technologies, Inc.

RPC, Inc.

In addition, UBS compared selected financial and stock market data of Smith with corresponding data for the following publicly traded companies that derive a significant portion of their revenue from the oilfield services industry:

Schlumberger Limited

Halliburton Company

Weatherford International Ltd.

Baker Hughes Incorporated

National Oilwell Varco, Inc.

BJ Services Company.

For each of the selected public companies, UBS considered, among other things, (1) diluted equity values (computed using closing stock prices as of June 2, 2008), (2) enterprise values (calculated as diluted equity value, plus book value of total debt, plus book value of minority interests, plus preferred stock at liquidation value, less cash and cash equivalents), (3) enterprise values as a multiple of earnings before interest, taxes, depreciation and amortization ( EBITDA ) for the latest 12 months publicly reported ( LTM ) prior to June 2, 2008 and estimated fiscal years 2008 and 2009, (4) closing stock prices as of June 2, 2008 as a multiple of earnings per share ( EPS ) for estimated fiscal years 2008 and 2009 and (5) closing stock prices as of June 2, 2008 as a multiple of cash flow per share, defined as EPS plus depreciation and amortization and deferred taxes per share, for estimated fiscal years 2008 and 2009. Financial data for the selected public companies were based on the most recent available filings with the SEC and on the estimates of I/B/E/S. Financial data for W-H were based on both estimates provided by W-H s management and on I/B/E/S estimates. Financial data for Smith were based on the I/B/E/S estimates. Multiples implied for W-H were based on the $85.54 closing price of the Shares on the NYSE as of June 2, 2008 and the estimated consideration of $93.55 per Share (the Offer Price ), based on consideration of $56.10 in cash and 0.48 shares of Smith Common Stock for each Share, calculated using the $78.02 closing price per share of Smith Common Stock on June 2, 2008. The multiples implied for Smith were calculated using the $78.02 closing price per share of Smith Common Stock on June 2, 2008.

28

Table of Contents

The results of these analyses are summarized in the following tables:

| | W-H | | | | | | |
|---|---|---|---|---|---|---|---|
| | Multiple of Price per Share/EPS (x) | | Multiple of Price per Share/Cash Flow per Share (x) | | Multiple of Enterprise Value/EBITDA (x) | | |
| **Selected Companies** | **2008E** | **2009E** | **2008E** | **2009E** | **LTM** | **2008E** | **2009E** |
| High | 21.8 | 16.4 | 9.8 | 8.6 | 8.3 | 7.4 | 6.7 |
| Mean | 15.1 | 12.0 | 8.2 | 6.7 | 7.6 | 6.7 | 5.8 |
| Median | 12.9 | 11.3 | 8.1 | 6.1 | 7.9 | 6.8 | 5.8 |
| Low | 12.0 | 10.0 | 5.9 | 5.2 | 6.7 | 5.8 | 4.8 |
| **W-H** | | | | | | | |
| Management Estimates, based on June 2, 2008 closing price | 15.8 | 12.8 | 9.5 | 7.7 | 9.0 | 7.7 | 6.2 |
| Management Estimates based on Offer Price | 17.3 | 14.0 | 10.4 | 8.4 | 9.8 | 8.4 | 6.8 |
| I/B/E/S Consensus Estimates based on June 2, 2008 closing price | 16.8 | 14.5 | 10.2 | 9.1 | 9.0 | 8.0 | 7.1 |
| I/B/E/S Consensus Estimates based on Offer Price | 18.4 | 15.9 | 11.2 | 9.9 | 9.8 | 8.8 | 7.7 |

| | SMITH | | | | | | |
|---|---|---|---|---|---|---|---|
| | Multiple of Price per Share/EPS (x) | | Multiple of Price per Share/Cash Flow per Share (x) | | Multiple of Enterprise Value/EBITDA (x) | | |
| **Selected Companies** | **2008E** | **2009E** | **2008E** | **2009E** | **LTM** | **2008E** | **2009E** |
| High | 20.9 | 17.0 | 15.6 | 12.8 | 15.5 | 13.0 | 10.7 |
| Mean | 17.9 | 13.7 | 13.4 | 11.0 | 11.7 | 10.6 | 8.7 |
| Median | 17.1 | 13.9 | 13.5 | 11.0 | 11.5 | 10.5 | 8.7 |
| Low | 15.0 | 10.1 | 10.6 | 8.3 | 7.6 | 8.0 | 6.7 |
| **Smith** | | | | | | | |
| I/B/E/S Consensus Estimates based on June 2, 2008 closing price | 20.6 | 16.7 | 15.9 | 13.1 | 10.9 | 10.2 | 8.5 |

***Selected Precedent Transactions Analysis***

UBS reviewed transaction values in the following nine selected transactions announced since June 2005 in the oilfield services industry:

| **Date Announced** | **Acquiror** | **Target** |
|---|---|---|

| | | |
|---|---|---|
| May 27, 2008 | Candover Investments Plc | Expro International Group Plc |
| April 21, 2008 | Grey Wolf, Inc. | Basic Energy Services, Inc. |
| December 19, 2007 | First Reserve Corp. | Abbot Group Ltd. |
| December 17, 2007 | National Oilwell Varco, Inc. | Grant Prideco, Inc. |
| June 29, 2007 | MBO investors | CCS Income Trust |
| February 5, 2007 | Universal Compression Holdings, Inc. | Hanover Compressor Co. |
| October 23, 2006 | National Oilwell Varco, Inc. | NQL Energy Services, Inc. |
| September 5, 2006 | Compagnie Generale de Geophysique | Veritas DGC, Inc. |
| June 6, 2005 | Weatherford International Ltd. | Precision Drilling Corp. |

Table of Contents

UBS reviewed transaction values in the selected transactions, calculated as the purchase price paid for the target company s equity, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash, as multiples of LTM EBITDA, forward 12 months estimated EBITDA, LTM earnings before interest and taxes ( EBIT ) and forward 12 months estimated EBIT, in each case to the extent such financial data were publicly available at the time of announcement of the relevant transaction. UBS also reviewed purchase prices in the selected transactions as a multiple of LTM cash flow per share, forward 12 months estimated cash flow per share, LTM earnings and forward 12 months estimated earnings in each case to the extent such financial data were publicly available at the time of announcement of the relevant transaction. UBS then compared these multiples derived from the selected transactions with the corresponding multiples implied for W-H based on the Offer Price relative to I/B/E/S estimates and relative to estimates provided by W-H s management. Financial data for the selected transactions were based on publicly available information at the time of announcement of the relevant transaction, with forward looking information relating to the targets of the selected transactions based on I/B/E/S estimates and public filings available at such time. This analysis indicated the following implied high, mean, median and low multiples for the selected transactions, as compared to corresponding multiples implied for W-H:

| | **Multiple of Equity Value/** | | | |
|---|---|---|---|---|
| | **LTM Cash Flow (x)** | **1yr Forward Cash Flow (x)** | **LTM Net Income (x)** | **1yr Forward Net Income (x)** |
| High | 17.9 | 22.2 | 37.8 | 34.3 |
| Mean | 10.4 | 11.4 | 22.8 | 18.9 |
| Median | 8.2 | 9.3 | 24.1 | 16.4 |
| Low | 5.8 | 5.7 | 12.2 | 6.0 |
| I/B/E/S Consensus Estimates-based on Offer Price | 13.7 | 11.2 | 20.4 | 18.4 |
| Management Estimates-based on Offer Price | 13.7 | 10.4 | 20.4 | 17.3 |

| | **Multiple of Enterprise Value/** | | | |
|---|---|---|---|---|
| | **LTM EBITDA (x)** | **1yr Forward EBITDA (x)** | **LTM EBIT (x)** | **1yr Forward EBIT (x)** |
| High | 15.4 | 13.8 | 25.6 | 20.9 |
| Mean | 9.9 | 8.6 | 15.9 | 14.4 |
| Median | 9.5 | 8.3 | 15.8 | 14.1 |
| Low | 5.9 | 5.6 | 8.3 | 9.4 |
| I/B/E/S Consensus Estimates-based on Offer Price | 9.8 | 8.8 | 13.2 | 11.7 |
| Management Estimates-at Offer Price | 9.8 | 8.4 | 13.2 | 11.1 |

***Discounted Cash Flow Analysis***

UBS performed a discounted cash flow analysis of W-H using certain financial forecasts and estimates prepared by W-H s management for calendar year 2008 through calendar year 2012 that the W-H board of directors directed UBS to utilize for purposes of its analyses. UBS calculated a range of implied present values of the stand-alone unlevered, after-tax free cash flows that W-H was forecasted to generate from calendar year 2008 through calendar year 2012 using discount rates ranging from 12.0% to 14.0%. UBS also calculated a range of implied terminal values for W-H by applying a range of EBITDA terminal value multiples of 6.25x to 7.25x to W-H s estimated mid-cycle EBITDA associated with a reversion to trailing 10 year median U.S. rig count levels prepared by W-H s management that the W-H board of directors directed UBS to utilize for purposes of its analyses. The implied terminal values were then discounted to present value using discount rates ranging from 12.0% to 14.0%. The discounted cash flow analysis resulted in a range of implied present values of approximately $79 to $97 per Share, as compared to the implied Offer Price of $93.55 per Share.

Table of Contents

*Miscellaneous*

Under the terms of UBS engagement, W-H has agreed to pay UBS for its financial advisory services in connection with the Offer and the Merger an aggregate fee estimated to be approximately $24.0 million, a portion of which was payable upon completion of UBS opinion and approximately $22 million of which is contingent upon consummation of the Offer and Merger. In addition, W-H has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of W-H and Smith, and, accordingly, may at any time hold a long or short position in such securities. W-H selected UBS as its financial advisor in connection with the Offer and the Merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements. UBS has provided investment banking services in the past to W-H and Smith for which it has received compensation, none of which has been received or earned in the past two years. In addition, Smith may engage UBS from time to time in the future, but no such engagements have been entered into at this time.

Table of Contents

## MERGER AGREEMENT

*The following summary describes certain material provisions of the definitive merger agreement entered into by Smith, Offeror and W-H, a copy of which is attached hereto as Annex A and incorporated herein by reference. This summary may not contain all of the information about the Merger Agreement that is important to W-H shareholders, and W-H shareholders are encouraged to read the Merger Agreement carefully in its entirety. The legal rights and obligations of the parties are governed by the specific language of the Merger Agreement and not this summary.*

### The Offer

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 the holder of such Share, 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 the All-Stock Consideration, to the proration procedures described in this prospectus/offer to exchange and the related letter of election and transmittal. See The Offer Elections and Proration for a detailed description of the proration procedure.

Offeror s obligation to accept for exchange and to exchange Shares validly tendered and not properly withdrawn in the Offer is subject to the satisfaction or waiver by Offeror of certain conditions, including the valid tender of at least 662/3% of the outstanding Shares on a fully diluted basis, as more fully described below under the heading The Offer Conditions of the Offer.

Under the Merger Agreement, Offeror may extend the Offer:

from time to time for one or more periods, if at the Initial Expiration Date or any subsequent scheduled Expiration Date any of the conditions of the Offer have not been satisfied or waived, until such time as such conditions are satisfied or waived;

for any period required by any rule, regulation, interpretation or position of the SEC applicable to the Offer; and

from time to time if less than 90% of the Shares on a fully diluted basis have been validly tendered at the Initial Expiration Date or any subsequent scheduled Expiration Date.

Offeror shall in no event be required to extend the Offer beyond December 3, 2008 and may only extend the Offer beyond such date with the consent of W-H. For a more complete description of the Offer, please see The Offer.

Pursuant to the Merger Agreement, W-H granted to Smith and Offeror an irrevocable Top-Up Option to purchase up to that number of Shares equal to the lowest number of Shares that, when added to the number of Shares collectively owned by Smith, Offeror and any of Smith s other subsidiaries immediately following consummation of the Offer, shall constitute one Share more than 90% of the Shares then outstanding (on a fully diluted basis, after giving effect to any exercise of such option) at a purchase price per Share equal to the All-Cash Consideration. The purchase price may be paid in cash or a promissory note, or a combination thereof. The Top-Up Option may be exercised by Smith or Offeror, in whole or in part, at any time on or after the Expiration Date, subject to certain terms and conditions set forth in the Merger Agreement including the condition that the aggregate number of Shares issuable upon exercise of the Top-Up Option would not exceed the number of then-authorized Shares.

