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SMITH INTERNATIONAL INC  
Form S-3  
August 18, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 18, 2005  
REGISTRATION NO. 333-\_\_\_\_\_

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

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FORM S-3  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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SMITH INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

95-3822631  
(I.R.S. Employer Identification No.)

411 NORTH SAM HOUSTON PARKWAY, SUITE 600  
HOUSTON, TEXAS 77060  
(281) 443-3370  
(Address, including zip code, and telephone number, including area  
code, of registrant's principal executive offices)

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NEAL S. SUTTON  
SENIOR VICE PRESIDENT - LAW AND ADMINISTRATION AND CORPORATE SECRETARY  
SMITH INTERNATIONAL, INC.  
411 NORTH SAM HOUSTON PARKWAY, SUITE 600  
HOUSTON, TEXAS 77060  
(281) 233-5060  
(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

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Copies to:  
ERIC A. BLUMROSEN  
GARDERE WYNNE SEWELL LLP  
1000 LOUISIANA, SUITE 3400  
HOUSTON, TEXAS 77002-5011  
(713) 276-5533

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this registration statement until such time that all of the securities registered hereunder have been sold.

If the only securities being registered on this form are being offered

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pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

### CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SECURITY (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)
Debt Securities(4)	--	--	--
Common Stock, par value \$1 per share (5)	--	--	--
<b>Total</b>	<b>\$500,000,000</b>	<b>--</b>	<b>\$500,000,000</b>

- (1) The proposed maximum initial offering price per security will be determined from time to time by the registrant.
- (2) Estimated solely for the purpose of calculating the registration fee. In no event will the aggregate initial offering price of all securities issued from time to time pursuant to this registration statement exceed \$500,000,000 or the equivalent thereof in foreign currencies. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.
- (3) The registration fee has been calculated in accordance with Rule 457(o).
- (4) Subject to Footnote (2), there is being registered hereunder an indeterminate principal amount of debt securities that may be issued from time to time by the registrant. If any such debt securities are issued at an original issue discount, then the offering price shall be in such greater amount as shall result in proceeds of \$500,000,000.
- (5) Subject to Footnote (2), there is being registered hereunder an indeterminate number of shares of common stock that may be issued from time to time by the registrant.

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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 WHICH 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 SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT 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 18, 2005

PROSPECTUS

SMITH INTERNATIONAL, INC.

\$500,000,000

By this prospectus, we may offer:

COMMON STOCK

DEBT SECURITIES

UNITS CONSISTING OF ANY COMBINATION OF THESE SECURITIES

These securities will have an aggregate initial offering price of up to \$500,000,000 or an equivalent amount in U.S. dollars if any securities are denominated in a currency other than U.S. dollars. We may offer these securities separately or together in units and as separate series.

We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplement may add, update or change information contained in this prospectus. This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement. You should read this prospectus and any prospectus supplement carefully before you invest.

YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET FORTH ON PAGE 5 OF THIS PROSPECTUS.

Our common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange under the trading symbol "SII."

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is \_\_\_\_\_, 2005

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR IN ANY PROSPECTUS SUPPLEMENT. WE HAVE NOT AUTHORIZED ANYONE ELSE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THOSE DOCUMENTS.

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ABOUT THE PROSPECTUS

This prospectus is part of a "shelf" registration statement that we have filed with the Securities and Exchange Commission ("SEC"). Using the shelf process, we may offer:

- Common Stock;
- Debt Securities; or
- Units consisting of any combination of these securities.

We may offer these securities in one or more offerings with a total initial offering price of up to \$500,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement and, if applicable, a pricing supplement that will describe the specific terms of that offering. The prospectus supplement and any pricing supplement may also add, update or change the information in this prospectus. Please carefully read this prospectus, the prospectus supplement, any pricing supplement, and the documents we incorporate by reference that are listed under the heading "Where You Can Find More Information."

In this prospectus, references to "Smith," "Company," "we," "us," and "our" mean Smith International, Inc. and its subsidiaries, taken as a whole, unless the context requires otherwise.

FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements also relate to the Company's outlook, financial projections and business strategies, as well as various other matters.

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These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases, including references to assumptions. These statements are contained in this prospectus and in the documents incorporated by reference in this prospectus. We may also provide oral or written forward-looking information in other materials we release to the public.

Forward-looking statements are not guarantees of future performance. Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the expected results implied by the forward-looking statements contained in this prospectus and in the information incorporated in this prospectus, including, without limitation, risks associated with the level of oil and natural gas exploration activities and with worldwide operations. We caution you that these forward-looking statements are only predictions and that a number of important factors could cause actual results to be different from our expectations expressed in or implied by any forward-looking statement. While it is not possible to identify all factors, our forward-looking statements are subject to general economic and business conditions, industry conditions, changes in laws or regulations and other risk factors that include, but are not limited to, those discussed in the "Risk Factors" section of this prospectus and any prospectus supplement, as well as additional disclosures described in the documents incorporated by reference into this prospectus, many of which are beyond our ability to control or predict.

Our management believes these forward-looking statements are reasonable. However, you should not place undue reliance on these forward-looking statements, which are based only on our current expectations. 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 or future events.

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### THE COMPANY

Smith International, Inc. is a leading worldwide supplier of premium products and services to the oil and gas exploration and production industry, the petrochemical industry and other industrial markets. We provide 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, fishing services, drilling tools, underreamers, casing exit and multilateral systems, packers and liner hangers. We also offer 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.

Our operations are aggregated into two reportable segments: Oilfield Products and Services and Distribution. The Oilfield Products and Services segment consists of: M-I SWACO, which provides drilling and completion fluid systems and services, solids-control and separation equipment, waste-management services and oilfield production chemicals; Smith Technologies, which manufactures and sells three-cone drill bits, diamond drill bits and turbine products; and Smith Services, which manufactures and markets products and services used for drilling, workover, well completion and well re-entry operations. The Distribution segment consists of one business unit, Wilson, which markets pipe, valves and fittings as well as mill, safety and other maintenance products to energy and industrial markets.

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Smith International, Inc. was incorporated in the state of California in January 1937 and reincorporated under Delaware law in May 1983. Our executive offices are headquartered at 411 North Sam Houston Parkway, Suite 600, Houston, Texas 77060 and our telephone number is (281) 443-3370. Our reports on Form 10-K, Form 10-Q, Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 are made available free of charge on our Internet website at [www.smith.com](http://www.smith.com) as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the Securities and Exchange Commission. Our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the Audit Committee, Compensation and Benefits Committee and Nominating and Corporate Governance Committee are also available on the Investor Relations section of our Internet website.

