![Sun Microsystems logo]

INNOVATE. ACT. SHARE.
IDEA(L)S AND ACTION

A SUMMARY OF SUN'S 2007 CORPORATE SOCIAL RESPONSIBILITY REPORT

IDEA(L)S AND ACTION

This document is a summary of Sun's Corporate Social Responsibility Report for the fiscal year 2007. You can view our full CSR Report online at **sun.com/2007csrreport**.

Just like our approach to the marketplace, Sun's CSR strategy is driven by three key notions: **INNOVATE. ACT. SHARE.**

> We use our **innovation** prowess to create responsible technology solutions for our customers.

> We remain committed to **acting** in accordance with the highest principles of business conduct.

> We **share** our insights, knowledge, and technologies as well as learn from the work others are doing to create positive change.

We believe in dialogue and participation. Share your comments with us by sending email to **csr@sun.com** or by posting on our CSR blog at **blogs.sun.com/csr.**

Sun was founded 25 years ago with one driving vision: to connect everyone and everything through technological innovation and sharing. It was a vision of inclusion — simply expressed as The Network is the Computer.™ And it's more true today than ever before.

We create the network computing technologies that fuel the network. But even more, we share our ideas, expertise, and technologies. Because we know that's the best way to foster innovation, create opportunities, and eliminate the obstacles to access and participation. So that people everywhere can participate and interact — safely, securely, and easily.

At Sun, innovation, eco responsibility, and community involvement aren't just convenient phrases that disappear when the workday ends. Dedication to the environment and community participation permeates everything we do.

Whether it's inventing revolutionary new technologies. designing sustainable and energy-efficient products, or driving global initiatives to increase access and participation, we're dedicated to delivering solutions that conserve more, cost less, and still give customers the breakthrough performance they need. And enhancing one of the planet's most valuable resources — people.

LETTER FROM JONATHAN SCHWARTZ

Every day, the world becomes more interconnected. As a technologist, I'm thrilled. And as a member of society, I'm elated. It's professionally and personally rewarding to see people using the network to capture opportunity and to overcome barriers.

I've always believed Sun to be a responsible company, on the side of change and progress. Our goal, consistent with our business interests, is to enable more people to join and participate on the network.

The rapid expansion of the network drives Sun's business growth. And we strive to grow ethically, prudently, and responsibly. It's a unique opportunity that our core assets and competencies align us with driving adoption of the world's greatest social and economic utility — the Internet. And you can be sure we're not taking it for granted.

In January 2007, we published our first Corporate Social Responsibility report, defining our long-term CSR strategy to Innovate, Act, and Share. That strategy and commitment are the foundation of this fiscal 2007 report.

Sun is 100% committed to developing and adhering to principles that guide our actions in business and social conduct. To innovating in the creation of responsible and sustainable solutions. And to participating with communities and organizations to enable the sharing of knowledge and technologies for positive social and environmental impact.

That's why we've been able to deliver positive results — for our customers, employees, shareholders, partners, and communities. We create eco responsible solutions that deliver more performance, use less energy, and save money. We implement programs to reduce our impact on global climate change — and help others do the same. And as the leader in open source, we share our technologies with the global community to increase accessibility and participation, and to eliminate the digital divide.

This report provides concrete evidence that Sun's business and social responsibilities are closely aligned. Yet we've just scratched the surface. We can do more, and we're fully committed to doing just that.

I'm proud of the progress Sun has made. We'll continue to pull back the curtain so that everyone can see what we're doing to promote a sustainable and responsible approach that creates value for all our stakeholders.

The most important thing we can do is speak up, take action, and participate. Because participants create change and value.

Jonathan Schwartz

President and Chief Executive Officer
Sun Microsystems, Inc.
blogs.sun.com/jonathan

SUN KEY FACTS

Employees:	34,000 worldwide
Locations:	More than 100 countries
Revenues:	$13.8 billion in fiscal 2007
R&D:	$2 billion annually
Patents:	More than 5000 U.S. patents
Ranking:	187 on the Fortune 500 in 2007
Investors:	Trades on NASDAQ under the ticker symbol JAVA
Fiscal Year:	July 1 to June 30

ECONOMY AND ECOLOGY ARE ONE.