**The Merger**

The Merger Agreement provides for the merger of Offeror with and into W-H. As a result of the Merger, Offeror will cease to exist and W-H will continue as the surviving corporation in the Merger. After the Merger, the

Table of Contents

surviving corporation will be a direct wholly owned subsidiary of Smith and the former W-H shareholders will not have any direct equity ownership interest in the surviving corporation.

**The Post-Closing Merger**

As promptly as practicable following the Merger, Smith will cause the surviving corporation to merge with and into a wholly owned limited liability company subsidiary of Smith. The former W-H shareholders will not have any direct economic interest in, or approval or other rights with respect to, the Post-Closing Merger.

**Completion and Effectiveness of the Merger**

Under the Merger Agreement, the closing of the Merger must occur no later than the third business day after all of the conditions to completion of the Merger contained in the Merger Agreement, including the condition that the Offer shall have been completed, are satisfied or waived, unless the parties agree otherwise in writing (see Conditions to the Merger below). The Merger will become effective upon the issuance of a certificate of merger by the Secretary of State of the State of Texas unless a later date is specified therein.

**Merger Consideration**

***General***

In the Merger, W-H shareholders will receive $56.10 in cash, without interest, and 0.48 shares of Smith Common Stock, subject to adjustments pursuant to the Merger Agreement to the extent necessary to preserve the treatment of the Offer and the Mergers, taken together, as a reorganization within the meaning of Section 368(a) of the Code (the Merger Consideration ).

***Dissenter s Rights***

Although W-H shareholders do not have dissenter s rights in connection with the Offer, Shares held by W-H shareholders who properly demand payment for such Shares in compliance with Articles, 5.11, 5.12, 5.13 and 5.16 of the Texas Business Corporation Act ( TBCA ), as applicable, will not be converted into the right to receive the Merger Consideration, but instead will be converted into the right to receive such consideration as may be determined to be due to such shareholder pursuant to Articles 5.11, 5.12, 5.13 and 5.16 of the TBCA, as applicable. However, if any W-H shareholder fails to perfect or otherwise waives, withdraws or loses the right to receive payment under Articles 5.11, 5.12, 5.13 and 5.16, then that W-H shareholder will not be paid in accordance with Articles 5.12 or 5.16, as applicable, and the Shares held by that W-H shareholder will be exchangeable solely for the right to receive the Merger Consideration as set forth in the Merger Agreement.

**Exchange of W-H Stock Certificates for the Merger Consideration**

Smith has retained Computershare Trust Company, N.A. as the depositary and exchange agent for the Offer and the Merger to handle the exchange of Shares for the Offer consideration and the Merger Consideration as applicable.

To effect the exchange of Shares, as soon as reasonably practicable after the effective time of the Merger, the exchange agent will mail to each record holder of Shares a letter of transmittal and instructions for surrendering the stock certificates that formerly represented Shares for the Merger Consideration. After surrender to the exchange agent of certificates that formerly represented Shares for cancellation, together with an executed letter of transmittal, the record holder of the surrendered certificates will be entitled to receive the Merger Consideration.

After the effective time of the Merger, each stock certificate formerly representing Shares that has not been surrendered will represent only the right to receive upon such surrender the Merger Consideration to which such holder is entitled by virtue of the Merger and any dividends or other distributions payable to such holder upon such surrender.

### Fractional Shares

Smith will not issue fractional shares of Smith Common Stock in the Offer or the Merger. Instead, each holder of Shares who otherwise would be entitled to receive fractional shares of Smith Common Stock will be entitled to an amount of cash (without interest) equal to cash in the amount of such fraction multiplied by the All-Cash Consideration.

### Conditions to the Merger

The respective obligations of W-H, Smith and Offeror to complete the Merger under the Merger Agreement are subject to the satisfaction of the following conditions:

- if required by the TBCA, the Merger Agreement will have been adopted by the shareholders of W-H in accordance with the TBCA; and
- no statute, rule, regulation, order, decree, ruling or injunction will have been enacted, entered, promulgated or enforced by a governmental entity of competent jurisdiction will be in effect that has the effect of making the Merger illegal or otherwise restraining or prohibiting the consummation of the Merger.

### Representations and Warranties

The Merger Agreement contains customary representations and warranties of the parties. These include representations and warranties of W-H with respect to:

- organization and qualification;
- subsidiaries;
- capitalization;
- indebtedness;
- authority relative to the Merger Agreement;
- SEC filings;
- financial statements;
- the absence of undisclosed liabilities;
- information supplied;
- internal controls and procedures;
- consents and approvals;
- no violations;

no default;

absence of changes;

litigation;

compliance with applicable laws;

employee benefit plans;

employees;

labor matters;

environmental matters;

taxes and tax treatment;

intellectual property and software;

certain business practices;

vote required;

opinion of financial adviser;

brokers;

customers;

material contracts;

insurance; and

affiliate transactions.

The Merger Agreement also contains customary representations and warranties of Smith and Offeror, including among other things:

organization and qualification;

capitalization;

authority;

SEC filings;

financial statements;

information supplied;

internal controls and procedures;

consents and approvals;

no violations;

no default;

absence of changes;

litigation;

compliance with applicable law;

brokers;

adequate funds;

no vote required; and

tax treatment.

The representations and warranties contained in the Merger Agreement expire at the effective time of the Merger. The representations, warranties and covenants made by W-H in the Merger Agreement are qualified by information contained in the disclosure schedules delivered to Smith and Offeror in connection with the execution of the Merger Agreement. Shareholders are not third-party beneficiaries under the Merger Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of W-H or any of its affiliates or of Smith or any of its affiliates.

**No Solicitation of Other Offers by W-H**

Under the terms of the Merger Agreement, subject to certain exceptions described below, W-H has agreed that it and its subsidiaries, and the directors, officers, representatives, agents and employees of it and its subsidiaries, will not, directly or indirectly:

- encourage, solicit, participate in or initiate discussions, negotiations, inquiries, proposals or offers regarding, or provide non-public information with respect to, a proposal, inquiry or offer for a third party acquisition; or

- waive, terminate, modify or fail to enforce any provision of any contractual standstill agreement.

In addition, under the Merger Agreement, W-H has agreed that it will immediately cease, and will use its reasonable best efforts to cause its and its respective subsidiaries, attorneys, accountants, investment bankers, financial advisors, agents and other representatives to cease, any and all existing discussions or negotiations with respect to any proposal for a third party acquisition.

Under the Merger Agreement, W-H is obligated to notify Smith in writing within 24 hours after receiving any proposal for a third party acquisition. The notice must include the terms and conditions of such proposal, and the identity of the person making the proposal. W-H also must promptly keep Smith informed of the status and details of the proposal, and must provide Smith with a copy of all written materials provided in connection with such proposal.

Notwithstanding the prohibitions described above, if W-H receives an unsolicited bona fide written proposal to acquire W-H made after the Merger Agreement was executed, W-H is permitted to participate or engage in discussions or negotiations with, and provide information to, the party making the proposal to acquire W-H as long as:

- the W-H board of directors determines in good faith, after consulting with legal counsel and a nationally recognized financial advisor, that such proposal constitutes or is reasonably likely to constitute a superior proposal;

- such proposal did not result from a breach of the no solicitation provisions described in this section; and

- prior to providing any such information, the person making the proposal to acquire W-H enters into a confidentiality agreement containing terms at least as restrictive as the terms of the confidentiality agreement between Smith and W-H and, contemporaneously with furnishing any nonpublic information to such person that has not previously been provided to Smith, W-H furnishes any such nonpublic information to Smith.

Prior to providing any information to, or participating in discussions or negotiations with, the person making the proposal to acquire W-H, W-H must provide written notice to Smith and otherwise comply with the notice and information delivery requirements described above.

A third party acquisition for purposes of the Merger Agreement means the occurrence of any of the following events:

- the acquisition in one or a series of related transactions of W-H by merger, tender offer, consolidation, business combination or otherwise by any person or group other than Smith or Offeror or any affiliate thereof;

- the acquisition by a third party of more than 15% of the total assets of W-H and its subsidiaries taken as a whole;

the acquisition by a third party of beneficial ownership of 15% or more of the outstanding Shares or any other class of capital stock or voting power of W-H or any resulting parent company of W-H;

the adoption by W-H of a plan of liquidation or the declaration or payment of an extraordinary dividend; or

the repurchase by W-H or any of its subsidiaries of more than 15% of the outstanding Shares.

Table of Contents

A superior proposal for purposes of the Merger Agreement means any bona fide unsolicited written proposal for a third party acquisition that the W-H board of directors determines in its good faith judgment (after consultation with a financial adviser of nationally recognized reputation), taking into account all legal, financial, regulatory and other aspects of the proposal and the person making the proposal, including the financing terms thereof, is more favorable to the W-H shareholders from a financial point of view than the Offer and the Merger (taking into account any adjustment to the terms and conditions of the Offer and the Merger proposed by Smith in an offer in response to such proposal and taking into account the termination fees and expenses described below under Termination Fees and Expenses W-H Termination Fees ) and is reasonably likely to be completed on the terms proposed on a timely basis. When determining whether an offer constitutes a superior proposal, references in the term third party acquisition to 15% shall be deemed to be references to 100%.

Upon delivering notice to Smith of W-H s receipt of a superior proposal, and if requested by Smith, W-H must negotiate in good faith with Smith to revise the terms of the Merger Agreement as would enable the W-H board of directors to not terminate the Merger Agreement.

**Changes of Recommendation**

The Merger Agreement contemplates that the W-H board of directors will provide the W-H Recommendation. The W-H board of directors or any committee thereof may not (any of the following being an adverse recommendation change ):

- withdraw, change, qualify or modify, or publicly propose to withdraw, change, qualify or modify the W-H Recommendation in a manner adverse to Smith;
- take any other action or make any public statement that is inconsistent with the W-H Recommendation, including failing to publicly reaffirm the W-H Recommendation promptly on request of Smith or within ten days of receipt of any proposal for a third party acquisition;
- fail to recommend against acceptance of any tender offer or exchange offer within ten days after the commencement of such offer;
- cause W-H to enter into or approve, resolve, adopt or recommend, or publicly propose to approve or recommend, any third party acquisition; or
- cause W-H to enter into any letter of intent, agreement in principle, acquisition agreement or similar agreement relating to any third party acquisition.

Notwithstanding the foregoing, the W-H board of directors may take such actions if, prior to receipt of the approval of shareholders necessary to complete the Merger:

- the W-H board of directors causes its legal and financial advisors to negotiate with Smith in good faith; and
- at least five business days following receipt by Smith of written notice advising Smith that the W-H board of directors has received a superior proposal and providing Smith with a copy of relevant transaction documents relating to such superior proposal, the W-H board of directors determines in good faith, after taking into account any such adjustments to the Merger Agreement agreed to by Smith and after consultation with and based on the advice of outside legal counsel, that it is required to withdraw its recommendation or approve or recommend a superior proposal to comply with its fiduciary duties under applicable law.

Nothing in the Merger Agreement prohibits W-H or its board of directors from taking and disclosing to W-H s shareholders anything contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act or otherwise required under applicable law. However, the W-H board of directors is prohibited from changing its recommendation to recommend a third party acquisition proposal unless such proposal is a superior proposal.

**Shareholder Approval**

W-H has agreed to convene a meeting of its shareholders as soon as practicable after the consummation of the Offer, if required by the TBCA, in order to effect the Merger.

