

DILLON MICHAEL A
Form 4
July 30, 2008

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 *
DILLON MICHAEL A

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

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)
07/27/2008

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
EVP, General Counsel & Sec.

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 07/27/2008 | | A ⁽²⁾ | | 28,125 | A | \$ 0.0007 |
| Common Stock | 07/27/2008 | | F ⁽³⁾ | | 3,352 | D | \$ 10.43 |
| Common Stock | 07/28/2008 | | F ⁽³⁾ | | 737 | D | \$ 9.94 |
| | | | | | | | 41,068 ⁽⁴⁾ |

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

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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) | 8. Fair Value of Derivative Security (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 14.8 | | | | | <u>(1)</u> 07/25/2010 | | Common Stock | 12,500 |
| Employee Stock Option (Right to Buy) | \$ 16.8 | | | | | <u>(1)</u> 05/21/2011 | | Common Stock | 8,250 |
| Employee Stock Option (Right to Buy) | \$ 16.832 | | | | | <u>(1)</u> 11/13/2011 | | Common Stock | 6,500 |
| Employee Stock Option (Right to Buy) | \$ 15.6 | | | | | <u>(1)</u> 04/30/2014 | | Common Stock | 87,500 |
| Employee Stock Option (Right to Buy) | \$ 15.16 | | | | | <u>(1)</u> 07/29/2014 | | Common Stock | 25,000 |
| Employee Stock Option (Right to Buy) | \$ 15.4 | | | | | <u>(1)</u> 07/28/2015 | | Common Stock | 75,000 |

| | | | | | |
|--|----------|-----|------------|-----------------|---------|
| Employee Stock Option (Right to Buy) | \$ 17.04 | (1) | 07/27/2016 | Common Stock | 100,000 |
| Employee Stock Option (Right to Buy) | \$ 20.4 | (1) | 07/31/2017 | Common Stock | 100,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DILLON MICHAEL A 4150 NETWORK CIRCLE SANTA CLARA, CA 95054 | | | EVP, General Counsel & Sec. | |

Signatures

/s/ Michael A.
Dillon 07/29/2008

**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) This option vests and becomes exercisable in five equal annual installments beginning on the first anniversary of the date of grant.
This includes performance-based restricted stock units in which the award criteria was satisfied in 2007. Upon satisfaction of the award criteria, 25% of the underlying shares vested immediately and 25% of the underlying shares shall vest on each anniversary of the date of grant thereafter. The reporting person's Form 4 filed in connection with the initial vesting of this performance-based restricted stock unit award did not include the report of the unvested portion, which is now being reported.
- (2) This represents the surrender of shares to the issuer upon vesting of time-based restricted stock units to satisfy tax withholding obligations.
- (3) This includes 2,063 shares of unvested restricted stock and 18,750 shares of unvested restricted stock units.

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.