IDEA(L)S 1

Eco Responsibility

The technology sector is fueled by some of the brightest and most inventive minds. People from all walks of life apply their creativity and ideas to develop technological solutions to some of the world's most daunting challenges. We believe these people also have the potential to help combat global climate change. That's why we're so committed to transparency in our business. And it's why we're delivering products today that are more energy efficient and help reduce our environmental impact — and that of our customers. This is the vision that drives our Eco Responsibility Initiative.

Sun microsystems — EcoInnovation

ACTION >

Eco Innovation℠ solutions

Our eco responsible servers, part of our Eco Innovation Initiative, provide the same performance as a rack of standard servers, but use less energy, generate less heat, and take up less space. For example, our UltraSPARC® T1 processor with CoolThreads™ technology uses less than half the power of standard processors — about the same as a 70-watt light bulb. In addition to the environmental benefits, our customers see cost savings on power, cooling, and real estate. So it's not surprising that demand is growing rapidly. In fiscal 2007, revenue for Sun Fire™ CoolThreads servers more than doubled to over $550 million.

Reducing our carbon footprint

Our goal is to reduce greenhouse gas (GHG) emissions from our U.S. operations 20% by 2012. We're already making good progress, for example, by upgrading lighting systems, encouraging flexible working arrangements that enable us to reduce office space and associated energy consumption, and installing onsite solar power systems at selected locations. Next, we intend to launch a companywide GHG management plan and a global GHG reduction target.
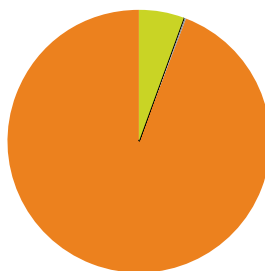
GHG EMISSIONS BY SOURCE [metric tons CO_2E]

Direct emissions

🟩 Combustion (natural gas and diesel)	13,161
⬛ Mobile sources (shuttle fuel)	162
🟦 Refrigerants and fire suppressants	544

Indirect emissions

🟧 Purchased electricity	221,183

OpenEco.org

Analyzing and reducing GHG emissions can require significant financial investment. Unfortunately, this discourages many organizations from assessing their impacts or sharing what they've learned. We believe that by working together, the business community can make a greater contribution to tackling climate change. That's why we're sponsoring **OpenEco.org**, a new online community designed to help companies reduce their energy use and share the results.

Eric Saxe, Staff Engineer, and Terry Whatley, Senior Staff Engineer

Eric and Terry are working at the forefront of server design: Innovating to create high-performing systems that consume less energy.

"For customers, servers used to be all about the price/performance ratio," says Eric. "But there's been a big shift to performance per watt consumed. Performance is still a very large part of the equation, but energy consumption has become key. And this gives us a major technical challenge: How do you deliver the performance that customers demand while lowering the energy cost?"

"Ultimately, power efficiency must become a design point throughout the system," says Terry. "This means not only building in sensors and power saving mechanisms in the hardware, but also power awareness and adaptive policies into the system's software. At Sun we've shown we can do it. Our Niagara II processor has a number of energy-saving features. It provides customers with double the performance with approximately the same power consumption as the Niagara I, which was already the most power-efficient multithreaded processor on the market."

"That's pretty significant, but there's more we can do," adds Eric. "Sun is uniquely positioned to deliver because we provide an architecture that integrates the hardware and software. The improvements we've seen so far are only the first few steps."

OPEN FOR BUSINESS.
OPEN FOR EVERYONE.

IDEA(L)S 2

The Network

Our vision is for everyone to participate on the network. Because the more people participate, share, and interact, the greater the benefits for everyone—Sun, our customers, and the broader community.

As part of our commitment to increase access and participation, we seek to foster innovation on the network and share our innovations widely. We also work hard to ensure the safety and security of both the network and the people on it.

We put a particular emphasis on:

> **Open source and open standards:** Sharing our innovative products and technologies through open source licenses and communities, and promoting interoperability through open standards.

> **Privacy and security:** Addressing privacy and security concerns through strong policies and training, integrating privacy and security into product development, and sharing our best practices.

> **Accessibility:** Making the network — and the devices that connect to it — accessible to people with disabilities.