**Conduct of Business Before Completion of the Merger**

***Restrictions on W-H s Operations***

The Merger Agreement provides for certain restrictions on W-H s and its subsidiaries activities until either the completion of the Merger or the termination of the Merger Agreement. In general, W-H is required to conduct its business only in the ordinary course consistent with past practice. In addition, unless otherwise approved in writing by Smith or Offeror, W-H and its subsidiaries may not, among other things:

amend its articles of incorporation, bylaws or similar governing documents;

authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver any shares of any class of capital stock or any other securities or equity equivalents, except for the issuance and sale of shares (i) pursuant to previously granted options; (ii) by a subsidiary of W-H to any entity wholly owned by W-H; (iii) pursuant to Smith s exercise of the Top-Up Option; and (iv) in connection with the accelerated vesting of certain employee options and restricted stock, as provided for in the Merger Agreement;

split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or distribution, or redeem or otherwise acquire any of its or its subsidiaries securities;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of W-H or any of its subsidiaries;

alter through merger, liquidation, reorganization, restructuring or any other faction the corporate structure or ownership of any subsidiary;

issue any debt securities, incur or assume any indebtedness (other than in connection with purchasing inventory, funding working capital, or funding certain capital expenditures, in the ordinary course of business); assume or otherwise become liable or responsible for the obligations of any other person except in the ordinary course of business consistent with past practice; make any loans, advances or capital contributions to, or investments in, any person or entity; pledge or otherwise encumber shares of capital stock of W-H or any of its subsidiaries; or mortgage or pledge any of its material assets, tangible or intangible;

grant any severance pay or increase in the compensation or benefits of, or any severance or termination pay to, directors, officers, employees or consultants of W-H or any or any of its subsidiaries, except for certain merit-based increases in base salary to employees in the ordinary course of business consistent with past practice;

except as contemplated by certain portions of the Merger Agreement and except as required by an employee plan or any award agreement made thereunder, (i) enter into, establish, adopt, amend or modify any compensation or benefit plan, policy, arrangement or agreement, collective bargaining agreement, trust or fund including any change of control, severance, consulting, retention or employment agreement, plan, program or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries, whether or not an employee plan, (ii) fail to make any required contribution to any employee plan, merge or transfer any employee plan or the assets or liabilities of any employee plan, change the sponsor of any employee plan, (iii) make any deposits or contributions of cash or other property to, or take any action to fund or in any other way secure the payment of compensation or benefits under, any employee plan other than in accordance in the terms thereof as currently in effect on the date hereof, (iv) take any action to accelerate the vesting or payment of any compensation or benefit under any employee plan, or (v) materially change any actuarial or other assumption used to calculate funding obligations with respect to any employee plan or change the manner in which contributions to any employee plan are made or the basis on which such contributions are determined;

hire or terminate the employment or contractual relationship of any officer, employee or consultant of W-H or any of its subsidiaries other than in the ordinary course consistent with existing policies and past practices;

acquire, sell, lease or dispose of any assets other than tools lost in hole or damaged beyond repair or the purchase or sale of inventory in the ordinary course of business consistent with past practice in any single

**Table of Contents**

transaction or series of related transactions (other than purchases or sales of inventory in the ordinary course of business and certain other exceptions) having a fair market value in excess of $500,000 in the aggregate;

except as required as a result of a change or in generally accepted accounting principles, change any of the financial accounting principles or practices used by it;

revalue in any material respect any of its assets including without limitation writing down the value of inventory or writing off notes or accounts receivable other than in the ordinary course of business or as required by generally accepted accounting principles;

(i) acquire (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or any equity interest therein; (ii) enter into any contract or agreement that would constitute a material contract of W-H; (iii) terminate, modify or waive or assign any of its rights or claims under any material contract; or (iv) authorize any new (not within W-H s existing capital expenditure budget) capital expenditure or expenditures that individually is in excess of $250,000 or capital expenditures in the aggregate that are in excess of $1,000,000;

(i) make, change or revoke any material tax election, (ii) change any material method of tax accounting, (iii) enter into any closing agreement or settle, compromise or abandon any material audit or other proceeding relating to taxes or (iv) file any material amended tax return;

settle or compromise any pending or threatened suit, action or claim (i) which relates to the transactions contemplated by the Merger Agreement or (ii) the settlement or compromise of which would exceed $250,000 individually or $750,000 in the aggregate or, in any case, would impose an injunction or other non-monetary penalty on W-H or any of its subsidiaries;

commence any material research and/or development project or terminate any material research and/or development project that is currently ongoing, in either case except pursuant to the terms of existing contracts or except as contemplated by W-H s project development budget previously provided to Smith;

create any new subsidiaries;

take any action that would cause any representation or warranty of W-H in the Merger Agreement to become untrue or not accurate in a manner such that certain conditions to the Offer would not be satisfied;

amend W-H s shareholder rights plan in any manner that would permit any person other than Smith or its affiliates to acquire more than 20% of the Shares, or redeem the rights thereunder;

take any action or knowingly fail to take any action that would impede or prevent or be reasonably likely to impede or prevent the Offer and the Mergers, taken together, from qualifying as a reorganization within the meaning of Section 368(a) of the Code; or

agree, authorize or otherwise take any of the foregoing actions.

***Restrictions on Smith s Operations***

The Merger Agreement provides for certain restrictions on Smith s and its subsidiaries activities until either the completion of the Merger or the termination of the Merger Agreement. Unless otherwise approved in writing by W-H, Smith and its subsidiaries may not, among other things:

acquire or agree to acquire by merging or consolidating with any business or corporation, partnership or other business organization or division thereof, if such transaction would prevent or materially delay the consummation of the transactions contemplated by the Merger Agreement;

adopt or propose to adopt any amendments to its charter documents which would have a material adverse impact on the consummation of the transactions contemplated by the Merger Agreement;

split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, make any other actual, constructive or deemed distribution in respect of its capital stock or otherwise make

Table of Contents

- any payments to shareholders in their capacity as such, except for the payment of ordinary cash dividends in respect of the Smith Common Stock;

- take any action or knowingly fail to take any action that would impede or prevent or be reasonably likely to impede or prevent the Offer and the Mergers, taken together, from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

- adopt a plan of complete or partial liquidation or dissolution of Smith or any of its material subsidiaries; or

- agree, authorize or otherwise to take any of the foregoing actions.

**Access**

The Merger Agreement provides that during the period prior to the time that Smith designees constitute a majority of the W-H board of directors, W-H will afford to Smith and its representatives reasonable access during normal business hours to all of W-H s and its subsidiaries employees, plants, offices, warehouses and other facilities and to all of W-H s and its subsidiaries books, except that W-H is not required to provide any information that it reasonably believes it cannot deliver due to contractual or legal restrictions.

**Additional Agreements**

Under the Merger Agreement, Smith and W-H are required to reasonably cooperate to:

- obtain all necessary waivers, consents and approvals from other parties to material loan agreements, leases and other contracts;

- obtain all consents, approvals and authorizations that are required to be obtained under any federal, state, local or foreign law or regulation;

- obtain any government approvals, consents or orders required for the consummation of the Offer or the closing of the Merger under the HSR Act, and any other federal, state or foreign law or decree designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade ( antitrust laws );

- obtain the expiration of any applicable waiting period under any antitrust laws;

- execute and deliver any additional instruments necessary to consummate the Offer, the Merger and the other transactions contemplated by the Merger Agreement; and

- defend any lawsuits or other legal proceedings challenging the Merger Agreement or the transactions contemplated thereby and to seek to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order that is in effect and could restrict, prevent or prohibit the consummation of the Offer, the Merger or any other transactions contemplated by the Merger Agreement.

Under the Merger Agreement, Smith and W-H must consult with and consider in good faith the views of the other party in connection with any proposed communication in connection with proceedings under or relating to any antitrust laws.

**W-H Benefit Plans**

***Stock Options***

Immediately prior to the consummation of the Offer (or, to the extent required, at such earlier time as may be administratively necessary to allow optionholders to participate in the Offer), each outstanding option under the W-H stock plans (each, a W-H Option ) will become fully vested and exercisable. At the effective time of the Merger and without any action on the part of any holder of such stock options, each W-H Option that has not previously been exercised and is outstanding as of immediately prior to the effective time of the Merger shall be assumed by Smith as of the effective time of the Merger and converted into an option to purchase, on the same terms and conditions as applied to each such W-H Option immediately prior to the effective time of the Merger, the number of whole shares of Smith Common Stock that is equal to the number of Shares subject to such W-H Option

**Table of Contents**

immediately prior to the effective time of the Merger multiplied by the All-Stock Consideration (rounded down to the nearest whole share), at an exercise price per share of Smith Common Stock (rounded up to the nearest whole penny) equal to the per-Share exercise price of such W-H Option divided by the All-Stock Consideration.

***Restricted Shares***

Holders of restricted Shares will be entitled to tender, in the same manner as any other outstanding Shares, their restricted Shares in the Offer notwithstanding any transfer restrictions. Any restricted Shares that are not validly tendered and accepted for exchange in the Offer and which are outstanding immediately prior to the effective time of the Merger shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive the Merger Consideration in the same manner as any other Shares which are outstanding immediately prior to the effective time of the Merger. W-H will take such actions as are necessary to terminate the transfer restrictions applicable to restricted Shares contemporaneously with the acceptance for payment of Shares in the Offer or at the effective time of the Merger, as the case may be.

***Other W-H Benefit Plans***

After the Merger, Smith shall assume and honor all employee plans in accordance with their terms as in effect immediately before the effective time of the Merger. Following the effective time of the Merger through December 31, 2008, Smith shall provide to current employees of W-H and its subsidiaries compensation and employee benefits that are, in the aggregate, substantially comparable to those provided to W-H employees immediately before the effective time of the Merger.

Under the Merger Agreement, Smith will, and will cause its subsidiaries to, with respect to all of its and its subsidiaries employee benefit plans providing benefits to continuing W-H employees:

- provide each W-H employee with credit for all years of service for which such W-H employee was credited before the effective time of the Merger under any similar employee plans, except for purposes of accrual under any defined benefit pension plan, to the extent such credit would result in the duplication of benefits or to the extent that any plans do not recognize service of similarly situated employees of Smith and its subsidiaries;

- ensure that each W-H employee shall be immediately eligible to participate, without any waiting time, in any and all Smith plans to the extent coverage under such Smith plan replaces coverage under a comparable employee plan in which such W-H employee participated immediately before the effective time of the Merger;

- cause all pre-existing condition exclusions and actively-at-work requirements of its plans that provide medical, dental, pharmaceutical and/or vision benefits to be waived for each W-H employee and his or her covered dependents to the extent such limitation was not applicable immediately before the effective time of the Merger under the analogous employee plan; and

- provide each W-H employee with credit for any co-payments and deductibles under its plans that provide medical, dental, pharmaceutical and/or vision benefits.

At the effective time of the Merger, the outstanding balances of each participant account under W-H s Long Term Cash Incentive Plan will vest in full and will generally be promptly paid and distributed to participants.

**Board Appointment**

Pursuant to the terms of the Merger Agreement and subject to the requirements of the Exchange Act, promptly following the consummation of the Offer, W-H has agreed to take all actions necessary to cause such number of persons designated by Offeror to be appointed to the W-H board of directors as will give Offeror representation on the W-H board of directors equal to the ratio of the number of Shares purchased by Offeror in the Offer to the total number of Shares outstanding. W-H has also agreed to cause persons designated by Offeror to constitute a majority of each committee of the W-H board of directors, other than any committee established to take certain actions with respect to the Merger Agreement and the Offer and the Mergers. Notwithstanding the foregoing, W-H has agreed to

Table of Contents

use all reasonable efforts to ensure that at least three of the members of the W-H board of directors who are reasonably satisfactory to Offeror and who qualify as independent directors for purposes of the continued listing requirements of the New York Stock Exchange and SEC rules and regulations to remain members of the W-H board of directors until the consummation of the Merger in order to take certain actions with respect to the Merger Agreement and the Offer and the Mergers.

**Directors and Officers Indemnification**

Under the Merger Agreement, Smith will cause the ultimate surviving company of the Mergers to indemnify and hold harmless, to the fullest extent required or permitted under applicable law, each current and former director and officer of W-H and its subsidiaries against liabilities in connection with claims based on or arising out of the fact that such person is or was such an officer or director or pertaining to the Merger Agreement. In addition, for a period of six years following the effective time of the Merger, the organizational documents of the ultimate surviving company must contain provisions no less favorable with respect to indemnification and exoneration of present and former directors and officers of W-H and its subsidiaries with respect to matters occurring through the effective time of the Merger than are presently set forth in W-H s articles of incorporation and bylaws.

For six years after the effective time of the Merger, the ultimate surviving company of the Mergers will maintain in effect the current policies of directors and officers liability insurance maintained by W-H. However, if the annual aggregate premium payments for this insurance exceed 200% of the annual premiums paid as of the date of the Merger Agreement by W-H for such insurance, Smith shall only be obligated to cause the ultimate surviving company to provide such coverage as shall be available at an annual premium equal to 200% of the current rate.

Under the Merger Agreement, instead of the insurance described above, effective as of the effective time of the Merger, Smith may require the ultimate surviving company of the Mergers to purchase a directors and officers liability insurance tail insurance program for a period of six years after the effective time with respect to wrongful acts or omissions committed or allegedly committed at or prior to the effective time of the Merger. In the event that W-H purchases such a tail policy prior to the effective time of the Merger, Smith shall cause the ultimate surviving company of the Mergers to maintain such tail policy in full force and effect and continue to honor its obligations thereunder.

