

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
 (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) | 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.

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.

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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) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
| | | | | 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.
 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.