Grantham Donald C Form 4 March 05, 2007

FORM 4

Form 5

obligations

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

Check this box if no longer subject to Section 16. Form 4 or

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 may continue. 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

See Instruction

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading Grantham Donald C Issuer Symbol SUN MICROSYSTEMS, INC. (Check all applicable) [SUNW] 10% Owner (Last) (First) (Middle) 3. Date of Earliest Transaction Director X_ Officer (give title _ Other (specify (Month/Day/Year) below) 4150 NETWORK CIRCLE 03/02/2007 EVP, Global Sales & Services (Street) 4. If A Filed

SANTA CLARA, CA 95054

Amendment, Date Original	6. Individual or Joint/Group Filing(Check
I(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person

(City)	(State)	(Zip) Tab	le I - Non-	Derivative S	ecurit	ies Acqui	red, Disposed of	, or Beneficial	ly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	3. Transaction Code (Instr. 8)				5. Amount of Securities Beneficially Owned Following Reported Transaction(s)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
			Code V	Amount	(D)	Price	(Instr. 3 and 4)		
Common Stock	03/02/2007		M	60,000	A	\$ 3.85	320,137 (13)	D	
Common Stock	03/02/2007		M	39,000	A	\$ 4.2	359,137 (13)	D	
Common Stock	03/02/2007		M	30,000	A	\$ 4.208	389,137 (13)	D	
Common Stock	03/02/2007		M	64,800	A	\$ 3.7	453,937 (13)	D	
Common Stock	03/02/2007		M	24,000	A	\$ 3.94	477,937 (13)	D	

OMB APPROVAL

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Common Stock	03/02/2007	M	60,000	A	\$ 4.12	537,937 (13)	D
Common Stock	03/02/2007	M	50,000	A	\$ 3.44	587,937 (13)	D
Common Stock	03/02/2007	S	433,187	D	\$ 6.06	154,750 (13)	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)

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. Transacti Code (Instr. 8)	iorD So A or (I (I	ecuriti cquire	ive es ed (A) osed of	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	7 (A	A)	(D)	Date Exercisable	Expiration Date	Title	Amount of Number of Shares
Employee Stock Option (Right to Buy) (1)	\$ 28.0782							<u>(2)</u>	11/10/2007	Common Stock	28,000
Employee Stock Option (Right to Buy) (1)	\$ 40							(2)	04/12/2008	Common Stock	14,000
Employee Stock Option (Right to Buy) (1)	\$ 50.9375							(2)	10/11/2008	Common Stock	30,000
Employee Stock Option (Right to Buy) (1)	\$ 18.58							(2)	04/18/2009	Common Stock	20,000
	\$ 16.25							(2)	06/13/2009		20,000

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Employee Stock Option (Right to Buy) (1)							Common Stock	
Employee Stock Option (Right to Buy) (1)	\$ 7.91				(2)	09/27/2009	Common Stock	15,000
Employee Stock Option (Right to Buy) (1)	\$ 12.59				<u>(2)</u>	11/07/2009	Common Stock	20,000
Employee Stock Option (Right to Buy) (1)	\$ 12.59				<u>(2)</u>	11/07/2009	Common Stock	20,000
Employee Stock Option (Right to Buy) (1)	\$ 9.14				<u>(2)</u>	03/19/2010	Common Stock	200
Employee Stock Option (Right to Buy) (1)	\$ 9.14				<u>(2)</u>	03/19/2010	Common Stock	20,000
Employee Stock Option (Right to Buy) (1)	\$ 9.14				<u>(2)</u>	03/19/2010	Common Stock	50,000
Employee Stock Option (Right to Buy) (1)	\$ 7.07				(2)	05/14/2010	Common Stock	50,000
Employee Stock Option (Right to Buy) (1)	\$ 3.7	03/02/2007	М	4,800	(3)	07/25/2010	Common Stock	6,000
	\$ 3.7	03/02/2007	M	60,000	(4)	07/25/2010		75,000

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Employee Stock Option (Right to Buy) (1)							Common Stock	
Employee Stock Option (Right to Buy) (1)	\$ 4.2	03/02/2007	М	12,000	<u>(5)</u>	05/21/2011	Common Stock	20,000
Employee Stock Option (Right to Buy) (1)	\$ 4.2	03/02/2007	М	27,000	<u>(6)</u>	05/21/2011	Common Stock	45,000
Employee Stock Option (Right to Buy) (1)	\$ 4.208	03/02/2007	М	30,000	<u>(7)</u>	11/13/2011	Common Stock	50,000
Employee Stock Option (Right to Buy) (1)	\$ 3.94	03/02/2007	М	24,000	<u>(8)</u>	09/17/2012	Common Stock	60,000
Employee Stock Option (Right to Buy) (1)	\$ 4.12	03/02/2007	М	60,000	<u>(9)</u>	01/27/2013	Common Stock	150,000
Employee Stock Option (Right to Buy) (1)	\$ 3.44	03/02/2007	М	50,000	(10)	04/28/2013	Common Stock	250,000
Employee Stock Option (Right to Buy) (1)	\$ 3.85	03/02/2007	М	60,000	<u>(11)</u>	07/28/2013	Common Stock	300,000
Employee Stock Option (Right to Buy) (1)	\$ 4.95				(12)	04/27/2016	Common Stock	500,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Grantham Donald C

4150 NETWORK CIRCLE SANTA CLARA, CA 95054 EVP, Global Sales & Services

Signatures

/s/ Donald C. Grantham 03/02/2007

**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 option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.
- (2) Immediately.
- (3) This option vests and becomes exercisable in five equal annual installments of 12,000 shares beginning on July 25, 2003.
- (4) This option vests and becomes exercisable in five equal annual installments of 15,000 shares beginning on July 25, 2003.
- (5) This option vests and becomes exercisable in five equal annual installments of 4,000 shares beginning on May 21, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 9,000 shares beginning on May 21, 2004.
- (7) This option vests and becomes exercisable in five equal annual installments of 10,000 shares beginning on November 13, 2004.
- (8) This option vests and becomes exercisable in five equal annual installments of 12,000 shares beginning on September 17, 2005.
- (9) This option vests and becomes exercisable in five equal annual installments of 30,000 shares beginning on January 27, 2006.
- (10) This option vests and becomes exercisable in five equal annual installments of 50,000 shares beginning on April 28, 2006.
- (11) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 28, 2006.
- (12) This option vests and becomes exercisable in five equal annual installments of 100,000 shares beginning on April 27, 2007.
- (13) Includes 154,750 shares of unvested restricted stock.

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