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### RISK FACTORS

You should carefully consider, in addition to the other information contained in, or incorporated by reference into, this prospectus and any accompanying prospectus supplement, the risks described below before making an investment decision.

WE ARE DEPENDENT ON THE LEVEL OF OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT ACTIVITIES.

Demand for our 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 and 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 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 our financial condition or results of operations.

THERE ARE CERTAIN RISKS ASSOCIATED WITH CONDUCTING BUSINESS IN MARKETS OUTSIDE OF NORTH AMERICA.

We are a multinational oilfield service company and generate the majority of our Oilfield segment revenues in markets outside of North America. Changes in local conditions in certain countries that have historically experienced a high degree of political and/or economic instability, could adversely impact our financial condition or results of operations. Additional risks inherent in our non-North American business activities include:

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- Changes in political and economic conditions in the countries in which we operate, including civil uprisings, riots and terrorist acts;
- Unexpected changes in regulatory requirements;
- Fluctuations in currency exchange rates and the value of the U.S. dollar;
- Restrictions on repatriation of earnings or expropriation of property without fair compensation;
- Governmental actions that result in the deprivation of contract rights; and
- Governmental sanctions.

### WE OPERATE IN A HIGHLY TECHNICAL AND COMPETITIVE ENVIRONMENT.

We operate in a highly-competitive business environment. Accordingly, demand for our products and services is largely dependent on our 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 our ability to continue providing superior-performing product offerings, our financial condition or results of operations could be adversely impacted.

### OUR BUSINESSES ARE SUBJECT TO A VARIETY OF GOVERNMENTAL REGULATIONS.

We are exposed to a variety of federal, state, local and international laws and regulations relating to the environmental, health and safety, export control, currency exchange, labor and employment and taxation matters. 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 our financial condition or results of operations.

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### USE OF PROCEEDS

Unless we specify otherwise in the applicable prospectus supplement, we will use the net proceeds from the sale of the offered securities for general corporate purposes, including working capital, the repayment or refinancing of our indebtedness, future acquisitions and capital expenditures. A description of any indebtedness to be refinanced with the proceeds from the sale of the securities will be set forth in the applicable prospectus supplement. Until we apply the net proceeds for specific purposes, we may invest the net proceeds in short-term or marketable securities.

### RATIO OF EARNINGS TO FIXED CHARGES

Our unaudited ratio of earnings to fixed charges for the periods indicated are set forth below.

Six Months Ended June 30,		Years Ended December 31,				
2005	2004	2004	2003	2002	2001	2000
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Ratio of earnings to fixed charges (1)	12.04	8.47	9.50	7.02	5.58	7.50	5.03
Ratio of earnings to fixed charges, as adjusted (2)	10.21	6.64	7.80	5.49	4.25	6.23	4.25

- (1) For purposes of computing the ratio of earnings to fixed charges: "earnings" consist of "income before income taxes and minority interests," which includes earnings allocable to the minority interest ownership partners, plus fixed charges. "Fixed charges" consist of interest expensed and capitalized, amortized discounts and capitalized expenses related to indebtedness and the portion of rental expense estimated to represent a reasonable approximation of the interest component.
- (2) We derive a substantial portion of our earnings from M-I SWACO and other majority-owned joint venture operations, which are properly consolidated for financial reporting purposes. We have supplemented the required disclosure and adjusted the Ratio of Earnings to Fixed Charges calculation to eliminate our minority partners' ownership interest in "earnings" and "fixed charges" in order to reflect coverage levels on a Company-only basis. The Ratio of Earnings to Fixed Charges, as adjusted, should be viewed in addition to, and not as an alternative for, our consolidated ratio as presented in (1) above.

### PROSPECTUS SUPPLEMENT

This prospectus provides you with a general description of the common stock, debt securities and units consisting of common stock and debt securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add to, update or change information contained in this prospectus and, accordingly, to the extent inconsistent, such information will be superseded by the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information."

The prospectus supplement to be attached to the front of this prospectus will describe:

- the terms of any debt securities that we offer, including their title, ranking, aggregate principal amount, maturity, rate of any interest (or manner of calculation) and time of payment of principal and/or interest, any redemption or repayment terms, the currency or currencies in which such debt securities will be denominated or payable, any index, formula, or other method pursuant to which principal, premium, or interest may be determined, any terms of conversion or exchange and the form of such debt securities (registered, bearer, global and/or certificate);
- the terms of any common shares that we offer; and
- any initial public offering price, the purchase price and net proceeds to our company and the other specific terms related to our offering of such securities.



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The following is a summary of certain matters with respect to our capital stock. Because it is only a summary, it does not contain all of the information that may be important to you. Therefore, you should carefully read the more detailed provisions of our restated certificate of incorporation, our restated bylaws, our stockholder rights plan and the documents we have incorporated by reference.

### GENERAL

We may offer from time-to-time shares of common stock. As of the date of this prospectus, we have authorized 250,000,000 shares of common stock, \$1.00 par value, and 5,000,000 shares of preferred stock, \$1.00 par value. The following description of our capital stock is subject to the applicable provisions of our restated certificate of incorporation and our restated bylaws, which are incorporated by reference in this prospectus.

On July 21, 2005, we announced that our Board of Directors declared a two-for-one stock split, to be effected in the form of a stock dividend. Stockholders of record on August 5, 2005 are entitled to one additional share of common stock for each share held on that date, with fractional shares paid in cash. The Company's transfer agent, EquiServe Trust N.A., will distribute the stock dividend on or about August 24, 2005. As applicable, reference to shares in the forthcoming discussion will be subject to adjustment to reflect the impact of the stock dividend.

### COMMON STOCK

We are authorized by our restated certificate of incorporation to issue 250,000,000 shares of common stock, of which approximately 100,576,948 shares were issued and outstanding as of August 15, 2005 (which does not reflect the stock dividend to be distributed on or about August 24, 2005).

The holders of shares of common stock are entitled to one vote for each share held on all matters submitted to a vote of holders of common stock. Our common stock does not have cumulative voting rights, which means that the holders of a majority of the shares of our common stock outstanding can elect all our directors if they choose to do so. In such event, the holders of the remaining shares will not be able to elect any directors.

Each share of our common stock is entitled to participate equally in dividends, as and when declared by our Board of Directors, and in the distribution of assets in the event of liquidation, subject in all cases to any prior rights of outstanding shares of preferred stock. The shares of our common stock have no preemptive or conversion rights, redemption provisions or sinking fund provisions. All outstanding shares of our common stock are duly and validly issued, fully paid and nonassessable.

