

SMITH INTERNATIONAL INC
 Form 4
 September 10, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 DORMAN MARGARET K

2. Issuer Name and Ticker or Trading Symbol
 SMITH INTERNATIONAL INC [SII]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 PO BOX 60068
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 09/06/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Sr. VP, CFO & Treasurer

HOUSTON, TX 77205
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | (A) or (D) | 5. Amount or Price | 6. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------|--------------------|---|---|
| Common Stock | 09/06/2007 | | M | 52,000 | A | \$ 17.36 | 91,158 | D |
| Common Stock | 09/06/2007 | | S | 13,100 | D | \$ 69.2 | 78,058 | D |
| Common Stock | 09/06/2007 | | S | 33,400 | D | \$ 69.45 | 44,658 | D |
| Common Stock | 09/06/2007 | | S | 300 | D | \$ 69.46 | 44,358 | D |
| Common Stock | 09/06/2007 | | S | 200 | D | \$ 69.47 | 44,158 | D |

Edgar Filing: SMITH INTERNATIONAL INC - Form 4

| | | | | | | | | |
|--------------|------------|---|-------|---|----------|----------------------|---|----------------|
| Common Stock | 09/06/2007 | S | 800 | D | \$ 69.48 | 43,358 | D | |
| Common Stock | 09/06/2007 | S | 100 | D | \$ 69.5 | 43,258 | D | |
| Common Stock | 09/06/2007 | S | 150 | D | \$ 69.51 | 43,108 | D | |
| Common Stock | 09/06/2007 | S | 550 | D | \$ 69.52 | 42,558 | D | |
| Common Stock | 09/06/2007 | S | 100 | D | \$ 69.53 | 42,458 | D | |
| Common Stock | 09/06/2007 | S | 100 | D | \$ 69.54 | 42,358 | D | |
| Common Stock | 09/06/2007 | S | 1,100 | D | \$ 69.55 | 41,258 | D | |
| Common Stock | 09/06/2007 | S | 1,400 | D | \$ 69.56 | 39,858 | D | |
| Common Stock | 09/06/2007 | S | 700 | D | \$ 69.57 | 39,158 | D | |
| Common Stock | | | | | | 5,313 ⁽¹⁾ | I | By 401(k) Plan |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (right to buy) | \$ 17.36 | 09/06/2007 | | M | 52,000 | ⁽²⁾ | 12/03/2012 | Common Stock | 52,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DORMAN MARGARET K PO BOX 60068 HOUSTON, TX 77205 | | | Sr. VP, CFO & Treasurer | |

Signatures

Margaret K.
Dorman

09/10/2007

__Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Based on a plan statement dated as of June 30, 2007.
 - (2) The option vested in equal installments on Dec. 3, 2004 and Dec. 3, 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.