ACTION >

Open sourcing key Sun software
A recent report by the European Commission shows that Sun is the largest contributor to the free and open source (FLOSS) community. In 2006, we released all of our Java™ source code to the open source community. And in 2005, we released the source code for our Solaris™ OS, and the community now has more than 60,000 members.

Privacy checks and balances for all Sun products by 2010
One of our goals is to integrate privacy into every aspect of product design. An example from fiscal 2007 is the Sun℠ Connection Inventory Channel, our new inventory management solution that enables customers to manage their IT assets and track information. Sun privacy and security teams were involved from conception to launch, and Sun design teams worked to ensure that customers are well informed about what data this technology collects and transmits, how it is secured and, equally importantly, what data is not collected.

Improving accessibility in the OpenDocument Format
In 2007, Sun helped deliver critical accessibility improvements that make the OpenDocument Format the most accessible office file format. These improvements came from a peer review process that involved disability experts and people with disabilities. As co-chair of the OASIS OpenDocument Format Accessibility subcommittee, we also helped create the first guidelines, which will help developers make full use of the Format's accessibility features and increase access for people with disabilities.

Fabiane Bizinella Nardon, open source software developer and Chief Technical Officer of Zilics - Sistemas de Informação Ltda, Brazil

Poor scheduling is a thing of the past for patients of 400 public clinics in São Paulo, Brazil, thanks to Fabiane Bizinella Nardon and her fellow open source developers around the world.

"Life for patients has become so much better because our new online system makes scheduling far more efficient," says Fabiane, who has helped develop the systems that put patient records online. "This means that doctors can access the full medical histories of their patients, such as the medicines they have been prescribed and lab tests results. The patients can now choose a clinic that has the shortest waiting times for services they need."

"The online system has improved the efficiency of the São Paulo health system by 35%. Much of this has been made possible by using Sun's software. But the real benefit comes from the many developers around the world. It's almost as if the world is working exclusively for you because of the huge community of developers, fully supported by Sun, who provide invaluable help to fellow developers like me."

Zilics

THE WHEREVER, WHENEVER WORKPLACE.

IDEA(L)S 3

Our People

Our employees are our most valuable asset. We want to attract, retain, and develop the smartest people in our industry. To achieve this, we offer workplace programs that include:

> **Open Work:** We're taking full advantage of our technology to make our workforce truly mobile. Our Open Work program helps improve employee work-life balance and offers significant cost and environmental benefits.

> **Inclusion:** Our vision is to create an inclusive workplace culture that inspires people to draw on their diverse experiences, work together to achieve their goals, and contribute to Sun's success.

> **Health, Safety, and Wellness:** We provide a wide variety of information, tools, and resources to ensure our employees' safety at work and encourage them to make healthy choices at work and at home.

ACTION

**Leslie Harrison,
Senior Communications Manager**

Sun's groundbreaking Open Work program, enables employees like Leslie Harrison to work outside the office one or more days per week.

"I'm a single parent and I've adopted two children while working for Sun," says Leslie. "The Open Work program gives me the flexibility to get my work done and to find time for family life and childcare."

"I work with employees from different parts of the world. I really don't mind being called late or early and in general my colleagues understand there might be some child noise in the background."

"We have a very supportive leadership team. But I work to very tight deadlines demanded by the business and the leadership team. I have to manage my time well to ensure that these deadlines are always met."

GLOBAL INCLUSION AT SUN [% of employees, fiscal 2007]

	Total	VP & Above
Women (Worldwide)	25%	22%
Ethnic Minorities (U.S. Sun Population Only)	29%	11%
Employees (Outside the U.S.)	45%	16%

Health, Safety, and Wellness
We offer a range of wellness programs to help our employees make healthy life choices, including access to fitness facilities on our U.S. campuses, health newsletters focused on prevention and health improvement, and a work, family, and personal consultation resource designed to help Sun employees deal with stress at work or at home.

GREAT RECIPES.
GREAT INGREDIENTS.

IDEA(L)S

4

Our Suppliers

Every year, Sun spends billions of dollars with our suppliers. That's why it's so important for us to find sourcing partners who not only embrace our commitment to innovation and quality, but also maintain high standards in their own operations. Through our supply chain social and environmental responsibility program and our green procurement initiatives, we use our influence to raise standards in our supply chain.