**Termination of the Merger Agreement**

***Termination by Smith, Offeror, or W-H***

The Merger Agreement may be terminated at any time before the effective time of the Merger:

- by mutual written consent of Smith, Offeror and W-H;
- by either Smith and Offeror or W-H, if:
  - any court of competent jurisdiction in the United States or other governmental entity shall have issued a final order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the Offer or the Merger and such order, decree, ruling or other action is or shall have become final and nonappealable; or
  - the purchase of Shares pursuant to the Offer has not been consummated by December 3, 2008, provided that, such termination right is not available to any party whose breach of any provision of the Merger Agreement is the primary reason that the purchase of Shares pursuant to the Offer has not occurred by December 3,

2008.

***Termination by W-H***

W-H may terminate the Merger Agreement if:

- W-H resolves to accept a superior proposal after complying with the no-shop provisions described above under No Solicitation of Offers by W-H ;

Table of Contents

- there shall have been a breach of any representation or warranty on the part of Smith or Offeror set forth in the Merger Agreement or if any representation or warranty of Smith or Offeror shall have become untrue; or

- there shall have been a breach by Smith or Offeror of any of their respective covenants or agreements under the Merger Agreement that remains uncured, or is incapable of being cured, within 20 business days following written notice thereof from W-H;

where such breach under the above two bullets would have, or be reasonably expected to have, a Smith Material Adverse Effect (as defined below) or materially adversely affect (or materially delay) the consummation of the Offer or the Merger; provided, that W-H has not breached any of its obligations under the Merger Agreement.

Smith Material Adverse Effect means, with respect to Smith, any fact, circumstance, occurrence, event, development, change or condition (i) that is, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the business, assets, liabilities, results of operations or condition (financial or otherwise) of Smith and its subsidiaries, taken as a whole or (ii) that will, or would reasonably be expected to, prevent or materially impair the ability of Smith or Offeror to perform its obligations under the Merger Agreement and to consummate the transactions contemplated thereby; provided, however, that any such fact, circumstance, occurrence, event, development or change affecting, or condition having the results described in the foregoing clause (i) that any such fact, circumstance, occurrence, event, development or change affecting, or condition having the results described in the foregoing clause (i) that results from (A) a change in law, rule or regulation, or GAAP or interpretations thereof that applies to both W-H and Smith, (B) general economic, market, industry or political conditions (including acts of terrorism or war or other force majeure events) and (C) any change in Smith s stock price or trading volume (unless due to a circumstance which would separately constitute a Smith Material Adverse Effect), shall not be considered when determining whether a Smith Material Adverse Effect has occurred, except, with respect to the foregoing clauses (A) and (B), to the extent that such fact, circumstance, occurrence, event, development or change disproportionately affects Smith and its subsidiaries in any material respect.

***Termination by Smith and Offeror***

Under the Merger Agreement, Smith and Offeror may terminate the Merger Agreement if:

- W-H breaches any of its representations or warranties contained in the Merger Agreement that would result in a failure of a condition to the Offer that is not being capable of being satisfied by December 3, 2008;

- W-H breaches the no solicitation provision discussed in No Solicitation of Other Offers by W-H ;

- W-H breaches any of its covenants or agreements under the Merger Agreement that remains uncured, or is incapable of being cured, within 20 business days following written notice thereof by Smith or Offeror, that would have, or would reasonably be expected to have, a W-H Material Adverse Effect or would materially adversely affect (or materially delay) the consummation of the Offer or the Merger, provided that neither Smith nor Offeror shall have breached any of their respective obligations under the Merger Agreement;

- the W-H board of directors enters into, or recommends to W-H s shareholders, a superior proposal, or makes an adverse recommendation change; or

W-H Material Adverse Effect means with respect to W-H, any fact, circumstance, occurrence, event, development, change or condition (i) that is, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the business, assets, liabilities, results of operations or condition (financial or otherwise) of W-H and its subsidiaries, taken as a whole, or (ii) that will, or would reasonably be expected to, prevent or materially impair the ability of W-H, Smith or Offeror to consummate the transactions contemplated by the Merger Agreement; provided, however, that any such fact, circumstance, occurrence, event, development or change affecting, or condition having the results described in the foregoing clause (i) that results from (A) a change in law, rule or regulation, or GAAP or interpretations thereof that applies to both W-H and Smith, (B) general economic, market, industry or political conditions (including acts of terrorism or war or other force majeure events) and (C) any change in W-H s stock price or trading volume (unless due to a circumstance which would separately constitute a W-H Material Adverse Effect), shall not be considered when determining whether a W-H Material Adverse Effect has occurred, except, with respect to the foregoing clauses (A) and (B), to the extent that such fact, circumstance, occurrence, event, development or change disproportionately affects W-H and its subsidiaries, taken as a whole, in any material respect.

**Termination Fees and Expenses**

Except as set forth below, all fees and expenses incurred in connection with the Merger Agreement, the Offer, and the Merger will be paid by the party incurring the same.

***W-H Termination Fees***

The Merger Agreement provides that W-H will pay Smith a termination fee of $76 million plus expenses of $17.5 million if:

Smith terminates the Merger Agreement because the W-H board changes its recommendation, recommends any third party acquisition proposal or enters into an alternative acquisition agreement or consummates a third party acquisition or W-H otherwise breaches the no solicitation provision discussed in No Solicitation of Other Offers by W-H; or

W-H terminates the Merger Agreement in order to accept a superior proposal, after complying with the no-shop provision.

The Merger Agreement further provides that W-H will pay Smith expenses of $17.5 million in the event a proposal for a third party acquisition involving W-H has been publicly disclosed or otherwise communicated to W-H or its shareholders and the Merger Agreement is subsequently terminated (i) by either party because the Offer has not been consummated by December 3, 2008 or (ii) by Smith due to a breach or failure to perform by W-H of its representations, warranties, covenants or agreements under the Merger Agreement. If within 12 months after the termination of the Merger Agreement under the circumstances described in the preceding sentence, W-H enters into a definitive agreement with respect to an acquisition of W-H or consummates such a transaction, W-H must pay Smith the termination fee.

**Effect of Termination**

In the event of termination of the Merger Agreement prior to the effective time of the Merger in accordance with the terms of the Merger Agreement, the Merger Agreement will become void, and there shall be no liability or further obligation on the part of Smith, Offeror or W-H, or their respective directors, officers or shareholders, other than the payment of fees and expenses described above under Termination Fees and Expenses and certain general provisions which will survive the termination.

**Amendments, Extensions and Waivers**

***Amendments***

The Merger Agreement may be amended by the parties at any time before or after any W-H shareholder approval has been obtained; provided that after the W-H shareholders adopt the Merger Agreement and approve the Merger, the Merger Agreement cannot be amended if by law further approval of the shareholders is required, without such approval.

***Extensions and Waivers***

Under the Merger Agreement, at any time prior to the effective time of the Merger, any party may:

- extend the time for the performance of any of the obligations or other acts of the other parties;
- waive any inaccuracies in the representations and warranties of the other parties; or
- waive compliance by the other parties with any of the agreements or conditions contained in the Merger Agreement.

Table of Contents

## THE OFFER

Offeror is offering to exchange each outstanding Share for the Mixed Consideration, the All-Cash Consideration or the All-Stock Consideration, at the election of the tendering W-H shareholder subject to the conditions contained, and in the case of the All-Cash or the All-Stock Consideration, to the proration procedures described, in this prospectus/offer to exchange and the accompanying letter of election and transmittal.

Offeror is making the Offer in order for Smith to acquire control of, and ultimately the entire equity interest in, W-H. The Offer is the first step in Smith s acquisition of W-H and is intended to facilitate the acquisition of all of the outstanding Shares. Smith intends to complete the Merger as soon as possible after completion of the Offer. Promptly after the Merger, Smith will consummate the Post-Closing Merger.

### Consideration

Under the terms of the Offer, each W-H shareholder may elect to receive, for each outstanding Share validly tendered and not properly 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 (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. 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 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 closing price of Smith Common Stock on the New York Stock Exchange on June 23, 2008 was $81.65 per share. 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. At Smith share prices of $78.03 and above, the value of the All-Stock Consideration will exceed the All-Cash Consideration, and at Smith share prices below $78.02, the All-Cash Consideration will exceed the value of the All-Stock Consideration.

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 | Value of All-Cash Consideration | Market Value of All-Stock Consideration (Per Share Exchanged) |
|---|---|---|---|

| | (Per Share Exchanged) | (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 received 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, which could be significant, 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.** In addition, W-H shareholders should understand that the implied value of the consideration received by W-H shareholders making different elections (or not making an election) may differ depending upon the market price of the Smith Common Stock at the expiration of the Offer and the elections made by other W-H shareholders, and that such differences could be significant. Please also see the section of this prospectus/offer to exchange entitled Risk Factors.

**Elections and Proration**

W-H shareholders electing the Mixed Consideration will not be subject to proration under any circumstance; however, holders electing the All-Cash Consideration or the All-Stock Consideration may receive a different form of consideration than selected. Holders electing either the All-Cash Consideration or the All-Stock Consideration will be subject to proration such that, as long as the cash portion of the consideration to be received by the holders electing the Mixed Consideration does not exceed $1.636 billion, the total amount of cash to be paid pursuant to the Offer and the Merger will equal $1.636 billion with the difference paid in shares of Smith Common Stock. Holders 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. In the event (i) all outstanding W-H Options are exercised and none of the outstanding W-H restricted Shares are forfeited prior to the Offer and (ii) all W-H shareholders and holders of restricted Shares elect the Mixed Consideration, Smith would fund $1.817 billion of the total Offer consideration in cash and would satisfy the remaining obligation by issuing approximately 15.5 million shares of Smith Common Stock. However, if (x) all outstanding W-H Options are exercised and none of the outstanding W-H restricted Shares are forfeited prior to the Offer and (y) the holders of 90 percent or less of the Shares and restricted Shares elect the Mixed Consideration, Smith would fund $1.636 billion of the total Offer consideration in cash and issue approximately 17.85 million shares of Smith Common Stock to satisfy the remaining obligation.

If 90 percent or less of the holders of the Shares and restricted Shares of W-H elect to receive the Mixed Consideration and W-H shareholders elect to receive more or less than the amount of cash available in the Offer as set forth above, the total cash or stock, as the case may be, will be proportioned among the shareholders who elect each form of consideration as described below. In order to determine whether any proration is necessary, the following steps will be followed:

**Step 1: Derive the Available Cash Election Amount:** the Available Cash Election Amount is:

the excess of:

the lesser of (i) $1,636,156,000 or (ii) the product of the number of Shares issued and outstanding (other than Shares owned by Smith, Offeror, W-H or any of their respective wholly owned subsidiaries, restricted Shares and Shares acquired pursuant to W-H Options that vest pursuant to the terms of the Merger Agreement) immediately prior to the Expiration Date multiplied by $56.10; multiplied by

a fraction:

the numerator of which shall be the number of Shares validly tendered and not properly withdrawn in the Offer; and

the denominator of which shall be the number of Shares issued and outstanding as of the Expiration Date;

over the sum of:

the aggregate amount of cash required to be paid in lieu of fractional shares of Smith Common Stock in the Offer and the Merger;

any amounts Smith and W-H reasonably believe may be payable to dissenting shareholders in the Merger; and

the product of (i) $56.10 and (ii) the number of Shares validly tendered and not properly withdrawn in the Offer electing the Mixed Consideration.

**Step 2: Derive the elected cash amount:** the elected cash amount is an amount equal to the All-Cash Consideration multiplied by the number of Shares validly tendered and not properly withdrawn in the Offer as to which a valid all-cash election was made.

***Over Election of Cash***

If the elected cash amount is greater than the available cash election amount, the total cash will be proportioned among the shareholders electing the All-Cash Consideration as follows:

**Step 1: Allocate any no election Shares:** any Shares tendered but with respect to which no election was made will be deemed to have elected the All-Stock Consideration.

**Step 2: Derive the cash proration factor:** the cash proration factor equals the available cash election amount divided by the elected cash amount.

**Step 3: Derive the prorated all-cash elections:** the number of Shares subject to valid all-cash elections that will be converted into the right to receive the All-Cash Consideration, will be the number of Shares subject to valid all-cash elections multiplied by the cash proration factor. The remaining Shares subject to valid all-cash elections will be converted into the right to receive the All-Stock Consideration.

All such prorations shall be applied on a pro rata basis, such that each W-H shareholder who tenders Shares subject to an all-cash election bears its proportionate share of the proration.

***Under Election of Cash***

If the elected cash amount is less than the available cash election amount, the total shares of Smith Common Stock will be prorated among the shareholders who make an all-stock election as follows:

**Step 1: Allocate any no election Shares:** any Shares tendered but with respect to which no election was made will be deemed have elected the All-Cash Consideration.

