



## SMITH INTERNATIONAL, INC.

16740 Hardy Street  
Post Office Box 60068  
Houston, Texas 77205-0068  
Phone: (713) 443-3370 Telex: 76-2517

October 1, 1991

Dear Warrantholder:

As part of a plan of financing intended to raise additional capital through the issuance of additional shares of its Common Stock, Smith International, Inc. has temporarily reduced the prices at which its Class A Warrants and Class B Warrants may be exercised. Until October 29, 1991, the exercise price of each of the Class A Warrants has been reduced to \$5.10 and the exercise price of each of the Class B Warrants has been reduced to \$7.35. At the conclusion of such special exercise period, the respective warrant exercise prices of the Class A Warrants and the Class B Warrants will revert to their original prices of \$8.28 and \$15.00, respectively.

I urge you to consider carefully this opportunity to exercise your Warrants at these temporarily reduced prices. These offers afford Warrantholders the opportunity to make an equity investment in the Company during this special exercise period on terms more attractive than those otherwise available.

The accompanying Offering Circular/Prospectus provides important information about the Company and the detailed terms of its Warrant Reduction Program. Please read and consider it carefully. Any Warrantholder electing to exercise Warrants pursuant to these offers should either (i) fill out the exercise form on the back of the Warrant certificate and forward it along with cash or a certified or official bank check in the amount of the proper exercise price and any other required documents to First Chicago Trust Company of New York, or (ii) request a broker or bank to effect the transaction, all as more fully described in the accompanying Offering Circular/Prospectus.

Warrantholders not exercising their Warrants may realize a portion of the economic benefit to them of the Warrant Reduction Offers by selling their Warrants in the market. You are urged to obtain current market quotations for the Warrants or contact your broker.

Questions and requests for assistance or for additional copies of the Offering Circular/Prospectus should be directed to Morrow & Co., Inc., the Company's information agent, at 1-800-634-4458.

Again, I urge you to give your careful consideration to the offers described in the accompanying Offering Circular/Prospectus.

On behalf of the Board of Directors

Douglas L. Rock  
*Chairman of the Board,  
Chief Executive Officer, President  
and Chief Operating Officer*