

SMITH INTERNATIONAL INC
Form 4
August 27, 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 *
Dudman Bryan L

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)
08/23/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
President Smith Services

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| Common Stock | 08/23/2007 | | S | 1,000 | D \$ 61.4 | 29,884 | D |
| Common Stock | 08/23/2007 | | S | 300 | D \$ 61.41 | 29,584 | D |
| Common Stock | 08/23/2007 | | S | 1,000 | D \$ 61.42 | 28,584 | D |
| Common Stock | 08/23/2007 | | S | 300 | D \$ 61.43 | 28,284 | D |
| Common Stock | 08/23/2007 | | S | 900 | D \$ 61.44 | 27,384 | D |

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| | | | | | | | | | |
|--------------|------------|--|---|-------|---|----------|-----------------------|---|----------------|
| Common Stock | 08/23/2007 | | S | 5,000 | D | \$ 61.45 | 22,384 | D | |
| Common Stock | 08/23/2007 | | S | 400 | D | \$ 61.46 | 21,984 | D | |
| Common Stock | 08/23/2007 | | S | 700 | D | \$ 61.47 | 21,284 | D | |
| Common Stock | 08/23/2007 | | S | 400 | D | \$ 61.49 | 20,884 | D | |
| Common Stock | 08/23/2007 | | S | 800 | D | \$ 61.5 | 20,084 | D | |
| Common Stock | 08/27/2007 | | M | 4,800 | A | \$ 28.13 | 24,884 | D | |
| Common Stock | 08/27/2007 | | S | 2,000 | D | \$ 62.42 | 22,884 | D | |
| Common Stock | 08/27/2007 | | S | 1,100 | D | \$ 62.4 | 21,784 | D | |
| Common Stock | 08/27/2007 | | S | 1,700 | D | \$ 62.37 | 20,084 | D | |
| Common Stock | | | | | | | 23,811 ⁽¹⁾ | I | By 401(k) Plan |

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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee Stock Option | \$ 28.13 | 08/27/2007 | | M | 4,800 | <u>(2)</u> 12/07/2014 | Common Stock | 4,800 |

(right to
buy)

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Dudman Bryan L PO BOX 60068 HOUSTON, TX 77205 | | | President Smith Services | |

Signatures

| | |
|------------------------------------|------------|
| Bryan L. Dudman | 08/27/2007 |
| **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 two equal installments on Dec. 7, 2005 and Dec. 7, 2006.

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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