**Step 2: Derive the stock proration amount:** the stock proration amount equals (i) the available cash election amount minus the elected cash amount, divided by (ii) the All-Cash Consideration.

**Step 3: Derive the prorated common stock elections:** the number of Shares subject to valid all-stock elections that will be converted into the right to receive the All-Stock Consideration will be the number of Shares subject to valid all-stock elections minus the stock proration amount. The remaining Shares subject to valid all-stock elections will be converted into the right to receive the All-Cash Consideration.

All such prorations shall be applied on a pro rata basis, such that each W-H shareholder who tenders Shares subject to an all-stock election bears its proportionate share of the proration.

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

**Consequences of Tendering with No Election**

W-H shareholders who do not make an election will be deemed to have elected whatever form of Offer consideration is remaining after taking into account the preferences of the tendering shareholders who made valid elections. If neither form of consideration is oversubscribed, W-H shareholders who do not make an election will each receive the remaining cash and shares of Smith Common Stock on a pro rata basis.

47

Table of Contents

**Top-Up Option**

Subject to certain terms and conditions in the Merger Agreement, Offeror has an irrevocable option to purchase up to that number of Shares equal to the lowest number of Shares that, when added to the number of Shares collectively owned by Smith, Offeror and any of Smith s other subsidiaries immediately following consummation of the Offer, shall constitute one Share more than 90% of the Shares then outstanding (on a fully diluted basis, after giving effect to any exercise of such option) at a purchase price per Share equal to the All-Cash Consideration. The purchase price may be paid in cash or a promissory note, or a combination thereof. The Top-Up Option may not be exercised to the extent the aggregate number of Shares issuable upon exercise of the Top-Up Option would exceed the number of then-authorized Shares.

**Distribution of Offering Materials**

This prospectus/offer to exchange, the related letter of election and transmittal and other relevant materials will be delivered to record holders of Shares and to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on W-H s shareholder list or, if applicable, who are listed as participants in a clearing agency s security position listing, so that they can in turn send these materials to beneficial owners of Shares.

**Expiration of the Offer**

The Offer is scheduled to expire at 12:00 midnight, New York City time, at the end of August 18, 2008, which is the Initial Expiration Date, unless further extended by Smith. 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 and Amendment**

Offeror expressly reserves the right to extend the period of time during which the Offer remains open, in its sole discretion, at any time or from time to time, by giving notice of such extension to the exchange agent. Offeror is not required under the Merger Agreement to exercise its right to extend the Offer, although it currently intends to do so until all conditions of the Offer have been satisfied or waived. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to each tendering W-H shareholder s right to withdraw its Shares. W-H shareholders should read the discussion under Withdrawal Rights for more details.

To the extent legally permissible, Offeror also reserves the right, in its sole discretion, at any time or from time to time:

- to delay acceptance for exchange of any Shares pursuant to the Offer, or to terminate the Offer and not accept or exchange any Shares not previously accepted or exchanged, if any of the conditions of the Offer are not satisfied or waived prior to the Expiration Date or to the extent required by applicable laws;

- to extend the Offer from time to time if less than 90% of the total Shares on a fully diluted basis have been validly tendered and not withdrawn at the otherwise scheduled Expiration Date;

- to waive any condition, other than those not subject to waiver as set forth in Conditions of the Offer ; and to otherwise amend the Offer in any respect;

provided, however, that Offeror may not (i) extend the Offer beyond December 3, 2008, (ii) decrease the amount of consideration payable in the Offer or change the form of consideration payable in the Offer, (iii) impose additional conditions to the Offer (iv) reduce the time period during which the Offer shall remain open or (v) waive the Minimum Condition without the prior written consent of W-H.

In addition, Offeror may terminate the Offer and not exchange Shares that were previously tendered even if Offeror has accepted, but not paid for, shares in the Offer, if at the Expiration Date the conditions of the Offer described below in Conditions of the Offer are not met or waived.

Table of Contents

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. 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.

If Offeror materially changes the terms of the Offer or the information concerning the Offer, or if Offeror waives a material condition of the Offer, Offeror will extend the Offer to the extent legally required under the Exchange Act. If, prior to the Expiration Date, Offeror changes the percentage of Shares being sought or the consideration offered, that change will apply to all holders whose Shares are accepted for exchange pursuant to the Offer. If at the time notice of that change is first published, sent or given to W-H shareholders, the Offer is scheduled to expire at any time earlier than the tenth business day from and including the date that such notice is first so published, sent or given, Offeror will extend the Offer until the expiration of that ten business day period. For purposes of the Offer, a business day means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

No subsequent offering period will be available after the Offer.

**Exchange of Shares; Delivery of Cash and Shares of Smith Common Stock**

Smith has retained Computershare Trust Company, N.A. as the depositary and exchange agent for the Offer to handle the exchange of Shares for the offer consideration.

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 such extension or amendment), Offeror will accept for exchange, and will exchange, Shares validly tendered and not properly withdrawn promptly after the Expiration Date. In all cases, exchanges of Shares tendered and accepted for exchange pursuant to the Offer will be made only after timely receipt by the exchange agent of certificates for those Shares, or a confirmation of a book-entry transfer of those Shares into the exchange agent s account at The Depository Trust Company ( DTC ), a properly completed and duly executed letter of election and transmittal, or an agent s message in connection with a book-entry transfer, and any other required documents.

For purposes of the Offer, Offeror will be deemed to have accepted for exchange Shares validly tendered and not properly withdrawn if and when it notifies the exchange agent of its acceptance of those Shares pursuant to the Offer. The exchange agent will deliver any cash and shares of Smith Common Stock issuable in exchange for Shares validly tendered and accepted pursuant to the Offer as soon as practicable after receipt of such notice. The exchange agent will act as the agent for tendering W-H shareholders for the purpose of receiving cash and shares of Smith Common Stock from Offeror and transmitting such cash and stock to the tendering W-H shareholders. W-H shareholders will not receive any interest on any cash that Offeror pays in the Offer, even if there is a delay in making the exchange.

If Offeror does not accept any tendered Shares for exchange pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted representing more Shares than are tendered for, Offeror will return certificates for such unexchanged Shares without expense to the tendering shareholder or, in the case of Shares tendered by book-entry transfer into the exchange agent s account at DTC pursuant to the procedures set forth below in Procedure for Tendering, the Shares to be returned will be credited to an account maintained with DTC as soon as practicable following expiration or termination of the Offer.

**Withdrawal Rights**

W-H shareholders can withdraw tendered Shares at any time until the Expiration Date and, if Offeror has not agreed to accept the Shares for exchange on or prior to August 23, 2008, W-H shareholders can thereafter withdraw their Shares from tender at any time after such date until Offeror accepts Shares for exchange.

Table of Contents

For the withdrawal of Shares to be effective, the exchange agent must receive a written notice of withdrawal from the W-H shareholder at one of the addresses set forth on the back cover of this prospectus/offer to exchange, prior to the Expiration Date. The notice must include the shareholder s name, address, social security number, the certificate number(s), the number of Shares to be withdrawn and the name of the registered holder, if it is different from that of the person who tendered those Shares, and any other information required pursuant to the Offer or the procedures of DTC, if applicable.

A financial institution must guarantee all signatures on the notice of withdrawal, unless the Shares to be withdrawn were tendered for the account of an eligible institution. Most banks, savings and loan associations and brokerage houses are able to provide signature guarantees. An eligible institution is a financial institution that is a participant in the Securities Transfer Agents Medallion Program.

If Shares have been tendered pursuant to the procedures for book-entry transfer discussed under the section entitled Procedure for Tendering, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Shares and must otherwise comply with DTC s procedures. If certificates have been delivered or otherwise identified to the exchange agent, the name of the registered holder and the serial numbers of the particular certificates evidencing the Shares withdrawn must also be furnished to the exchange agent, as stated above, prior to the physical release of such certificates.

Offeror will decide all questions as to the form and validity (including time of receipt) of any notice of withdrawal in its sole discretion, and its decision shall be final and binding. None of Offeror, Smith, W-H, the exchange agent, the information agent or any other person is under any duty to give notification of any defects or irregularities in any tender or notice of withdrawal or will incur any liability for failure to give any such notification. Any Shares properly withdrawn will be deemed not to have been validly tendered for purposes of the Offer. However, an W-H shareholder may re-tender withdrawn Shares by following the applicable procedures discussed under the section Procedure for Tendering or Guaranteed Delivery at any time prior to the Expiration Date.

**Procedure for Tendering**

For a W-H shareholder to validly tender Shares pursuant to the Offer:

a properly completed and duly executed letter of election and transmittal, along with any required signature guarantees and any other documents required by the letter of election and transmittal, and certificates for tendered Shares held in certificate form must be received by the exchange agent at one of its addresses set forth on the back cover of this prospectus/offer to exchange before the Expiration Date;

an agent s message in connection with a book-entry transfer, and any other required documents, must be received by the exchange agent at one of its addresses set forth on the back cover of this prospectus/offer to exchange, and the Shares must be tendered into the exchange agent s account at DTC pursuant to the procedures for book-entry tender set forth below (and a confirmation of receipt of such tender, referred to as a book-entry confirmation must be received), in each case before the Expiration Date; or

the terms and conditions of the guaranteed delivery procedure set forth below under Guaranteed Delivery must be met.

The term agent s message means a message transmitted by DTC to, and received by, the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the DTC participant tendering the Shares that are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the terms of the letter of election and transmittal and that Offeror may enforce that agreement against such participant.

The exchange agent has established an account with respect to the Shares at DTC in connection with the Offer, and any financial institution that is a participant in DTC may make book-entry delivery of Shares by causing DTC to transfer such Shares prior to the Expiration Date into the exchange agent s account in accordance with DTC s procedure for such transfer. However, although delivery of Shares may be effected through book-entry transfer at DTC, the letter of election and transmittal with any required signature guarantees, or an agent s message, along with

Table of Contents

any other required documents, must, in any case, be received by the exchange agent at one of its addresses set forth on the back cover of this prospectus/offer to exchange prior to the Expiration Date, or the guaranteed delivery procedures described below under Guaranteed Delivery must be followed. Offeror cannot assure W-H shareholders that book-entry delivery of Shares will be available. If book-entry delivery is not available, W-H shareholders must tender Shares by means of delivery of Share certificates or pursuant to the guaranteed delivery procedures set forth below under Guaranteed Delivery.

Signatures on all letters of election and transmittal must be guaranteed by an eligible institution, except in cases in which Shares are tendered either by a registered holder of Shares who has not completed the box entitled Special Issuance Instructions or the box entitled Special Delivery Instructions on the letter of election and transmittal or for the account of an eligible institution.

If the certificates for Shares are registered in the name of a person other than the person who signs the letter of election and transmittal, or if certificates for unexchanged Shares are to be issued to a person other than the registered holder(s), the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature(s) on the certificates or stock powers guaranteed by an eligible institution.

W-H shareholders must tender one W-H preferred share purchase right for each Share tendered to effect a valid tender, whether or not a distribution of the rights has occurred, unless the W-H board of directors has previously redeemed such rights. Nevertheless, if the W-H rights have been distributed, Offeror will be entitled to accept for exchange Shares prior to receipt of the associated W-H rights certificate and, subject to complying with SEC rules and regulations, withhold payment of all or a portion of the Offer consideration until receipt of the rights certificate or a book entry transfer of such rights.

**The method of delivery of Share certificates and all other required documents, including delivery through DTC, is at the option and risk of the tendering W-H shareholder, and delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, Offeror recommends registered mail with return receipt requested, properly insured. In all cases, W-H shareholders should allow sufficient time to ensure timely delivery.**

To prevent U.S. federal income tax backup withholding, each W-H shareholder, other than a shareholder exempt from backup withholding as described below, must provide the exchange agent with its correct taxpayer identification number and certify that it is not subject to backup withholding of U.S. federal income tax by completing the Substitute IRS Form W-9 included in the letter of election and transmittal. Certain shareholders (including, among others, all corporations and certain foreign persons) are not subject to these backup withholding and reporting requirements. In order for a foreign person to qualify as an exempt recipient, the shareholder must submit an IRS Form W-8BEN, or other applicable IRS Form W-8, signed under penalties of perjury, attesting to such person s exempt status.