Our shares of common stock are listed on the New York Stock Exchange and the Pacific Stock Exchange under the symbol "SII." Any additional shares of common stock will also be listed on the New York Stock Exchange and the Pacific Stock Exchange.

### PREFERRED STOCK

We are authorized by our restated certificate of incorporation to issue 5,000,000 shares of preferred stock, of which no shares were issued and outstanding as of August 15, 2005. Our Board of Directors has the authority to issue, without any further action by the stockholders, except as may be required by applicable law or stock exchange regulations, the preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designations, powers, preferences and rights of the shares of each series and the qualifications, limitations and restrictions

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of each series. The preferred stock could include dividend, liquidation or voting rights that would limit or qualify the rights of the holders of the common stock or be used to discourage an unsolicited acquisition proposal.

In connection with the stockholder rights plan described below, our Board of Directors has authorized the issuance of up to 650,000 shares of non-redeemable junior participating preferred stock. The junior participating preferred stock ranks junior to all other series of our preferred stock and senior to the common stock as to the payment of dividends and the distribution of assets, unless the terms of any series provides otherwise. Each share of junior participating preferred stock is entitled to 200 (400 as adjusted for the August 2005 stock dividend) votes, subject to antidilution adjustments, on all matters submitted to a vote of our stockholders, voting together as one class with the common stock. Except as required by applicable law, holders of our junior participating preferred stock have no other special voting rights.

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### STOCKHOLDER RIGHTS PLAN

On June 8, 2000, we adopted a Stockholder Rights Plan (the "Rights Plan") to replace a similar plan which would have expired on June 19, 2000. As part of the Rights Plan, our Board of Directors declared a dividend of one junior participating preferred stock purchase right ("Right") for each share of our common stock outstanding on June 20, 2000. The Board also authorized the issuance of one such Right for each share of our common stock issued after June 20, 2000 until the occurrence of certain events.

The Rights are exercisable upon the occurrence of certain events related to a person (an "Acquiring Person") acquiring or announcing the intention to acquire beneficial ownership of 20 percent or more of our common stock. In the event any person becomes an Acquiring Person, each holder (except an Acquiring Person) will be entitled to purchase, at an effective exercise price of \$175 (\$87.50 as adjusted for the August 2005 stock dividend), subject to adjustment, shares of our common stock having a market value of twice the Right's exercise price. The Acquiring Person will not be entitled to exercise these Rights. In addition, if at any time after a person has become an Acquiring Person, we are involved in a merger or other business combination transaction, or sell 50 percent or more of its assets or earning power to another entity, each Right will entitle its holder to purchase, at an effective exercise price of \$175 (\$87.50 as adjusted for the August 2005 stock dividend), subject to adjustment, shares of common stock of such other entity having a value of twice the Right's exercise price. After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of our common stock, the Board may extinguish the Rights by exchanging one share of common stock, or an equivalent security, for each Right, other than Rights held by the Acquiring Person.

In the event the Rights become exercisable and sufficient shares of our common stock are not authorized to permit the exercise of all outstanding Rights, we are required under the Rights Plan to take all necessary action including, if necessary, seeking stockholder approval to obtain additional authorized shares.

The Rights are subject to redemption at the option of the Board of Directors at a price of one-half of a cent (one-quarter of a cent as adjusted for the August 2005 stock dividend) per Right until the occurrence of certain events. The Rights currently trade with our common stock, have no voting or dividend rights and expire on June 8, 2010.

### CERTAIN OTHER ANTI-TAKEOVER PROVISIONS

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We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is, or the transaction by which such stockholder became an "interested stockholder" was, approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to specified exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock.

Our restated certificate of incorporation contains a provision similar to Section 203 of the Delaware General Corporation Law, except that it requires a higher percentage of all stockholders voting as a class to approve a business combination (as defined therein), it prohibits business combinations with interested stockholders (as defined therein) for only two years and it contains what is generally referred to as a "fair price provision". Our restated certificate of incorporation provides that any proposal by the interested stockholder or affiliate thereof to amend or repeal this provision shall generally require the affirmative vote of the holders of not less than 75% of the outstanding shares of capital stock, excluding the voting stock held by the interested stockholder or affiliate thereof.

Our restated certificate of incorporation also contains certain other provisions that may delay, defer or prevent a tender offer or takeover attempt. Our restated certificate of incorporation provides that our Board of Directors is divided into three classes that are elected for staggered three-year terms and that our stockholders may only remove a director for cause. Our restated certificate of incorporation further provides that our stockholders may not take any action by written consent.

### TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is EquiServe Trust Company, N.A.

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### DESCRIPTION OF DEBT SECURITIES

We may offer debt securities that will be issued pursuant to an indenture, dated as of September 8, 1997, between us and The Bank of New York, as trustee. We may supplement the indenture by supplemental indentures in order to issue new debt securities, change the provisions of the indenture or alter previously issued debt securities. The following is a summary of certain provisions of the indenture and does not contain all of the information that may be important to you. You should read all provisions of the indenture carefully, including the definitions of terms, before you decide to invest in the debt securities. If we refer to particular sections or defined terms of the indenture, we mean to incorporate by reference those sections or defined terms of the indenture. We filed a copy of the indenture as Exhibit 4.1 to our Registration Statement on Form S-3 dated August 22, 1997 (Registration No. 333-34249). See "Where You Can Find More Information."

### GENERAL

The debt securities will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness. We have issued the following securities under the indenture:

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- \$250,000,000 in aggregate principal amount of 6 3/4% senior notes of which \$220,000,000 is outstanding and due February 2011; and
- \$150,000,000 in aggregate principal amount of 7% senior notes due September 2007.

The indenture does not limit the amount of debt securities that we may issue. We may issue the debt securities in one or more series with the same or various maturities, at par, at a premium, or with an original issue discount. The prospectus supplement will set forth the initial offering price, the aggregate principal amount and the following terms of the debt securities:

- the title;
- any limit on the aggregate principal amount of a particular series;
- the date or dates that principal is payable;
- the rate or rates of interest and, if applicable, the method used to determine the rate or rates of interest, if any, the date or dates from which interest will accrue, the dates that interest will be payable and the record date for the payment of interest;
- the place or places where principal and interest will be payable;
- the period or periods within which, the price or prices at which and the terms and conditions upon which the debt securities may be redeemed, in whole or in part, at our option;
- our obligation, if any, to redeem, repurchase or repay the debt securities pursuant to any sinking fund or similar provisions or at the option of a holder thereof and the period, price and terms and conditions for redemption, repurchase or repayment;
- the provisions, if any, for the defeasance of the debt securities;
- the denominations, if other than denominations of \$1,000 and any integral multiple thereof;
- the amount of principal that will be payable upon acceleration, if other than the entire principal amount;
- the currency of denomination;
- the designation of the currency or currencies in which payment of principal and interest will be made;
- if payments of principal or interest are to be made in a currency other than the denominated currency, how the exchange rate will be determined;
- how the payments of principal or interest will be determined if by reference to an index based on a currency or currencies other than originally denominated or by reference to a commodity, commodity index, stock exchange index or financial index;
- any addition to or change in the events of default or covenants with respect to the debt securities; and
- any other terms that will not be inconsistent with the provisions of the indenture.

