

SMITH INTERNATIONAL INC  
 Form 4  
 March 23, 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 \*  
**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)  
**03/21/2007**

\_\_\_\_ 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)	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	03/21/2007		M		62,000	A	\$ 11.75
Common Stock	03/21/2007		M		26,000	A	\$ 17.36
Common Stock	03/21/2007		S		77,700	D	\$ 46.2
Common Stock	03/21/2007		S		4,200	D	\$ 46.21
Common Stock	03/21/2007		S		3,700	D	\$ 46.22

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Common Stock	03/21/2007	S	1,200	D	\$ 46.23	40,358	D	
Common Stock	03/21/2007	S	1,200	D	\$ 46.24	39,158	D	
Common Stock						4,855 <sup>(1)</sup>	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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 11.75	03/21/2007		M	62,000	<sup>(2)</sup>	12/04/2011	Common Stock	62,000
Employee Stock Option (right to buy)	\$ 17.36 <sup>(3)</sup>	03/21/2007		M	26,000 <sup>(3)</sup>	12/03/2003	12/03/2012	Common Stock	26,000 <sup>(3)</sup>

## Reporting Owners

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

## Signatures

Margaret K.  
Dorman

03/23/2007

\_\_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 Dec. 31, 2006.
  - (2) The option vested in two equal installments on Dec. 4, 2004 and Dec. 4, 2005.
  - (3) This option was previously reported as covering 52,000 shares at an exercise price of \$34.73 per share, but was adjusted to reflect the 2-for-1 stock split on Aug. 24, 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.