**The tender of Shares pursuant to any of the procedures described above will constitute a binding agreement between Offeror and the tendering W-H shareholder upon the terms and subject to the conditions of the Offer.**

**Guaranteed Delivery**

W-H shareholders desiring to tender Shares pursuant to the Offer but whose certificates are not immediately available or cannot otherwise be delivered with all other required documents to the exchange agent prior to the Expiration Date or who cannot complete the procedure for book-entry transfer on a timely basis, may nevertheless tender Shares, as long as all of the following conditions are satisfied:

the tender is by or through an eligible institution;

a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by Offeror, is received by the exchange agent as provided below on or prior to the Expiration Date; and

Table of Contents

the certificates for all tendered Shares (or a confirmation of a book-entry transfer of such shares into the exchange agent s account at DTC as described above), in proper form for transfer, together with a properly completed and duly executed letter of election and transmittal with any required signature guarantees (or, in the case of a book-entry transfer, an agent s message) and all other documents required by the letter of election and transmittal are received by the exchange agent at one of its addresses on the back cover of this prospectus within three NYSE trading days after the date of execution of such notice of guaranteed delivery.

A W-H shareholder may deliver the notice of guaranteed delivery by hand, facsimile transmission or mail to the exchange agent at one of its addresses on the back cover of this prospectus. The notice must include a guarantee by an eligible institution in the form set forth in the notice.

In all cases, Offeror will exchange Shares tendered and accepted for exchange pursuant to the Offer only after timely receipt by the exchange agent of certificates for Shares (or timely confirmation of a book-entry transfer of such shares into the exchange agent s account at DTC as described above), a properly completed and duly executed letter of election and transmittal (or an agent s message in connection with a book-entry transfer) and any other required documents.

**Grant of Proxy**

By executing a letter of election and transmittal as set forth above, a W-H shareholder irrevocably appoints Offeror s designees as such shareholder s attorneys-in-fact and proxies, each with full power of substitution, to the full extent of such shareholder s rights with respect to its Shares tendered and accepted for exchange by Offeror and with respect to any and all other Shares and other securities issued or issuable in respect of those Shares on or after the Expiration Date. That appointment is effective, and voting rights will be affected, when and only to the extent that Offeror accepts tendered Shares for exchange pursuant to the Offer and deposits with the exchange agent the cash consideration or the shares of Smith Common Stock consideration for such Shares. All such proxies shall be considered coupled with an interest in the tendered Shares and therefore shall not be revocable. Upon the effectiveness of such appointment, all prior proxies that the W-H shareholder has given will be revoked, and such shareholder may not give any subsequent proxies (and, if given, they will not be deemed effective). Offeror s designees will, with respect to the Shares for which the appointment is effective, be empowered, among other things, to exercise all of such shareholder s voting and other rights as they, in their sole discretion, deem proper at any annual, special or adjourned meeting of W-H s shareholders or otherwise. Offeror reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the exchange of such Shares, Offeror must be able to exercise full voting rights with respect to such Shares. **However, prior to acceptance for exchange by Offeror in accordance with terms of the Offer, the appointment will not be effective, and Offeror shall have no voting rights as a result of the tender of Shares.**

**Fees and Commissions**

Tendering registered W-H shareholders who tender Shares directly to the exchange agent will not be obligated to pay any charges or expenses of the exchange agent or any brokerage commissions. Tendering W-H shareholders who hold Shares through a broker or bank should consult that institution as to whether or not such institution will charge the shareholder any service fees in connection with tendering Shares pursuant to the Offer. Except as set forth in the instructions to the letter of election and transmittal, transfer taxes on the exchange of Shares pursuant to the Offer will be paid by Offeror.

**Matters Concerning Validity and Eligibility**

Offeror will determine questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of Shares, in its sole discretion, and its determination shall be final and binding. Offeror reserves the absolute right to reject any and all tenders of Shares that it determines are not in the proper form or the acceptance of or exchange for which may be unlawful. Offeror also reserves the absolute right to waive any defect or irregularity in the tender of any Shares. No tender of Shares will be deemed to have been validly made until all defects and irregularities in tenders of such Shares have been cured or waived. None of Offeror, Smith, W-H the exchange agent, the information agent nor any other person will be under any duty to give notification of any defects or irregularities in the tender of any

Table of Contents

Shares or will incur any liability for failure to give any such notification. Offeror s interpretation of the terms and conditions of the Offer (including the letter of election and transmittal and instructions thereto) will be final and binding.

**W-H shareholders who have any questions about the procedure for tendering Shares in the Offer should contact the information agent at the address and telephone number set forth on the back cover of this prospectus/offer to exchange.**

### Announcement of Results of the Offer

Smith will announce the final results of the Offer, including whether all of the conditions to the Offer have been satisfied or waived and whether Offeror will accept the tendered Shares for exchange, as promptly as practicable following the Expiration Date. The announcement will be made by a press release in accordance with applicable New York Stock Exchange requirements.

### Ownership of Smith After the Offer and the Merger

Assuming that:

- all outstanding W-H Options to purchase Shares, of which there were 1,411,838 represented by W-H to be outstanding as of June 23, 2008, are exercised prior to the expiration of the Offer or the consummation of the Merger;

- Offeror exchanges, pursuant to the Offer and the Merger, 32,383,154 Shares, which number is the sum of (i) 30,711,232, the total number of Shares represented by W-H to be outstanding as of June 23, 2008, (ii) 1,411,838 Shares assumed to have been issued pursuant to the exercise of W-H Options and (iii) 260,084, the total number of restricted Shares represented by W-H to be outstanding as of June 23, 2008;

- all such Shares are exchanged for the Mixed Consideration; and

- 201,061,325 shares (net of shares held in treasury) of Smith Common Stock are outstanding immediately prior to the consummation of the Merger;

former W-H shareholders would own in the aggregate 7.2% of the outstanding shares of Smith Common Stock if 100% of the Shares are exchanged in the Offer.

### Material U.S. Federal Income Tax Consequences

The following section describes the material U.S. federal income tax consequences of the Offer and the Mergers, taken together, to U.S. holders (as defined below) of Shares. This summary is based on provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, final, temporary or proposed U.S. Treasury Regulations promulgated thereunder, judicial opinions, published positions of the IRS and all other applicable authorities, all as in effect as of the date of this document and all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this document.

For purposes of this discussion, the term U.S. holder means a beneficial owner of Shares that is, for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds Shares, the tax treatment of a partner in such entity generally will depend on the status of the partners and the activities of the partnership. If you are a partner in a partnership holding Shares, please consult your tax advisor.

This discussion only addresses holders of Shares that are U.S. holders and hold their Shares as a capital asset within the meaning of Section 1221 of the Code. Further, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a holder in light of the holder s particular circumstances or that may be applicable to holders subject to special treatment under U.S. federal income tax law (including, for example, persons that are not U.S. holders, financial institutions, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, mutual funds, tax-exempt organizations, partnerships or other flow-through entities and their partners or members, U.S. expatriates, holders liable for the alternative minimum tax, holders whose functional currency is not the U.S. dollar, holders who hold their Shares as part of a hedge, straddle, constructive sale or conversion transaction, holders who acquired their Shares through the exercise of employee stock options or other compensation arrangements, and holders who exercise dissenter s rights). In addition, no information is provided herein with respect to the tax consequences of the Offer and the Mergers under applicable state, local or non-U.S. laws or federal laws other than those pertaining to the U.S. federal income tax.

**ALL HOLDERS OF SHARES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE OFFER AND THE MERGERS TO THEM, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE AND LOCAL, FOREIGN AND OTHER TAX LAWS.**

***Treatment of the Offer, the Merger and the Post-Closing Merger as a Reorganization***

The Offer and the Mergers, taken together, are intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. Each of Smith and W-H covenants in the merger agreement that it will not take any action or knowingly fail to take any action, which action or failure to act would prevent or impede the Offer and the Mergers, taken together, from qualifying as a reorganization within the meaning of Section 368(a) of the Code. However, no ruling has been or will be sought from the IRS as to the U.S. federal income tax consequences of the Offer and the Mergers and neither the Offer nor the Mergers are conditioned upon the receipt of an opinion of counsel regarding the U.S. federal income tax treatment thereof. Consequently, there can be no assurance that the Offer and the Mergers, taken together, will qualify as a reorganization for U.S. federal income tax purposes. There also can be no assurance that the IRS will not disagree with, or challenge, any of the conclusions described below.

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 Shares pursuant to Offer and/or the Merger generally will be as follows:

*Holders who Receive Solely Smith Common Stock*

A holder of Shares who exchanges all of its Shares solely for shares of Smith Common Stock will not recognize gain or loss for U.S. federal income tax purposes, except with respect to cash received in lieu of a fractional share of Smith Common Stock. The aggregate tax basis of the shares of Smith Common Stock received (including any fractional shares deemed received and exchanged for cash) will be equal to the aggregate tax basis in the Shares surrendered. The holding period of the Smith Common Stock received (including any fractional shares deemed received and exchanged for cash) will include the holding period of the Shares surrendered.

*Holders who Receive Solely Cash*

The exchange of Shares solely for cash generally will result in recognition of gain or loss by the holder in an amount equal to the difference between the amount of cash received and the holder s tax basis in the Shares surrendered. The gain or loss recognized will be long-term capital gain or loss if, as of the date of the exchange, the holder s holding period for the Shares surrendered exceeds one year. The deductibility of capital losses is subject to limitations. In some cases, if a holder actually or constructively owns Smith Common Stock after the Merger, the cash received could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Code, in which case such holder may have dividend income up to the amount of the cash received. In such cases, holders that are corporations should consult their tax advisors regarding the potential applicability of the extraordinary dividend provisions of the Code.

54

*Holders who Receive a Combination of Shares of Smith Common Stock and Cash*

If the holder s adjusted tax basis in the Shares surrendered is less than the sum of the fair market value of the shares of Smith Common Stock and the amount of cash (other than cash received in lieu of a fractional share of Smith Common Stock) received by the holder, then the holder will recognize gain in an amount equal to the lesser of (i) the sum of the amount of cash (other than cash received in lieu of a fractional share of Smith Common Stock) and the fair market value of the Smith Common Stock received, minus the adjusted tax basis of the Shares surrendered in exchange therefor, and (ii) the amount of cash received by the holder. However, if a holder s adjusted tax basis in the Shares surrendered is greater than the sum of the amount of cash (other than cash received in lieu of a fractional share of Smith Common Stock) and the fair market value of the Smith Common Stock received, the holder s loss will not be currently allowed or recognized for U.S. federal income tax purposes. If a holder of Shares acquired different blocks of Shares at different times or different prices, the holder should consult the holder s tax advisor regarding the manner in which gain or loss should be determined. Any recognized gain generally will be long-term capital gain if, as of the date of the exchange, the holder s holding period with respect to the Shares surrendered exceeds one year. In some cases, if the holder actually or constructively owns Smith Common Stock other than Smith Common Stock received in the transaction, the recognized gain could be treated as having the effect of the distribution of a dividend under the tests described in Section 302 of the Code, in which case such gain would be treated as dividend income. In such cases, holders that are corporations should consult their tax advisors regarding the potential applicability of the extraordinary dividend provisions of the Code. The aggregate tax basis of the Smith Common Stock received (including any fractional shares deemed received and exchanged for cash) by a holder that exchanges its Shares for a combination of Smith Common Stock and cash will be equal to the aggregate adjusted tax basis of the Shares surrendered, reduced by the amount of cash received by the holder (excluding any cash received instead of fractional shares of Smith Common Stock) and increased by the amount of gain, if any, recognized by the holder (excluding any gain recognized with respect to cash received in lieu of fractional shares of Smith Common Stock) on the exchange. The holding period of the Smith Common Stock received (including any fractional shares deemed received and exchanged for cash) will include the holding period of the Shares surrendered. Holders receiving a combination of Smith Common Stock and cash should consult their tax advisors regarding the manner in which cash and Smith Common Stock should be allocated among the holder s Shares and the manner in which the above rules would apply in the holder s particular circumstances

*Cash in Lieu of a Fractional Share*

A holder that receives cash in lieu of a fractional share of Smith Common Stock generally will be treated as having received such fractional share in the Offer or the Merger and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of Smith Common Stock. Such gain or loss generally will be long-term capital gain or loss if, as of the date of the exchange, the holding period for such Shares is greater than one year.

***Information Reporting and Backup Withholding***

Certain U.S. holders may be subject to information reporting with respect to the cash received in exchange for Shares, including cash received instead of a fractional share interest in shares of Smith Common Stock. U.S. holders who are subject to information reporting may be subject, under certain circumstances, to backup withholding (currently, at a rate of 28%) of the cash payable to such holder unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules is not an additional tax and may be refunded or credited against such U.S. holder s federal income tax liability, provided that the required information is timely furnished to the IRS.