FORM, EXCHANGE, REGISTRATION AND TRANSFER; PAYMENT; BOOK-ENTRY

We will issue the debt securities in registered form. We will not charge a service charge for any registration of transfer or exchange of the debt securities. We may, however, require the payment of any tax or other governmental charge payable for that registration.

Debt securities of any series will be exchangeable for other debt securities of the same series with the same total principal amount and the same terms but in different authorized denominations in accordance with the applicable indenture. Holders may present debt securities for registration of transfer at the office of the registrar. The registrar will effect the transfer or exchange when it is satisfied with the documents of title and identity of the person making the request.

We will appoint the trustee under the indenture as registrar for our debt securities issued under that indenture. We are required to maintain an office or agency for transfers and exchanges in each place of payment. We may at any time designate additional registrars for any series of debt securities.

Unless we inform you otherwise in a prospectus supplement, payments on the debt securities will be made in U.S. dollars at the office of the trustee or any paying agent we designate. At our option, we may make payments by check mailed to the holder's registered address or by wire transfer for global debt securities. Unless we inform you otherwise in a prospectus supplement, we will make interest payments to the person in whose name the debt security is registered at the close of business on the record date for the interest payment.

Unless we inform you otherwise in a prospectus supplement, the trustee under the indenture will be designated as our paying agent for payments on debt securities issued under the indenture. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts.

In most cases, the trustee and paying agent will repay to us upon written request any funds held by them for payments on the debt securities that remain unclaimed for two years after the date upon which that payment has become due. After payment to us, holders entitled to the money must look to us for payment.

We may issue debt securities of a series in the form of one or more global debt securities that would be deposited with a depository or its nominee identified in the prospectus supplement. We may issue global debt securities in either temporary or permanent form. We will describe in the prospectus supplement the terms of any depository arrangement and the rights and limitations of owners of beneficial interests in any global debt security.

NO PROTECTION IN THE EVENT OF A CHANGE OF CONTROL

Unless otherwise set forth in the prospectus supplement, the debt securities will not contain any provisions that protect the holders of the debt securities in the event of a change of control of us or in the event of a highly leveraged transaction, whether or not such transaction results in a change of control of us.

CERTAIN COVENANTS

The indenture does not contain any restrictions on our payment of dividends or any financial covenants. The indenture does not contain provisions that would afford holders of the debt securities protection in the event of a transfer of

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assets to a Subsidiary and incurrence of unsecured debt by that Subsidiary, or in the event of a decline in our credit quality resulting from highly leveraged or other similar transactions involving us.

Limitation on Indebtedness Secured by a Lien. The indenture provides that neither we nor any Subsidiary will create, assume, guarantee or suffer to exist any Indebtedness secured by any lien, pledge, mortgage, security interest, conditional sale or other title retention agreement or other similar encumbrance ("Lien") on any Principal Property unless we secure or cause our Subsidiary to secure the debt securities equally and ratably with, or prior to, the secured Indebtedness. This restriction will not apply to Indebtedness secured by:

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- Liens on any Principal Property of any Person that exists prior to the time (A) that Person becomes a Subsidiary, (B) that Person merges into or consolidates with a Subsidiary or (C) a Subsidiary merges into or consolidates with that Person in a transaction in which that Person becomes a Subsidiary, provided that the Liens were not created in anticipation of or in connection with any transaction described in clauses (A), (B) or (C);
- Liens in favor of us or a Subsidiary;
- Liens on any Principal Property in favor of the United States of America or any state or political subdivision of the United States, or in favor of any other country or any political subdivision of any other country, to secure payment under any contract or statute or to secure any Indebtedness incurred for the purpose of financing all or part of the purchase price or the cost of construction or improvement of the Principal Property subject to those Liens;
- Liens on any Principal Property subsequently acquired by us or any Subsidiary, contemporaneously with the acquisition of the Principal Property or within 180 days after that acquisition, to secure or provide for the payment of any part of the purchase price, construction or improvement of the Principal Property, or Liens assumed by us or any Subsidiary upon any Principal Property subsequently acquired by us or any Subsidiary that existed at the time of the acquisition of the Principal Property, provided that the amount of any Indebtedness secured by any Lien created or assumed does not exceed the cost to us or our Subsidiary, as the case may be, of the Principal Property covered by that Lien;
- Liens existing on the date of issuance of the debt securities;
- Liens representing the extension, renewal or refunding of any Lien referred to in the preceding clauses and the Indebtedness secured by those Liens;
- Liens for taxes and governmental charges not yet due or that are being contested in good faith;
- pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements; and
- any other Lien, so long as the aggregate of all Indebtedness secured by such Liens and the aggregate Value of the Sale and Lease-Back Transactions in existence at that time, not including those in

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connection with which we have voluntarily retired funded Indebtedness as provided in the indenture, does not exceed 10% of the Consolidated Net Tangible Assets of us and our Subsidiaries. (Indenture Section 10.7).

Limitation on Sale and Lease-Back Transactions. The indenture provides that neither we nor any Subsidiary will enter into any Sale and Lease-Back Transaction with respect to any Principal Property unless either:

- we or any Subsidiary would be entitled, under our covenant relating to "Limitation on Indebtedness Secured by a Lien," to create, assume, guarantee or suffer Indebtedness secured by a Lien under any provision of the first five clauses in the preceding paragraph or to incur Indebtedness in a principal amount equal to or exceeding the Value of the Sale and Lease-Back Transaction secured by a Lien on the property to be leased without equally and ratably securing the securities; or
- we or any Subsidiary, within 120 days after the effective date of the transaction, apply an amount equal to the greater of (x) the net proceeds of the sale of the property subject to the Sale and Lease-Back Transaction and (y) the Value of the Sale and Lease-Back Transaction, to the voluntary retirement of our Indebtedness, which may include the debt securities. (Indenture Section 10.8).

