SMITH INTERNATIONAL INC
Form 4
July 02, 2008

FORM 4

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

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

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).

(Print or Type Responses)

1. Name and Address of Reporting Person *
DORMAN MARGARET K

(Last) (First) (Middle)

PO BOX 60068

(Street)

HOUSTON, TX 77205

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SMITH INTERNATIONAL INC [SII]

3. Date of Earliest Transaction (Month/Day/Year)
06/30/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. VP, CFO & Treasurer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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	06/30/2008		M		34,000	A	$ 19.41	90,858	D	
Common Stock	06/30/2008		M		26,000	A	$ 17.36	116,858	D	
Common Stock	06/30/2008		S		60,000	D	$ 82.4306 (1)	56,858	D	
Common Stock								5,344 (2)	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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SEC 1474 (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)	$ 19.41	06/30/2008		M		34,000		(3)	12/02/2013	Common Stock	34,000
Employee Stock Option (right to buy)	$ 17.36	06/30/2008		M		26,000		12/03/2006	12/03/2012	Common Stock	26,000

Reporting Owners

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

Signatures

Margaret K. Dorman	07/01/2008
**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)

Average sale price for an open market transaction executed by a broker-dealer. The price breakdown for the sale includes: 10,000 shares at $82.4062, 10,000 shares at $82.3142, 10,000 shares at $82.3581, 10,000 shares at $82.3715, 8,500 shares at $82.40, and 11,500 shares at $82.6899.

(2) Includes 17 shares acquired under Smith International's 401(k) Plan since the date of the reporting person's last ownership report.

(3) The option vested in four equal installments on 12/2/2004, 12/2/2005, 12/2/2006 and 12/2/2007.

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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