

SMITH INTERNATIONAL INC  
 Form 4  
 September 06, 2007

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

OMB APPROVAL  
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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 \*  
 KENNEDY JOHN J

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)  
 09/04/2007

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 President & CEO Wilson

HOUSTON, TX 77205

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

(City) (State) (Zip)

**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)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	09/04/2007		M		8,000	A	\$ 28.13
Common Stock	09/04/2007		M		45,000	A	\$ 19.41
Common Stock	09/04/2007		M		52,000	A	\$ 17.36
Common Stock	09/04/2007		M		31,000	A	\$ 11.75
Common Stock	09/04/2007		S		19,000	D	\$ 68

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Common Stock	09/04/2007	S	100	D	\$ 68.01	156,048	D
Common Stock	09/04/2007	S	500	D	\$ 68.02	155,548	D
Common Stock	09/04/2007	S	1,900	D	\$ 68.03	153,648	D
Common Stock	09/04/2007	S	800	D	\$ 68.04	152,848	D
Common Stock	09/04/2007	S	400	D	\$ 68.05	152,448	D
Common Stock	09/04/2007	S	200	D	\$ 68.06	152,248	D
Common Stock	09/04/2007	S	700	D	\$ 68.07	151,548	D
Common Stock	09/04/2007	S	2,000	D	\$ 68.08	149,548	D
Common Stock	09/04/2007	S	352	D	\$ 68.09	149,196	D
Common Stock	09/04/2007	S	48	D	\$ 68.1	149,148	D
Common Stock	09/04/2007	S	15,300	D	\$ 68.11	133,848	D
Common Stock	09/04/2007	S	200	D	\$ 68.12	133,648	D
Common Stock	09/04/2007	S	1,700	D	\$ 68.13	131,948	D
Common Stock	09/04/2007	S	2,900	D	\$ 68.14	129,048	D
Common Stock	09/04/2007	S	1,366	D	\$ 68.15	127,682	D
Common Stock	09/04/2007	S	5,000	D	\$ 68.16	122,682	D
Common Stock	09/04/2007	S	4,234	D	\$ 68.17	118,448	D
Common Stock	09/04/2007	S	4,666	D	\$ 68.18	113,782	D
Common Stock	09/04/2007	S	1,934	D	\$ 68.19	111,848	D
Common Stock	09/04/2007	S	2,200	D	\$ 68.2	109,648	D
	09/04/2007	S	5,700	D		103,948	D

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Common Stock						\$ 68.21		
Common Stock	09/04/2007		S	3,712	D	\$ 68.22	100,236	D
Common Stock	09/04/2007		S	2,400	D	\$ 68.23	97,836	D
Common Stock	09/04/2007		S	5,488	D	\$ 68.24	92,348	D
Common Stock	09/04/2007		S	1,100	D	\$ 68.25	91,248	D

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

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(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)	\$ 28.13	09/04/2007		M	8,000	<u>(1)</u> 12/07/2014	Common Stock 8,000
Employee Stock Option (right to buy)	\$ 19.41	09/04/2007		M	45,000	<u>(2)</u> 12/02/2013	Common Stock 45,000
Employee Stock Option (right to buy)	\$ 17.36	09/04/2007		M	52,000	<u>(3)</u> 12/03/2012	Common Stock 52,000
	\$ 11.75	09/04/2007		M	31,000	12/04/2005 12/04/2011	31,000

Employee  
 Stock  
 Option  
 (right to  
 buy)

Common  
 Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KENNEDY JOHN J PO BOX 60068 HOUSTON, TX 77205			President & CEO Wilson	

## Signatures

John J. Kennedy                      09/06/2007  
 \_\_Signature of                      Date  
 Reporting Person

## 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) The option vested in equal installments on Dec. 7, 2005 and Dec. 7, 2006.
- (2) The option vested in equal installments on Dec. 2, 2005 and Dec. 2, 2006.
- (3) The option vested in equal installments on Dec. 3, 2005 and Dec. 3, 2006.

### Remarks:

This report is number one of two. Table I rows 1-30 are included on this first report. Table I rows 31-45 are included on the second report.  
 Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.  
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