**Purpose of the Offer; the Merger; Dissenter s Rights**

***Purpose of the Offer; the Merger***

The purpose of the Offer is for Smith to acquire control of, and ultimately the entire equity interest in, W-H. The Offer, as the first step in the acquisition of W-H, is intended to facilitate the acquisition of W-H. The purpose of

Table of Contents

the Merger is for Smith to acquire all outstanding Shares not tendered and purchased pursuant to the Offer. If the Offer is successful, Smith intends to consummate the Merger and Post-Closing Merger as promptly as practicable. Upon consummation of the Merger, the Surviving Corporation would become a wholly owned subsidiary of Smith.

If Offeror owns 90% or more of the outstanding Shares following consummation of the Offer or the Top-Up Option, if exercised, Smith intends to consummate the Merger as a short-form merger pursuant to Section 5.16 of the TBCA and Section 10.006 of the Texas Business Organizations Code. In this case, neither the approval of any holder of Shares (other than Offeror) nor the approval of the W-H board of directors would be required.

If Offeror owns less than 90% of the outstanding Shares following the consummation of the Offer and the Top-Up Option, if exercised, Smith intends to seek to have the W-H board of directors submit the Merger to W-H s shareholders for approval at a shareholder meeting convened for that purpose in accordance with the TBCA. If the Minimum Tender Condition described in The Offer Conditions of the Offer is satisfied, Smith will, upon consummation of the Offer, have sufficient voting power to ensure approval of the Merger at the shareholders meeting without the affirmative vote of any other W-H shareholder.

In the Merger, each 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) would be converted into the right to receive the Merger Consideration, subject to adjustment and dissenter s rights under Texas law, as more fully described below.

In the Merger, W-H shareholders will receive $56.10 in cash, without interest, and 0.48 shares of Smith Common Stock, subject to adjustments described in this paragraph. In the event that the sum of (i) the Aggregate Cash Consideration to be paid pursuant to the Merger (after taking into account the cash consideration paid to holders of Shares pursuant to the Offer), including any cash paid with respect to fractional shares of Smith Common Stock, if any, and any amounts that Smith and W-H reasonably believe may be due to W-H shareholders that exercise dissenter s rights with respect to the Merger, (ii) any other cash amounts paid to or on behalf of any holder of Shares in connection with the Offer or the Merger, and (iii) any other amounts that are treated as other property or money received in the exchange for purposes of Section 356 of the Code (or would be so treated if a holder of Shares also had received shares of Smith Common Stock) (the Aggregate Cash Consideration ), exceeds the Maximum Cash Amount, the Merger Consideration shall be adjusted to increase the Smith Common Stock portion thereof and decrease the cash portion thereof to the extent necessary so as to cause the Aggregate Cash Consideration to not exceed the Maximum Cash Consideration. It is intended that any such adjustment be made in a manner that preserves the existence of fixed consideration for purposes of Treasury Regulation § 1.368-1T(e)(2).

Rule 13e-3 promulgated under the Exchange Act, which Smith does not believe would apply to the Merger if the Merger occurs within one year of the completion of the Offer, would require, among other things, that certain financial information concerning W-H, and certain information relating to the fairness of the proposed transaction and the consideration offered to shareholders of W-H, be filed with the SEC and disclosed to shareholders prior to the completion of the Merger.

***Dissenter s Rights***

Although shareholders do not have dissenter s rights in connection with the Offer, W-H shareholders at the time of the Merger who do not vote in favor of the Merger will have the right under Texas law to dissent and demand fair value for their Shares in accordance with Articles 5.11, 5.12, 5.13 and 5.16 of the TBCA, as applicable. Under such provisions of the TBCA, dissenting W-H shareholders who comply with the applicable statutory procedures will be entitled to receive a judicial determination of the fair value of their Shares (exclusive of any element of value arising from the accomplishment or expectation of the Merger) and to receive payment of such fair value in cash, together with a fair rate of interest, if any. Smith cannot assure W-H shareholders as to the methodology a court would use to determine fair value or how a court would select which elements of value are to be included in such a determination. Any such judicial determination of the fair value of Shares could be based upon factors other than, or in addition to, the price per Share to be paid in the Merger or the market value of the Shares. The value so determined could be more or less than the price per Share to be paid in the Merger.

### The Post-Closing Merger

As promptly as practicable after the Merger, Smith will cause W-H to merge with and into a wholly owned subsidiary of Smith with such subsidiary surviving the merger.

The Post-Closing Merger will facilitate the integration of the businesses of Smith and W-H. In addition, the Post-Closing Merger is intended to cause the Offer and the Mergers, taken together, to qualify as a reorganization within the meaning of Section 368(a) of the Code. See the discussion under the caption Material U.S. Federal Income Tax Consequences. Immediately prior to the Post-Closing Merger, Smith will be the sole shareholder of the Surviving Corporation, 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.

### Plans for W-H

In connection with the Offer, Smith has reviewed and will continue to review various possible business strategies that it might consider in the event that Offeror acquires control of W-H, whether pursuant to the Offer, the Merger or otherwise. Following a review of additional information regarding W-H, these changes could include, among other things, changes in W-H s business, operations, personnel, employee benefit plans, corporate structure, capitalization and management.

#### *Delisting and Termination of Registration*

If W-H qualifies for termination of registration under the Exchange Act after the Offer is consummated, Smith intends to seek to have W-H withdraw the Shares from listing on the New York Stock Exchange and to terminate the registration of Shares under the Exchange Act. See Effect of the Offer on the Market for Shares; NYSE Listing; Registration Under the Exchange Act; Margin Regulations.

#### *Board of Directors and Management*

Upon consummation of the Merger, the directors of W-H as the Surviving Corporation will be the directors of Offeror immediately prior to the effective time of the Merger, and the officers of W-H as the Surviving Corporation will be the officers of Offeror immediately prior to the effective time of the Merger. After Smith s review of W-H and its corporate structure, management and personnel, Smith will determine what additional changes, if any, would be desirable.

### Effect of the Offer on the Market for Shares; NYSE Listing; Registration Under the Exchange Act; Margin Regulations

#### *Effect of the Offer on the Market for the Shares*

The purchase of Shares by Offeror pursuant to the Offer will reduce the number of holders of Shares and the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares held by the public. The extent of the public market for Shares after consummation of the Offer and the availability of quotations for such Shares will depend upon a number of factors, including the number of shareholders holding Shares, the aggregate market value of the Shares held by the public at such time, the interest of maintaining a market in the Shares, analyst coverage of W-H on the part of any securities firms and other factors.

***NYSE Quotation***

The Shares are quoted on the New York Stock Exchange. Depending upon the number of Shares acquired pursuant to the Offer and the aggregate market value of any Shares not purchased pursuant to the Offer, Shares may no longer meet the standards for continued listing on the New York Stock Exchange and may be delisted from the NYSE. The published guidelines of the New York Stock Exchange state that it would consider delisting shares of a company listed on the NYSE if, among other things, (i) the number of total shareholders of W-H were to fall below 400, (ii) the number of total shareholders of W-H were to fall below 1200 and the average monthly trading volume for Shares is less than 100,000 for the most recent 12 months or (iii) or the number of publicly held Shares (excluding holdings of officers and directors of W-H and their immediate families and other concentrated holdings of 10% or more) should fall below 600,000. If Shares are delisted from the NYSE, the market for Shares would be adversely affected as described above. If Shares are not delisted prior to the Merger, then Smith intends to delist the Shares from the NYSE promptly following consummation of the Merger.

***Registration Under the Exchange Act***

Shares currently are registered under the Exchange Act. This registration may be terminated upon application by W-H to the SEC if Shares are not listed on a national securities exchange and there are fewer than 300 record holders. Termination of registration would substantially reduce the information required to be furnished by W-H to holders of Shares and to the SEC and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement in connection with shareholders meetings and the requirements of Exchange Act Rule 13e-3 with respect to going private transactions, no longer applicable to Shares. In addition, affiliates of W-H and persons holding restricted securities of W-H may be deprived of the ability to dispose of these securities pursuant to Rule 144 under the Securities Act. If registration of Shares under the Exchange Act is not terminated prior to the Merger, then Smith intends to terminate the registration of Shares following consummation of the Merger.

***Margin Regulations***

Shares currently are a margin security under the regulations of the Board of Governors of the Federal Reserve System, which has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, Shares may no longer constitute margin securities for purposes of the margin regulations of the Federal Reserve Board, in which event such Shares could no longer be used as collateral for loans made by brokers.

**Conditions of the Offer**

Offeror shall not accept for exchange or exchange any Shares, may postpone the acceptance for exchange, or the exchange, of tendered Shares, and may, in its sole discretion, terminate or amend the Offer if at the Expiration Date the following conditions are not met or waived, if subject to waiver:

***Minimum Tender***

There shall have been validly tendered and not properly withdrawn prior to the expiration of the Offer, a number of Shares which, together with any Shares that Smith or Offeror beneficially owns for their own account, will constitute at least 662/3% of the Shares outstanding on a fully diluted basis as of the Expiration Date.

***W-H s Recommendation***

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 Change of Recommendation.

***Antitrust***

Any applicable waiting period under the HSR Act shall have expired or been terminated or any other requisite clearances and/or approvals under the HSR Act or any other federal, state or foreign antitrust or competition laws of any governmental entity shall have been obtained prior to the expiration of the Offer.

***Certain Other Conditions***

The other conditions to the Offer are as follows:

the registration statement, of which this prospectus/offer to exchange is a part, shall have become effective under the Securities Act, and shall not be the subject of any stop order or proceeding seeking a stop order;

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 by a governmental entity 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 or any fact, circumstance, occurrence, event, development, or change shall have occurred or shall exist which would reasonably be expected to have a W-H Material Adverse Effect;

(i) other than with respect to Sections 3.2(a-d) (Capitalization), 3.3(c) (Takeover Laws), 3.10(a) (Absence of Certain Changes), 3.19 (Vote Required), 3.20 (Opinion of Financial Advisor) and 3.21 (Brokers), the representations and warranties of W-H contained in the Merger Agreement shall be true and correct in all respects (without giving effect to any exceptions or qualifications contained therein relating to materiality or W-H Material Adverse Effect ) at and as of the scheduled Expiration Date with the same effect as if made at and as of such date or if such representations speak as of an earlier date, as of such earlier date, except, in either such case to the extent that any failure to be true and correct has not had, and would not reasonably be expected to have, a W-H Material Adverse Effect, (ii) the representations and warranties of W-H contained in Sections 3.2(a-d) (Capitalization), 3.3(c) (Takeover Laws), 3.19 (Vote Required), 3.20 (Opinion of Financial Advisor) and 3.21 (Brokers), shall be true and correct in all material respects (with respect to the figures cited in the first two sentences of Section 3.2(a) (Capitalization), in all material respects shall mean that such figures are accurate, in the aggregate, to within 25,000 shares) at and as of the scheduled Expiration Date with the same effect as if made at and as of such date or if such representations speak as of an earlier date, as of such earlier date, (iii) the representations and warranties of W-H contained in Sections 3.10(a) (Absence of Certain Changes) shall be true and correct in all respects at and as of the scheduled Expiration Date with the same effect as if made at and as of such date or if such representations speak as of an earlier date, as of such earlier date, and (iv) W-H shall not have failed to comply with its covenants and agreements contained in the Agreement in all material respects;

there shall not have occurred and continued 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; or

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 foregoing conditions 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. Any determination by Smith and Offeror concerning any event described above will be final and binding upon all parties. The failure by Offeror at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right, the waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver with respect to any other facts and circumstances and each such right will be deemed an ongoing right that may be asserted at any time and from time to time.

Table of Contents

## Certain Legal Matters; Regulatory Approvals

### *General*

Smith is not aware of any governmental license or regulatory permit that appears to be material to W-H s business that might be adversely affected by Offeror s acquisition of Shares pursuant to the Offer or, except as described below, of any approval or other action by any government or governmental administrative or regulatory authority or agency, domestic or foreign, that would be required for Offeror s acquisition or ownership of Shares pursuant to the Offer. Should any of these approvals or other actions be required, Smith and Offeror currently contemplate that these approvals or other actions will be sought. There can be no assurance that (a) any of these approvals or other actions, if needed, will be obtained (with or without substantial conditions), (b) if these approvals were not obtained or these other actions were not taken adverse consequences would not result to W-H s business, or (c) certain parts of W-H s or Smith s, or any of their respective subsidiaries , businesses, would not have to be disposed of or held separate, any of which could cause Offeror to elect to terminate the Offer without the exchange of Shares under the Offer. Offeror s obligation under the Offer to accept for exchange and pay for Shares is subject to certain conditions. See Conditions of the Offer.