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### CERTAIN DEFINITIONS

"Capital Stock" is defined in the indenture to mean any and all shares, interests, participations or other equivalents in the equity interest in any Person and any rights (other than debt securities convertible into an equity interest), warrants or options to subscribe for or to acquire an equity interest in such Person.

"Consolidated Net Tangible Assets" is defined in the indenture to mean total consolidated assets of us and our Subsidiaries, less (i) current liabilities of us and our Subsidiaries, and (ii) the net book amount of all intangible assets of us and our Subsidiaries.

"Consolidated Subsidiary" is defined in the indenture to mean at any date any Subsidiary the accounts of which are consolidated with ours for financial reporting purposes.

"Indebtedness" is defined in the indenture to mean (i) long-term liabilities representing borrowed money or purchase money obligations as shown on the liability side of a balance sheet, other than liabilities evidenced by obligations under leases, (ii) indebtedness secured by any Lien existing on property owned subject to that Lien, whether or not the secured indebtedness has been assumed and (iii) contingent obligations in respect of, or to purchase or otherwise acquire, any indebtedness of others described in the foregoing clauses (i) or (ii) above, including guarantees and endorsements, other than for purposes of collection in the ordinary course of business of any indebtedness.

"Person" is defined in the indenture to mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or any other entity.

"Principal Property" is defined in the indenture to mean any manufacturing plant, processing plant or any mining facility or property owned or leased by us or any Subsidiary, any Capital Stock or Indebtedness of a Subsidiary or any other property or right owned by or granted to us or any Subsidiary and used or

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held for use in any of the principal businesses conducted by us or any Subsidiary, except for any such property or right which, in the opinion of our Board of Directors as set forth in a Board resolution adopted in good faith, is not material to the total business conducted by us and our Subsidiaries considered as one enterprise.

"Sale and Lease-Back Transaction" is defined in the indenture to mean the leasing by us or a Subsidiary for a period of more than three years of any Principal Property that has been sold or is to be sold or transferred by us or any Subsidiary to any party, other than us or a Subsidiary.

"Significant Subsidiary" is defined in the indenture to mean any Subsidiary (i) which, as of the close of our fiscal year immediately preceding the date of determination, contributed more than 10% of the consolidated net operating revenues of us and our consolidated Subsidiaries for such year or (ii) the total net tangible assets of which as of the close of such immediately preceding fiscal year exceeded 10% of the Consolidated Net Tangible Assets.

"Subsidiary" of a Person is defined in the indenture to mean (i) a corporation, a majority of whose Voting Stock is at the time, directly or indirectly, owned by that Person, by one or more subsidiaries of that Person or by that Person and one or more subsidiaries of that Person, (ii) a partnership in which that Person or a subsidiary of that Person is, at the date of determination, a general or limited partner of that partnership, but only if that Person or its subsidiary is entitled to receive more than 50% of the assets of that partnership upon its dissolution, or (iii) any other Person, other than a corporation or partnership, in which that Person, directly or indirectly, at the date of determination, has (a) at least a majority ownership interest or (b) the power to elect or direct the election of a majority of the directors or other governing body of that Person.

"Value" is defined in the indenture to mean, with respect to any Sale and Lease-Back Transaction, as of any particular time, the amount equal to the greater of (i) the net proceeds of the sale or transfer of the property leased pursuant to the Sale and Lease-Back Transaction and (ii) the fair value in the opinion of the Board of Directors of the property at the time of entering into the Sale and Lease-Back Transaction, subject to adjustment at any particular time for the length of the remaining initial lease term.

"Voting Stock" is defined in the indenture to mean all classes of Capital Stock of a Person then outstanding normally entitled to vote in elections of directors or Persons performing similar functions, whether at all times or only so long as no senior class of stock has voting power by reason of any contingency.

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### CONSOLIDATION, MERGER AND SALE OF ASSETS

The indenture provides that we may not consolidate with or merge into any other corporation, or convey, transfer or lease our properties and assets substantially as an entirety to any other party, unless, among other things:

- the corporation formed by consolidation or into which we merge or the party that acquires by conveyance or transfer, or that leases our properties and assets substantially as an entirety, is organized and existing under the laws of the United States, any State of the United States or the District of Columbia and expressly assumes our obligations on the debt securities and under the indenture by means of an indenture supplemental to the indenture; and



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- immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have occurred and be continuing. (Indenture Section 8.1).

### EVENTS OF DEFAULT

The following are events of default under the indenture with respect to debt securities of any series:

- default for 30 days in the payment of any interest on the debt securities;
- default in the payment of the principal of or premium, if any, on the debt securities when due either at maturity or upon acceleration, redemption or otherwise;
- default in the deposit of any sinking fund payment, when and as due by the terms of a debt security of that series;
- default in the performance of any other of the covenants or warranties in the indenture applicable to us that shall not have been remedied for a period of 60 days after notice of default; and
- the bankruptcy, insolvency or reorganization of us or any Significant Subsidiary (Indenture Section 5.1).

Within 90 days after the occurrence of any default under the indenture, the trustee is required to notify the holders of the debt securities of the default unless, in the case of any default other than a default in the payment of principal of or premium, if any, or interest on any debt securities, a trust committee of the Board of Directors or responsible officers of the trustee in good faith considers it in the interest of the holders of the debt securities not to do so.

The indenture provides that if an event of default, other than an event of bankruptcy, insolvency or reorganization of us or any Significant Subsidiary, shall have occurred and be continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the debt securities of any series then outstanding may declare the entire principal and accrued interest of the debt securities of such series to be due and payable immediately. If an event of bankruptcy, insolvency or reorganization of us or any Significant Subsidiary occurs, the principal amount shall automatically, and without any declaration or other action on the part of the trustee or any holder, become immediately due and payable. Any time after acceleration of the debt securities of any series has been made, but before a judgment or decree for the payment of money based on such acceleration has been obtained by the trustee, the holders of a majority in principal amount of the outstanding debt securities of such series, may, under certain circumstances, rescind and annul the acceleration. The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past defaults under the indenture with respect to such series of debt securities, except defaults in payment of principal of or premium, if any, other than by a declaration of acceleration, or interest on the debt securities of such series or provisions that may not be modified or amended without the consent of the holders of all outstanding debt securities of such series.

We are required to furnish to the trustee annually a statement as to our performance of our covenants and agreements under the indenture.

