

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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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 *
YEN DAVID W

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)
EVP, Microelectronics

SANTA CLARA, CA 95054
 (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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	07/31/2007		M ⁽¹¹⁾		37,500	A	\$ 5.1
Common Stock	07/31/2007		F ⁽¹²⁾		17,123	D	\$ 5.1

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 Shares
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 36.7188					⁽³⁾ 12/15/2007	Common Stock 100,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 40					⁽³⁾ 04/12/2008	Common Stock 26,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 57.6875					⁽³⁾ 08/16/2008	Common Stock 30,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 31.75					⁽³⁾ 12/13/2008	Common Stock 250,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 16.25					⁽³⁾ 06/13/2009	Common Stock 20,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 16.25					⁽³⁾ 06/13/2009	Common Stock 250,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 7.91					⁽³⁾ 09/27/2009	Common Stock 20,000

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Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 12.59	<u>(3)</u>	11/07/2009	Common Stock	50,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 12.59	<u>(3)</u>	11/07/2009	Common Stock	50,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 9.14	<u>(3)</u>	03/19/2010	Common Stock	200
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 9.14	<u>(3)</u>	03/19/2010	Common Stock	20,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 6.45	<u>(3)</u>	05/02/2012	Common Stock	200,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 3.7	<u>(4)</u>	07/25/2012	Common Stock	300,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 3.85	<u>(5)</u>	07/23/2013	Common Stock	500,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 3.79	<u>(6)</u>	07/29/2012	Common Stock	400,000
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 4.12	<u>(7)</u>	01/27/2013	Common Stock	200,000
	\$ 3.85	<u>(8)</u>	07/28/2013		300,000

Employee
Stock
Option
(Right to
Buy) (2)

Common
Stock

Employee
Stock
Option \$ 4.26
(Right to
Buy) (2)

(9) 07/27/2014

Common
Stock 500,000

Employee
Stock
Option \$ 5.1 07/31/2007
(Right to
Buy) (2)

A 425,000 (10)

07/31/2017 Common
Stock 425,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
YEN DAVID W 4150 NETWORK CIRCLE SANTA CLARA, CA 95054			EVP, Microelectronics	

Signatures

/s/ David W.
Yen 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 36,500 shares of unvested restricted stock.
- (2) This option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.
- (3) Immediately.
- (4) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 25, 2003.
- (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 80,000 shares beginning on July 29, 2005.
- (7) This option vests and becomes exercisable in five equal annual installments of 40,000 shares beginning on January 27, 2006.
- (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 100,000 shares beginning on July 27, 2007.
- (10) This option vests and becomes exercisable in five equal annual installments of 85,000 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.

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- (12) Represents the surrender of shares to the issuer upon vesting of performance-based restricted stock units to satisfy tax withholding obligations.

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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