

RESOLUTION OF THE SHAREHOLDERS
OF MEGADIAMOND INDUSTRIES, INC.

WHEREAS, the Shareholders have determined that it is in the best interests of the Corporation and its Shareholders to merge with and into SII Megadiamond, Inc. ("SMI"), a Delaware corporation and wholly owned subsidiary of Smith International, Inc. ("Smith") (the "Smith Merger"), pursuant to that certain Agreement and Plan of Merger dated January 18, 1985, by and among Smith, SMI, the Corporation and certain shareholders of the Corporation (the "Plan of Merger"); and

WHEREAS, the Shareholders must approve the Plan of Merger and ratify certain actions previously taken by the officers of the Corporation, and authorize certain additional actions necessary in order to consummate the foregoing transactions;

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. Resolved, that it is in the best interests of the Corporation to merge with and into SMI pursuant to the Plan of Merger, that the Plan of Merger be, and it is hereby, approved and adopted and that the President, Treasurer, Secretary and any Assistant Secretary of the Corporation be, and they hereby are, authorized and directed to execute the Plan of Merger and take such other further actions as, in the opinion of such officers, may be necessary or appropriate to consummate the

transactions contemplated thereby, including but not limited to, the amendment or modification of that certain agreement originally entered into between the Corporation and Compagnie Generale des Matieres Nucleaires effective December 10, 1981.

2. Resolved, that the actions of the officers of the Corporation previously taken in connection with the Plan of Merger, and the consummation of the transactions contemplated thereby, are hereby ratified, confirmed and approved.

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