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Subject to certain conditions set forth in the indenture, the holders of a majority in principal amount of the then outstanding debt securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee under the indenture in respect of the debt securities. No holder of any debt securities of any series shall have any right to cause the trustee to institute any proceedings, judicial or otherwise, with respect to the indenture or any remedy thereunder unless, among other things, the holder or holders of debt securities shall have offered to the trustee reasonable indemnity against costs, expenses and liabilities relating to such proceedings.

The indenture provides that, in determining whether the holders of the requisite aggregate principal amount of the outstanding debt securities of any series have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action thereunder as of any date, debt securities owned by us or any affiliate of ours shall be disregarded and deemed not to be outstanding. In determining whether the trustee shall be protected in relying upon any request, demand, authorization, direction, notice, consent, waiver or other action, only debt securities that a responsible officer of the trustee actually knows to be so owned shall be so disregarded. Debt securities that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the trustee the pledgee's right so to act with respect to those debt securities and that the pledgee is not us or any affiliate of ours.

### MODIFICATION OF THE INDENTURE

The indenture provides that we, along with the trustee, may, without the consent of the holders, modify or amend the indenture in order to:

- evidence the succession of another corporation to us and the assumption by any successor corporation of our covenants in the indenture and in the debt securities;
- add to our covenants, agreements and obligations for the benefit of the holders of the debt securities;
- add any additional events of default to the indenture;
- add to or change any of the provisions of the indenture necessary to permit the issuance of the debt securities in bearer form, registrable as to principal, and with or without interest coupons;
- evidence and provide for the acceptance of appointment under the indenture by a successor trustee; or
- cure any ambiguity, or correct or supplement any provision of the indenture that may be inconsistent with any other provision of the indenture, provided the action does not adversely affect the interest of the holders of the debt securities. (Indenture Section 9.1).

We, along with the trustee, may modify or amend the indenture with the consent of the holders of a majority in aggregate principal amount of each series of the debt securities, except that no modification or amendment may, without the consent of the holders of all then outstanding series of debt securities:

- change the due date of the principal of, or any installment of principal of or interest on, any debt securities of any series;
- reduce the principal amount of, or any installment of principal or

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interest or rate of interest on, or any premiums payable on redemption of, any debt securities of any series;

- reduce the principal amount of any debt securities of any series payable upon acceleration of the maturity of any debt securities;
- change the place or the currency of payment of principal of, or any premium or interest on, any debt securities of any series;
- impair the right to institute suit for the enforcement of any payment on or with respect to any debt securities of any series on or after the due date thereof;

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- reduce the percentage in principal amount of debt securities of any series then outstanding, the consent of whose holders is required for modification or amendment of the indenture or for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults; or
- modify certain provisions of the indenture regarding the amendment or modification of, or waiver with respect to, any provision of the indenture or the debt securities of any series. (Indenture Section 9.2).

### DISCHARGE OF THE INDENTURE

The indenture shall, upon our written request or order, cease to be of further effect, except as to any surviving rights of registration of transfer or exchange of debt securities expressly provided for in the debt securities, when:

- either (A) all debt securities authenticated and delivered, other than (1) debt securities that have been destroyed, lost or stolen and that have been replaced or paid and (2) debt securities for whose payment money has been deposited in trust or segregated and held in trust by us and then repaid or discharged from the trust, have been delivered to the trustee for cancellation or (B) all the debt securities not delivered to the trustee for cancellation (1) have become due and payable, (2) will become due and payable at their stated maturity within one year or (3) are to be called for redemption within one year under arrangements satisfactory to the trustee, and we, in the case of (B) (1), (2) or (3), have deposited or caused to be deposited with the trustee, an amount in dollars sufficient to pay and discharge the entire indebtedness on the debt securities not delivered to the trustee for cancellation, for principal and premium, if any, and interest to the date of the deposit, in the case of debt securities that have become due and payable, or to the stated maturity or redemption date, as the case may be;
- we have paid or caused to be paid all other sums payable by us under the indenture; and
- we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for in the indenture relating to the satisfaction and discharge of the indenture have been complied with. (Indenture Section 4.1).

### DEFEASANCE AND COVENANT DEFEASANCE

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Defeasance and Discharge. The indenture provides that we will be discharged from all our obligations with respect to the debt securities of any series, except for certain obligations to exchange or register the transfer of the debt securities of such series, to replace stolen, lost or mutilated debt securities, to maintain paying agencies and to hold moneys for payment in trust, upon the deposit in trust for the benefit of the holders of the debt securities of such series of money or U.S. government obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay any installment of principal of and any premium and interest on the debt securities of such series on the stated maturities in accordance with the terms of the indenture and the debt securities. This defeasance or discharge may occur only if, among other things, we have delivered to the trustee an opinion of counsel to the effect that the holders of the debt securities of such series will not recognize gain or loss for federal income tax purposes as a result of the deposit, defeasance and discharge, and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if the deposit, defeasance and discharge had not occurred, accompanied by a ruling to that effect received from or published by the Internal Revenue Service. (Indenture Section 13.2).

Defeasance of Certain Covenants. The indenture provides that we may omit to comply with some of the restrictive covenants described under the captions "Certain Covenants -- Limitation on Indebtedness Secured by a Lien" and "Certain Covenants -- Limitation on Sale and Lease-Back Transactions" above, and that the omission will be deemed not to be or result in an event of default in each case with respect to each series of debt securities. In order to do so, we will have to deposit, in trust for the benefit of the holders of the debt securities, money or U.S. government obligations, or both, which through the payment of principal and interest in accordance with their terms, will provide money in an amount sufficient to pay any installment of the principal of and any premium and interest on the debt securities on the stated maturities in accordance with the terms of the indenture and the debt securities. We will also have to, among other things, deliver to the trustee an opinion of counsel to the effect that holders of the debt securities will not recognize gain or loss for federal income tax purposes as a result of the deposit and defeasance of the obligations and will be subject to federal income tax on the same amount, in the same manner and

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at the same times as would have been the case if the deposit and defeasance had not occurred. In the event we exercise this option with respect to the debt securities and the debt securities are declared due and payable because of the occurrence of any event of default, the amount of money and U.S. government obligations deposited in trust will be sufficient to pay amounts due on the debt securities at the time of their stated maturity but may not be sufficient to pay amounts due on the debt securities upon any acceleration resulting from the event of default. In that case, we will remain liable for the payments.

### THE TRUSTEE

The Bank of New York is the trustee under the indenture. Its address is One Wall Street, New York, N.Y. 10286. We have also appointed the trustee as the initial registrar and as the initial paying agent under the indenture.

