

SMITH INTERNATIONAL INC  
 Form 4  
 September 21, 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 \*  
 CARROLL LOREN 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)  
 09/19/2007

Director  10% Owner  
 Officer (give title below)  Other (specify below)

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 |   | 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) |       |
|---------------------------------|--------------------------------------|--|---------------------|---|---|------------|---|--|-----------------------------------|-------|
|                                 |                                      |  | Code                | V | Amount  | (A) or (D) |   |  |                                   | Price |
| Common Stock                    | 09/19/2007                           |  | M                   |   | 90,000  | A          | \$ 17.36  | 249,733  | D                                 |       |
| Common Stock                    | 09/19/2007                           |  | M                   |   | 10,000  | A          | \$ 19.41  | 259,733  | D                                 |       |
| Common Stock                    | 09/19/2007                           |  | S                   |   | 99,700  | D          | \$ 71   | 160,033  | D                                 |       |
| Common Stock                    | 09/19/2007                           |  | S                   |   | 300   | D          | \$ 71.01  | 159,733  | D                                 |       |
| Common Stock                    | 09/20/2007                           |  | M                   |   | 140,000   | A          | \$ 19.41  | 299,733  | D                                 |       |

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|              |            |   |        |   |            |         |   |
|--------------|------------|---|--------|---|------------|---------|---|
| Common Stock | 09/20/2007 | M | 18,000 | A | \$ 28.13   | 317,733 | D |
| Common Stock | 09/20/2007 | S | 50,700 | D | \$ 72      | 267,033 | D |
| Common Stock | 09/20/2007 | S | 600    | D | \$ 72.0006 | 266,433 | D |
| Common Stock | 09/20/2007 | S | 10,000 | D | \$ 72.0009 | 256,433 | D |
| Common Stock | 09/20/2007 | S | 2,000  | D | \$ 72.001  | 254,433 | D |
| Common Stock | 09/20/2007 | S | 2,500  | D | \$ 72.0012 | 251,933 | D |
| Common Stock | 09/20/2007 | S | 5,000  | D | \$ 72.0018 | 246,933 | D |
| Common Stock | 09/20/2007 | S | 7,700  | D | \$ 72.0019 | 239,233 | D |
| Common Stock | 09/20/2007 | S | 100    | D | \$ 72.01   | 239,133 | D |
| Common Stock | 09/20/2007 | S | 2,000  | D | \$ 72.014  | 237,133 | D |
| Common Stock | 09/20/2007 | S | 5,000  | D | \$ 72.0236 | 232,133 | D |
| Common Stock | 09/20/2007 | S | 2,500  | D | \$ 72.0336 | 229,633 | D |
| Common Stock | 09/20/2007 | S | 57,000 | D | \$ 72.0498 | 172,633 | D |
| Common Stock | 09/20/2007 | S | 4,900  | D | \$ 72.0506 | 167,733 | D |
| Common Stock | 09/20/2007 | S | 5,000  | D | \$ 72.055  | 162,733 | D |
| Common Stock | 09/20/2007 | S | 3,000  | D | \$ 72.0593 | 159,733 | D |

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

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SEC 1474  
(9-02)

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

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| 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 | 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 Number Shares |
| Employee Stock Option (right to buy)       | \$ 17.36   | 09/19/2007                           |  | M                   | 90,000  | <u>(1)</u>   | 12/03/2012            | Common Stock  | 90,000               |
| Employee Stock Option (right to buy)       | \$ 19.41   | 09/19/2007                           |  | M                   | 10,000  |  | 12/02/2004 12/02/2013 | Common Stock  | 10,000               |
| Employee Stock Option (right to buy)       | \$ 19.41   | 09/20/2007                           |  | M                   | 140,000   | <u>(2)</u>   | 12/02/2013            | Common Stock  | 140,000              |
| Employee Stock Option (right to buy)       | \$ 28.13   | 09/20/2007                           |  | M                   | 18,000  | <u>(3)</u>   | 12/07/2014            | Common Stock  | 18,000               |

## Reporting Owners

| Reporting Owner Name / Address                       | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| CARROLL LOREN K<br>PO BOX 60068<br>HOUSTON, TX 77205 |               | X         |         |       |

## Signatures

Loren K. Carroll                      09/21/2007  
 \*\*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).

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- (1) The option vested in two installments; 31,500 shares on Dec. 3, 2005 and 58,500 shares on Dec. 3, 2006.
- (2) The option vested in three installments; 40,000 shares on Dec. 2, 2004, 50,000 shares on Dec. 2, 2005 and 50,000 shares on Dec. 2, 2006.
- (3) The option vested in 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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