

SUN MICROSYSTEMS, INC.  
 Form 4  
 January 31, 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 \*  
 Gadre Anil P

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)  
 01/29/2007

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 EVP & Chief Marketing Officer

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	01/29/2007		F	V	20,089 \$ 6.33	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)**

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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. Der. Sec. (Ins	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 14.6094					<sup>(3)</sup> 06/16/2007	Common Stock	80,000	
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 17					<sup>(3)</sup> 08/11/2007	Common Stock	60,000	
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 28.0782					<sup>(3)</sup> 11/10/2007	Common Stock	20,000	
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 40					<sup>(3)</sup> 04/12/2008	Common Stock	40,000	
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 18.58					<sup>(3)</sup> 04/18/2009	Common Stock	25,000	
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 16.25					<sup>(3)</sup> 06/13/2009	Common Stock	10,000	
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 7.91					<sup>(3)</sup> 09/27/2009	Common Stock	22,500	

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Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 12.59	<sup>(3)</sup>	11/07/2009	Common Stock	30,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 12.59	<sup>(3)</sup>	11/07/2009	Common Stock	30,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 9.14	<sup>(3)</sup>	03/19/2010	Common Stock	200
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 9.14	<sup>(3)</sup>	03/19/2010	Common Stock	22,500
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 7.07	<sup>(3)</sup>	05/14/2010	Common Stock	19,600
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.7	<sup>(4)</sup>	07/25/2010	Common Stock	60,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 4.2	<sup>(5)</sup>	05/21/2011	Common Stock	35,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 4.208	<sup>(6)</sup>	11/13/2011	Common Stock	100,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.79	<sup>(7)</sup>	07/29/2012	Common Stock	300,000
	\$ 3.85	<sup>(8)</sup>	07/28/2013		300,000

Employee Stock Option (Right to Buy) <u>(2)</u>					Common Stock	
Employee Stock Option (Right to Buy) <u>(2)</u>	\$ 4.26	<u>(9)</u>	07/27/2014		Common Stock	400,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Gadre Anil P 4150 NETWORK CIRCLE SANTA CLARA, CA 95054			EVP & Chief Marketing Officer	

## Signatures

/s/ Anil P. Gadre                      01/30/2007  
    Signature of                      Date  
Reporting Person

## 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 24,750 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 12,000 shares beginning on July 25, 2003.
- (5) This option vests and becomes exercisable in five equal annual installments of 7,000 shares beginning on May 21, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 20,000 shares beginning on November 13, 2004.
- (7) This option vests and becomes exercisable in five equal annual installments of 60,000 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.

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.