The indenture contains limitations on the right of the trustee, should it become a creditor of ours, to obtain payment of claims in some cases, or to realize on property received in respect of any claim as security or otherwise. In the event the trustee acquires any conflicting interest, as defined in the Trust Indenture Act of 1939, however, it must eliminate the conflict or resign.

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We maintain a banking relationship in the ordinary course of business with an affiliate of the trustee.

### GOVERNING LAW

The indenture is, and the debt securities will be, governed by, and construed in accordance with, the internal laws of the State of New York, except as may otherwise be required by mandatory provisions of law, without regard to conflicts of laws principles thereof.

### DESCRIPTION OF UNITS

We may offer units consisting of common stock and debt securities. We may issue the units as, and for the period of time specified in the units, the units may be transferable as, a single security only, as distinguished from the separate constituent securities comprising the units. Any units will be offered pursuant to a prospectus supplement that will:

- identify and designate the title of any series of units;
- identify and describe the separate constituent securities comprising the units;
- set forth the price or prices at which the units will be issued;
- describe, if applicable, the date on and after which the constituent securities comprising the units will become separately transferable;
- provide information with respect to book-entry procedures, if any;
- discuss applicable United States federal income tax considerations relating to the units; and
- set forth any other terms of the units and their constituent securities.

### PLAN OF DISTRIBUTION

We may sell the securities:

- through underwriters or dealers;
- directly to one or more purchasers; or
- through agents.

If we use underwriters or dealers in the sale, they will acquire the securities for their own account. The underwriters and dealers may resell the securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. The obligations of the underwriters or dealers to purchase securities will be subject to various conditions. The underwriters or dealers will be obligated to purchase all the securities of the series offered by a prospectus supplement, if any of the securities are purchased. The underwriters or dealers may change from time-to-time any initial public offering price and any discounts or concessions allowed or reallowed or

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paid to dealers.

During and after an offering through underwriters, the underwriters may purchase and sell the securities in the open market. These transactions may include over allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, which means that selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if the offered securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. If commenced, the underwriters may discontinue these activities at any time.

We may also sell securities directly or through agents designated by us. Unless indicated in the prospectus supplement, any agent is acting on a reasonable efforts basis for the period of its appointment.

In connection with distributions of common stock or otherwise, we may enter into hedging transactions with broker-dealers in connection with which the broker-dealers may sell common stock registered under the registration statement of which this prospectus is a part in the course of hedging through short sales the positions they assume with us.

We may authorize agents, underwriters or dealers to solicit offers by certain institutional investors to purchase securities providing for payment and delivery on a future date specified in the prospectus supplement. Jurisdictional investors to which such offers may be made, when authorized, include commercial and savings banks, insurance companies, pension funds, investment companies, education and charitable institutions and other institutions as may be approved by us. The obligations of any purchasers under delayed delivery and payment arrangements will not be subject to any conditions except that the purchase by an institution of the securities shall not at delivery be prohibited under the laws of any jurisdiction in the United States to which the institution is subject. Underwriters will not have any responsibility for the validity of these arrangements or the performance by us or the institutional investors.

Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters, and any discounts or commissions received by them from us and any profit on the resale of the securities by them may be treated as underwriting discounts and commissions, under the Securities Act. Under agreements that we may enter into, underwriters, dealers and agents who participate in the distribution of the securities may be entitled to indemnification by us against civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters, dealers or agents may be required to make. Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries in the ordinary course of their businesses.

The securities we offer under this prospectus and applicable prospectus supplements may or may not be listed on a national securities exchange or a foreign securities exchange (other than our common stock, which is listed on the New York Stock Exchange and the Pacific Stock Exchange). Any common stock sold under a prospectus supplement will be listed on the New York Stock Exchange and the Pacific Stock Exchange, subject to official notice of issuance. Any underwriters to whom we sell securities for public offering and sale may make a market in those securities, but the underwriters will not be obligated to do so and may discontinue any market making activities at any time without notice. No assurances can be given that there will be an active trading market for the securities.

LEGAL MATTERS

Unless otherwise specified in a prospectus supplement relating to a specific series of securities, Gardere Wynne Sewell LLP, 1000 Louisiana, Suite 3400, Houston, Texas 77002-5011, will pass upon the validity of the securities offered under this prospectus. Any underwriter will be advised concerning other issues relating to any offering by their own counsel.

EXPERTS

The financial statements, the related financial statement schedule, and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are also incorporated herein by reference. Such report on the financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations." Such financial statements, the related financial statement schedule, and management's report have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read and copy any materials we file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site that contains information we file electronically with the SEC, which you can access over the Internet at <http://www.sec.gov>. You can obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, and the Pacific Stock Exchange, 115 Sansome Street, Suite 315, San Francisco, California 94104.

This prospectus is part of a registration statement we have filed with the SEC relating to the securities we may offer. As permitted by SEC rules, this prospectus does not contain all of the information we have included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You may refer to the registration statement, the exhibits and schedules for more information about our securities and us. The registration statement, exhibits and schedules are available at the SEC's public reference room or through its Web site.

The SEC allows us to "incorporate by reference" the information that we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus and any supplements to this prospectus. The information filed by us with the SEC in the future will update and supersede all or some of the information that we have included in this prospectus. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until our offering is completed (other than information in such documents that is deemed not to be filed).

- Annual Report on Form 10-K for the year ended December 31, 2004.
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005

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and June 30, 2005.

- Current Reports on Form 8-K filed with the SEC on February 8, 2005, February 28, 2005, March 3, 2005, March 14, 2005, April 5, 2005, April 26, 2005, May 2, 2005, May 19, 2005 and July 21, 2005.
- The description of our common stock contained in our Registration Statement on Form 8-B, as filed with the SEC on May 25, 1983, as amended by Form 8 filed on August 26, 1991, including any additional amendments that we may have filed in the past, or may file in the future, for the purpose of updating the description of our common stock.

We will provide you with a copy of these filings, other than exhibits to those documents that are not specifically incorporated by reference in this prospectus, at no cost. You may request them by writing or telephoning us at Smith International, Inc., P.O. Box 60068, Houston, Texas 77205, (281) 443-3370, Attention: Investor Relations.

