

SUN MICROSYSTEMS, INC.
 Form 4
 August 02, 2007

FORM 4

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

OMB APPROVAL

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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 *
 SCHWARTZ JONATHAN I

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)
 07/31/2007

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

SANTA CLARA, CA 95054

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	07/31/2007		M ⁽¹¹⁾		200,000	A	\$ 5.1
Common Stock	07/31/2007		F ⁽¹²⁾		91,488	D	\$ 5.1
							2,092,042 ⁽¹⁾
							2,000,554 ⁽¹⁾

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

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SEC 1474 (9-02)

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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 of Shares
Employee Stock Option ⁽²⁾	\$ 17					<u>(3)</u>	08/11/2007	Common Stock	140,000
Employee Stock Option ⁽²⁾	\$ 36.7188					<u>(3)</u>	12/15/2007	Common Stock	120,000
Employee Stock Option ⁽²⁾	\$ 40					<u>(3)</u>	04/12/2010	Common Stock	70,000
Employee Stock Option ⁽²⁾	\$ 45.0313					<u>(3)</u>	06/13/2010	Common Stock	30,000
Employee Stock Option ⁽²⁾	\$ 18.58					<u>(3)</u>	04/18/2011	Common Stock	200,000
Employee Stock Option ⁽²⁾	\$ 12.59					<u>(3)</u>	11/07/2011	Common Stock	75,000
Employee Stock Option ⁽²⁾	\$ 12.59					<u>(3)</u>	11/07/2011	Common Stock	75,000
Employee Stock Option ⁽²⁾	\$ 9.14					<u>(3)</u>	03/19/2012	Common Stock	200,000
Employee Stock Option ⁽²⁾	\$ 6.45					<u>(3)</u>	05/02/2012	Common Stock	200,000
Employee Stock Option ⁽²⁾	\$ 3.7					<u>(4)</u>	07/25/2012	Common Stock	300,000
Employee Stock Option ⁽²⁾	\$ 3.85					<u>(5)</u>	07/23/2013	Common Stock	500,000
Employee Stock Option ⁽²⁾	\$ 3.9					<u>(6)</u>	04/30/2014	Common Stock	1,000,000

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- (5) This option vests and becomes exercisable in five equal annual installments of 100,000 shares beginning on July 23, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 200,000 shares beginning on April 30, 2005.
- (7) This option vests and becomes exercisable in five equal annual installments of 160,000 shares beginning on July 29, 2005.
- (8) This option vests and becomes exercisable in five equal annual installments of 180,000 shares beginning on July 28, 2006.
- (9) This option vests and becomes exercisable in five equal annual installments of 400,000 shares beginning on April 27, 2007.
- (10) This option vests and becomes exercisable in five equal annual installments of 400,000 shares beginning on July 31, 2008.
- (11) Represents performance-based restricted stock units that have vested and are paid out in shares of common stock.
- (12) Represents the surrender of shares to the issuer upon vesting of performance-based restricted stock units to satisfy tax withholding obligations.

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