

SUN MICROSYSTEMS, INC.
 Form 4
 August 10, 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 *
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)
08/08/2007

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

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)
Common Stock	08/08/2007		S	V	29,396 \$ 4.98	D	87,050 ⁽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)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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)	8. F. Derivative 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) ⁽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 Buy) ⁽²⁾	\$ 4.26					⁽⁹⁾ 07/27/2016		Common Stock	400,000

Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 5.1	<u>(10)</u>	07/31/2017	Common Stock	400,000
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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	08/08/2007
<u>**Signature of Reporting Person</u>	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 16,500 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.

Remarks:

Exhibit List:

Exhibit 24 - Power of Attorney

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.