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### PART II

#### INFORMATION NOT REQUIRED IN PROSPECTUS

##### ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses payable by the registrant in connection with the offering of the securities being registered, other than underwriters discounts and commissions, are as follows (all amounts are estimates except the registration fee):

Securities and Exchange Commission registration fee	\$ 58,850
Rating agency fees	155,000
Trustee and/or transfer agency fees and expenses	10,000
Blue sky fees and expenses (including counsel fees)	10,000
Accounting fees and expenses	40,000
Legal fees and expenses	40,000
Printing, EDGAR formatting and engraving fees and mailing expenses	70,000
Miscellaneous	16,150
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Total	\$400,000
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##### ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power, under specified circumstances, to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with an action or proceeding to which he or she is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action, that they had no reasonable cause to believe their conduct was unlawful. With respect to suits by or in the right of the corporation, however, indemnification is



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generally limited to attorneys' fees and other expenses and is not available if such person is adjudged to be liable to the corporation unless the court determines that indemnification is appropriate. Additionally, a corporation is required to indemnify its directors and officers against expenses to the extent that such directors or officers have been successful on the merits or otherwise in any action, suit or proceeding or in defense of any claim, issue or matter therein. Indemnification can be made by the corporation only upon a determination that indemnification is proper in the circumstances because the party seeking indemnification has met the applicable standard of conduct as set forth in the General Corporation Law of the State of Delaware. A corporation also has the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation against any liability asserted against such person or incurred by such person in any capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the law.

The restated certificate of incorporation of Smith and the restated bylaws of Smith extend indemnification rights to its directors, officers, employees and agents to the fullest extent authorized by the General Corporation Law of the State of Delaware. The restated certificate of incorporation of Smith and the restated bylaws of Smith also permit Smith to maintain insurance on behalf of any person who is or was a director, officer, employee or agent of Smith against any liability asserted against such person and incurred by such person in such capacity, whether or not Smith would have the power or the obligation to indemnify such person against such liability. Reference is made to the restated certificate of incorporation and the restated bylaws of Smith.

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Section 102(b)(7) of the General Corporation Law of the State of Delaware provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director of the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, provided that such provisions may not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock) of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived an improper personal benefit. Smith's restated certificate of incorporation contains such a provision, and further provides that if the General Corporation Law of the State of Delaware is amended to further eliminate or limit the personal liability of directors, then the liability of the directors of Smith shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware.

The above discussion of Smith's restated certificate of incorporation and restated bylaws and of Sections 102(b)(7) and 145 of the General Corporation Law of the State of Delaware is not intended to be exhaustive and is qualified in its entirety by such restated certificate of incorporation, restated bylaws and statutes.

ITEM 16. EXHIBITS.

EXHIBIT NO. -----	DESCRIPTION -----
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- 1.1 + - Form of Underwriting Agreement for Common Stock.
- 1.2 + - Form of Underwriting Agreement for Debt Securities.
- 4.1 - Form of Indenture between Smith International, Inc. and The Bank of New York, as Trustee. Filed as Exhibit 4.1 to the Company's Registration Statement on Form S-3 dated August 22, 1997 and incorporated herein by reference.
- 4.2 - Restated Certificate of Incorporation of the Company dated July 26, 2005. Filed as Exhibit 3.4 to the Company's report on Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference.
- 4.3 - Restated Bylaws of the Company. Filed as Exhibit 3.3 to the Company's report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.
- 4.4 - Rights Agreement, dated as of June 8, 2000, between Smith International, Inc. and Equiserve Trust Company, N.A. (formerly First Chicago Trust Company of New York), as Rights Agent. Filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A dated June 15, 2000 and incorporated herein by reference.
- 4.5 - Amendment to Rights Agreement dated June 8, 2000, by and among the Company and Equiserve Trust Company, N.A. (formerly First Chicago Trust Company of New York) and effective as of October 1, 2001. Filed as Exhibit 4.1 to the Company's report on Form 10-Q for the quarter ended September 30, 2001 and incorporated herein by reference.
- 4.6 - Amendment No. 2 to Rights Agreement by and among the Company and EquiServe Trust Company, N.A. and effective as of December 31, 2002. Filed as Exhibit 4.3 to the Company's report on Form 10-K for the year ended December 31, 2002 and incorporated herein by reference.
- 4.7 - Form of Common Stock Certificate. Filed as Exhibit 4.2 to the Company's Registration Statement on Form 8 dated August 23, 1991 and incorporated herein by reference.
- 4.8 + - Form of Debt Securities.
- 5.1 \* - Opinion of Gardere Wynne Sewell LLP as to legality of the securities registered hereby.
- 12.1 \* - Computation of Ratio of Earnings to Fixed Charges of the registrant.
- 23.1 \* - Consent of Independent Registered Public Accounting Firm
- 23.2 \* - Consent of Gardere Wynne Sewell LLP (set forth in the opinion filed as Exhibit 5.1).
- 24.1 \* - Powers of attorney (set forth on the signature page hereof).
- 25.1 \* - Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of the Trustee on Form T-1.

-----  
+ To be filed by a post-effective amendment or as an exhibit to a Current Report on Form 8-K, where applicable.

\* Filed herewith.

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### ITEM 17. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

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(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities

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Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on the 18th day of August, 2005.

SMITH INTERNATIONAL, INC.

By: /s/ DOUGLAS L. ROCK

-----  
Douglas L. Rock,  
Chief Executive Officer, President  
and Chief Operating Officer

POWER OF ATTORNEY

Each of the undersigned hereby constitutes and appoints Neal S. Sutton and Margaret K. Dorman, and each of them, either one of whom may act without joinder of the other, his true and lawful attorneys-in-fact, with full power to execute in his name, place and stead, in any and all capacities this Registration Statement, together with any and all amendments (including any and all pre- and post-effective amendments thereto) to such Registration Statement and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requested to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact, and each of them, or the substitute or substitutes of either of them, shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ DOUGLAS L. ROCK ----- Douglas L. Rock	Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer (principal executive officer)	August 18, 2005
/s/ LOREN K. CARROLL ----- Loren K. Carroll	Executive Vice President and Director	August 18, 2005
/s/ MARGARET K. DORMAN	Senior Vice President,	August 18, 2005

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Margaret K. Dorman	Chief Financial Officer and Treasurer (principal financial and accounting officer)	
/s/ BENJAMIN F. BAILAR	Director	August 18, 2005
Benjamin F. Bailar		
/s/ G. CLYDE BUCK	Director	August 18, 2005
G. Clyde Buck		
/s/ DOD A. FRASER	Director	August 18, 2005
Dod A. Fraser		
/s/ JAMES R. GIBBS	Director	August 18, 2005
James R. Gibbs		
/s/ ROBERT KELLEY	Director	August 18, 2005
Robert Kelley		
/s/ JERRY W. NEELY	Director	August 18, 2005
Jerry W. Neely		

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### EXHIBIT INDEX

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