

SUN MICROSYSTEMS, INC.

Form 4

August 01, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
DILLON MICHAEL A

2. Issuer Name **and** Ticker or Trading
Symbol
SUN MICROSYSTEMS, INC.
[SUNW]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
4150 NETWORK CIRCLE
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
07/28/2007

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)
Executive Vice President

SANTA CLARA, CA 95054

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

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ 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 Indirect Beneficial Ownership (Instr. 4) | |
|---------------------------------------|---|---|--------------------------------------|---|--|--|---|--------------------------|
| | | | Code | V | Amount | (A) or (D) | Price | |
| Common Stock | 07/28/2007 | | F ⁽¹¹⁾ | | 2,949 | D | \$ 4.93 | 242,351 ⁽¹⁾ D |
| Common Stock | 07/31/2007 | | M ⁽¹²⁾ | | 37,500 | A | \$ 5.1 | 279,851 ⁽¹⁾ D |
| Common Stock | 07/31/2007 | | F ⁽¹³⁾ | | 13,405 | D | \$ 5.1 | 266,446 ⁽¹⁾ 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)

number.

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 Number Shares |
| Employee Stock Option (Right to Buy) ⁽²⁾ | \$ 3.7 | | | | | | | ⁽³⁾ | 07/25/2010 | Common Stock | 50,000 |
| Employee Stock Option (Right to Buy) ⁽²⁾ | \$ 4.2 | | | | | | | ⁽⁴⁾ | 05/21/2011 | Common Stock | 33,000 |
| Employee Stock Option (Right to Buy) ⁽²⁾ | \$ 4.208 | | | | | | | ⁽⁵⁾ | 11/13/2011 | Common Stock | 26,000 |
| Employee Stock Option (Right to Buy) ⁽²⁾ | \$ 3.9 | | | | | | | ⁽⁶⁾ | 04/30/2014 | Common Stock | 350,000 |
| Employee Stock Option (Right to Buy) ⁽²⁾ | \$ 3.79 | | | | | | | ⁽⁷⁾ | 07/29/2014 | Common Stock | 100,000 |
| Employee Stock Option (Right to Buy) ⁽²⁾ | \$ 3.85 | | | | | | | ⁽⁸⁾ | 07/28/2015 | Common Stock | 300,000 |
| Employee Stock Option (Right to | \$ 4.26 | | | | | | | ⁽⁹⁾ | 07/27/2016 | Common Stock | 400,000 |

Buy) ⁽²⁾

Employee

Stock

| | | | | | | | | |
|--------|--------|------------|---|---------|-----------------|------------|-----------------|---------|
| Option | \$ 5.1 | 07/31/2007 | A | 400,000 | ⁽¹⁰⁾ | 07/31/2017 | Common Stock | 400,000 |
|--------|--------|------------|---|---------|-----------------|------------|-----------------|---------|

Buy) ⁽²⁾

Reporting Owners

| Reporting Owner Name / Address | Relationships |
|--|---|
| | Director 10% Owner Officer Other |
| DILLON MICHAEL A 4150 NETWORK CIRCLE SANTA CLARA, CA 95054 | Executive Vice President |

Signatures

| | |
|--|------------|
| /s/ Craig D. Norris, Attorney-In-Fact | 08/01/2007 |
|--|------------|

**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) This includes 129,000 shares of unvested restricted stock.
- (2) This option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.
- (3) This option vests and becomes exercisable in five equal annual installments of 10,000 shares beginning on July 25, 2003.
- (4) This option vests and becomes exercisable in five equal annual installments of 6,600 shares beginning on May 21, 2004.
- (5) This option vests and becomes exercisable in five equal annual installments of 5,200 shares beginning on November 13, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 70,000 shares beginning on April 30, 2005.
- (7) This option vests and becomes exercisable in five equal annual installments of 20,000 shares beginning on July 29, 2005.
- (8) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 28, 2006.
- (9) This option vests and becomes exercisable in five equal annual installments of 80,000 shares beginning on July 27, 2007.
- (10) This option vests and becomes exercisable in five equal annual installments of 80,000 shares beginning on July 31, 2008.
- (11) Represents the surrender of shares to the issuer upon vesting of time-based restricted stock to satisfy tax withholding obligations.
- (12) Represents performance-based restricted stock units that have vested and are paid out in shares of common stock.
- (13) Represents the surrender of shares to the issuer upon vesting of performance-based restricted stock units to satisfy tax withholding obligations.

Remarks:

Exhibit List:

Exhibit 24 - Power of Attorney

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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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