Smith has limited operations in countries which are subject to trade or economic sanctions or other restrictions imposed by the U.S. government. These countries include Iran, Syria, and Sudan. Smith s operations in these countries are conducted through non-U.S. wholly and partially owned affiliates. Approximately 1% of Smith s annual revenue in each of the last three years was derived from these countries. Smith does not believe such to be strategically significant to its worldwide operations as a whole.

### *Antitrust*

Under the HSR Act and the rules that have been promulgated thereunder by the FTC certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the DOJ and the FTC and certain waiting period requirements have been satisfied. The purchase of Shares pursuant to the Offer is subject to such requirements.

Pursuant to the requirements of the HSR Act, Smith and W-H each filed a Notification and Report Form with respect to the Offer and the Merger with the Antitrust Division of the DOJ and the FTC on June 24, 2008. On July 18, 2008, following consultation with the Antitrust Division of the DOJ, Smith withdrew and re-filed its Notification and Report Form with respect to the Offer and the Merger. On August 12, 2008, Smith and W-H received notification from the FTC granting early termination of the waiting period under the HSR Act with respect to the Offer and Merger.

Under the laws of certain foreign nations and multinational authorities, the transaction may not be completed or control may not be exercised unless certain filings are made with these nations antitrust regulatory authorities or multinational antitrust authorities, and these antitrust authorities approve or clear closing of the transaction. Other foreign nations and multinational authorities have voluntary and/or post-merger notification systems.

Private parties (including individual states) may also bring legal actions under the antitrust laws. Smith does not believe that the consummation of the Offer will result in a violation of any applicable antitrust laws. However, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made, or if such a challenge is made, what the result will be. *See* Conditions of the Offer for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

***Texas Litigation***

On June 9, 2008, an action entitled *The Booth Family Trust v. White, et al.*, No. 2008-35207, was filed in the Harris County Texas District Court. The plaintiff claims to be a shareholder of W-H and purports to sue W-H, the members of the W-H board of directors and Smith on behalf of a class of all holders of Shares other than the defendants and their affiliates. The petition alleges that W-H s directors breached the fiduciary duties of care, loyalty, candor, good faith, independence and fair dealing owed to W-H s shareholders in agreeing to the Offer and the Merger, and that W-H and Smith aided and abetted these breaches of duty. The plaintiff claims that the consideration to be paid to W-H s shareholders in connection with the Offer and the Merger is unfair and grossly inadequate and did not result from an appropriate consideration of the value of W-H or the strategic alternatives available to W-H. The plaintiff alleges that, following the announcement of the Merger Agreement, W-H s stock has traded over the value of the Offer consideration and that this suggests that the Offer and the Merger does not reflect fair value of the Shares. The plaintiff asserts that W-H s directors placed their own interests ahead of those of W-H s shareholders in that the Offer and the Merger offers an inadequate premium to the shareholders but will provide substantial personal benefits to the defendants. The plaintiff claims that the termination fee and no shop provisions of the Merger Agreement act as a disincentive to other potential bidders for W-H and preclude W-H from taking steps to maximize shareholder value. The plaintiff also alleges that W-H s directors have failed to disclose all material information to W-H s shareholders concerning the Offer and the Merger. The petition seeks various forms of injunctive relief including an injunction against the consummation of the Offer and the Merger, an order directing W-H s directors to exercise their fiduciary duties to obtain a transaction that is in the best interests of W-H and its shareholders until the sale of W-H is completed and the highest price is obtained, an order rescinding the Offer and the Merger if already consummated, the imposition of a constructive trust upon any benefits improperly received by defendants, and an award of attorneys and experts fees and costs. On July 3, 2008, plaintiff filed an amended petition further alleging that defendants had purportedly failed to disclose allegedly material information relating to the Offer and the Merger.

On July 10, 2008, the parties entered into a Memorandum of Understanding regarding the settlement of the lawsuit. Under the terms of the proposed settlement, the claims of the named plaintiff and the proposed class of public shareholders will be dismissed and released on behalf of the settlement class. Finalization of the proposed settlement remains subject to several conditions, including court approval and completion of the Offer and the Merger. In connection with the proposed settlement, Smith and W-H have agreed to provide additional disclosures in this registration statement on Form S-4 (such disclosures are made herein) and W-H s solicitation/recommendation statement on Schedule 14D-9, respectively. The parties also contemplate that plaintiff s counsel will petition the court for an award of attorneys fees and expenses to be paid by defendants, up to an agreed-upon limit.

## Interests of Certain Persons

### *Interests of Management and the W-H Board*

In considering the recommendations of the W-H board of directors with respect to the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and the fairness of the consideration to be received in the Offer and the Merger, W-H shareholders should be aware that certain executive officers and directors and officers of W-H have interests in the Offer and the Merger which may constitute conflicts of interest, as described below and in more detail in W-H s Solicitation/Recommendation Statement on Schedule 14D-9, including the Information Statement attached as Annex A to the Schedule 14D-9. The W-H board of directors was aware of these interests and considered them, among other matters, in recommending the tender of Shares in the Offer and approval of the Merger. For purposes of all of the W-H agreements and plans described below, the consummation of the Offer will constitute a Change in Control.

### *Treatment of Stock Options and Stock-Based Awards*

Certain directors and officers of W-H have been granted options to acquire Shares and are holders of restricted Shares. Immediately prior to the consummation of the Offer (or, to the extent required, at such earlier time as may be administratively necessary in order to allow optionholders to participate in the Offer), each outstanding W-H Option will become fully vested and exercisable. Likewise, holders of restricted Shares will be entitled to tender their restricted Shares in the Offer notwithstanding any transfer restrictions, in the same manner as any other outstanding Shares. Any restricted Shares that are not validly tendered and accepted for exchange in the Offer and which are outstanding immediately prior to the effective time of the Merger will be converted into the right to receive the price per Share to be paid in the Merger in the same manner as any other Shares which are outstanding immediately prior to the effective time of the Merger. For a more complete description of the treatment of W-H Options and stock-based awards of certain directors and officers of W-H, see Merger Agreement W-H Benefit Plans.

**Table of Contents**

As of June 13, 2008, the following directors and executive officers of W-H had outstanding options to purchase the number of Shares specified below, all of which, to the extent they do not previously vest in accordance with their terms, as described above will vest immediately prior to the consummation of the Offer:

| **Name** | **Title** | **Options Outstanding** | **Exercise Price** | **Vesting Status prior to the Offer** | **Vesting upon Consummation of the Offer (Assuming a Consummation Date of July 22, 2008)** |
|---|---|---|---|---|---|
| Kenneth T. White, Jr. | Chairman, President, Chief Executive Officer and Director | 345,000 | $ 4.55 | Vested | 0 |
| | | 75,000 | $ 22.95 | 18,750 Unvested | 18,750 |
| John R. Brock | Director | 2,500 | $ 17.57 | Vested | 0 |
| | | 2,875 | $ 21.04 | Vested | 0 |
| | | 10,000 | $ 22.95 | 2,500 Unvested | 2,500 |
| James D. Lightner | Director | 10,000 | $ 21.75 | 2,500 Unvested | 2,500 |
| | | 10,000 | $ 22.95 | 2,500 Unvested | 2,500 |
| Christopher Mills | Director | 10,000 | $ 17.57 | Vested | 0 |
| | | 10,000 | $ 21.04 | Vested | 0 |
| | | 25,000 | $ 22.88 | Vested | 0 |
| | | 10,000 | $ 22.95 | 2,500 Unvested | 2,500 |
| Milton L. Scott | Director | 10,000 | $ 17.57 | Vested | 0 |
| | | 10,000 | $ 21.04 | Vested | 0 |
| | | 10,000 | $ 22.95 | 2,500 Unvested | 2,500 |
| Robert H. Whilden, Jr. | Director | 10,000 | $ 17.57 | Vested | 0 |
| | | 10,000 | $ 21.04 | Vested | 0 |
| | | 25,000 | $ 22.88 | Vested | 0 |
| | | 10,000 | $ 22.95 | 2,500 Unvested | 2,500 |
| Ernesto Bautista, III | Vice President and Chief Financial Officer | 20,000 | $ 15.28 | Vested | 0 |
| | | 1,250 | $ 16.50 | Vested | 0 |
| | | 10,000 | $ 18.64 | Vested | 0 |
| | | 18,750 | $ 22.95 | 6,250 Unvested | 6,250 |
| William J. Thomas III | Vice President | 30,000 | $ 15.28 | Vested | 0 |
| | | 15,000 | $ 18.64 | Vested | 0 |
| | | 25,000 | $ 22.95 | 6,250 Unvested | 6.250 |

| | | | | | |
|---|---|---|---|---|---|
| Glen J. Ritter | Vice President | 20,000 | $ 18.06 | Vested | 0 |
| | | 50,000 | $ 22.88 | Vested | 0 |
| | | 25,000 | $ 22.95 | 6,250 Unvested | 6,250 |
| Jeffrey L. Tepera | Vice President and Chief Operating Officer | 40,000 | $ 15.28 | Vested | 0 |
| | | 40,000 | $ 16.50 | Vested | 0 |
| | | 40,000 | $ 18.64 | Vested | 0 |
| | | 30,000 | $ 22.88 | Vested | 0 |
| | | 50,000 | $ 22.95 | 12,500 Unvested | 12,500 |
| Stuart J. Ford | Vice President and Intellectual Property Counsel | 6,250 | $ 22.95 | 3,125 Unvested | 3,125 |

Table of Contents

As of June 13, 2008, the following directors and executive officers of W-H held the outstanding restricted Shares specified below, all of which, to the extent they do not previously vest in accordance with their terms, will vest in full upon consummation of the Offer:

| Name | Title | Restricted Shares |
|---|---|---|
| Kenneth T. White, Jr. | Chairman, President, Chief Executive Officer and Director | 13,334 |
| John R. Brock | Director | 3,750 |
| James D. Lightner | Director | 3,750 |
| Christopher Mills | Director | 3,750 |
| Milton L. Scott | Director | 3,750 |
| Robert H. Whilden, Jr. | Director | 3,750 |
| Ernesto Bautista, III | Vice President and Chief Financial Officer | 14,000 |
| William J. Thomas III | Vice President | 15,500 |
| Glen J. Ritter | Vice President | 15,500 |
| Jeffrey L. Tepera | Vice President and Chief Operating Officer | 23,500 |
| Stuart J. Ford | Vice President and Intellectual Property Counsel | 6,250 |

***Employment Agreements***

Under the terms of an amended and restated employment agreement between W-H and Kenneth T. White, Jr., effective as of January 1, 2008, if Mr. White s employment is terminated (A) by W-H other than due to his death or incapacity or for certain cause -type reasons, (B) by Mr. White for certain good reason -type reasons or (C) by Mr. White for any reason during the 180-day period following a Change in Control, then (a) Mr. White will be entitled to receive (i) his salary through the date of termination and (ii) a lump sum cash payment equal to 250% of the sum of his base salary and his highest annual bonus in the three years preceding his termination; (b) any outstanding stock options, restricted stock awards and other equity based awards held by Mr. White will become fully vested and immediately exercisable on the date of his termination; (c) Mr. White will be entitled to enter into an agreement to perform consulting services for W-H, or its successor, for up to 20 hours per month for five years for the consideration of $25,000 per year; and (d) Mr. White will be entitled to continue to participate in all W-H health, medical, and insurance plans that may be in effect from time to time for five years from his date of termination.

Under the terms of amended and restated employment agreements with Messrs. Bautista, III, Thomas III, Ritter, Tepera and Ford, if the executive s employment is terminated (A) by W-H other than due to the executive s death or incapacity or for certain cause -type reasons, (B) by the executive for certain good reason -type reasons or (C) by the executive for any reason during the 180-day period following a Change in Control, then (a) the executive will be entitled to receive (i) his salary through the date of termination and (ii) a lump sum cash payment equal to 200% of the sum of his base salary and his highest annual bonus in the three years preceding his termination and (b) any outstanding stock options, restricted stock awards and other equity based awards held by the terminating officer become fully vested and immediately exercisable on the date of his termination.

Pursuant to each of the employment agreements, in the event that an executive becomes subject to the excise tax under Section 4999 of the Code, he will be entitled to an additional payment such that he will be placed in the same after-tax position as if no such excise tax had been imposed.

63

Table of Contents

Assuming that the Offer is completed on July 22, 2008 and the executive experiences a qualifying termination of employment immediately thereafter (which would include a resignation by the executive for any reason), the executive officers would be entitled to receive the following estimated cash severance payments:

| | Multiple of Salary and Applicable |
|---|---|