Our global CSR supply chain program consists of six key elements, ranging from capability development — training for Sun supplier contract managers and suppliers—to annual supplier self-assessments. We've also adopted the Electronic Industry Code of Conduct as our Code of Conduct to help ensure a consistent approach.

ACTION

Assessing suppliers

Initially, our supply chain program is focused on the 59 direct material suppliers with whom Sun has master contract agreements. We require them to sign our Code of Conduct, complete annual self-assessments, provide supporting evidence, and participate in site audits.

Each of the 59 suppliers completed a self-assessment in fiscal 2007. The results showed that a number of suppliers do have programs to address the areas covered by our Code and are employing responsible business practices. However, performance is not consistent and more progress is needed in several areas. For example, 25% of Sun's suppliers state that their social responsibility programs are based on local law rather than international standards. We believe it is crucial for all suppliers to adopt a consistent approach based on international standards.

Other findings showed that two suppliers don't have explicit policies in place on the issues of child labor, working hours, and discrimination. Sun is working with these suppliers to ensure they address these topics in their social responsibility programs.

We also plan to conduct onsite audits of 22 facilities identified as higher risk.

SUPPLIER PERFORMANCE

SOCIAL	
ENVIRONMENTAL	
ETHICAL	

0   10   20   30   40   50   60

 # OF SUPPLIERS
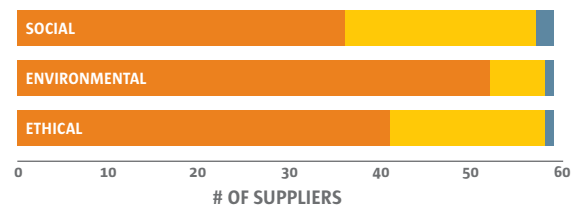
■ Policies/Programs in place addressing all focus areas
■ Do not address all areas
■ No program in place

PARTICIPATION CREATES OPPORTUNITY.

IDEA(L)S

5

Global Citizenship

Sharing is one of our guiding business principles, and one that is particularly relevant to our global citizenship programs. We share our technology and resources with communities worldwide to help eliminate the digital divide, create social and economic opportunities, and foster equal access to technology.

Established in 1990, the Sun Microsystems Foundation is the primary vehicle for our global citizenship efforts, contributing technology and services to a range of organizations that work to create access and opportunity around the world. In addition, the Foundation supports the thousands of Sun employees around the world who give their time and money to causes they care about, including eliminating the digital divide. Our Foundation supports employee giving through our Matching Gift Program.

ACTION

Project Open Doors, Brazil and the United States
Since 2003, Sun employees in São Paulo, Brazil, have been donating their personal time after work and on weekends to provide training in basic IT principles, office skills, and Java technology to disadvantaged teenagers at the company's facilities. During Worldwide Volunteer Week 2007, Sun employees extended Project Open Doors to several Sun facilities in the United States, and will continue to broaden the program throughout fiscal 2008.

Benefiting education and the environment
A grant from Sun is supporting Santa Clara University's School of Engineering Solar Decathlon Project, a set of 10 contests designed to "test humanity's ability to harness the power of the sun." Conceived in 1999 by the U.S. Department of Energy, the competition challenges 20 teams of college and university students from around the world to design, build, and run aesthetically pleasing, energy-efficient, solar-powered homes. The grant was made under our Academic Excellence Grant program, which donates Sun hardware to academic institutions that have developed creative projects using Sun technology.

Stated Goal	Time	Progress Toward Goal
ECO RESPONSIBILITY		
Implement a 20% reduction in U.S. GHG emissions over 2002 levels	2012	We are working steadily towards reducing our GHG emissions and are now posting our monthly emissions on our Web site.
Establish tracking systems to capture and measure our GHG emissions and report our findings publicly	Ongoing	We publish our monthly GHG emissions on our Web site.
Continue to reduce energy usage in our datacenters, converting them into eco responsible facilities	Ongoing	We have undertaken a number of efforts to make our datacenters more eco responsible.
Ensure EU RoHS compliance for all newly designed products released in 2006 and later	FY07	We are RoHS compliant for all newly designed products released in 2006 and later.
Evaluate our packaging strategy and develop/implement an action plan to address any potentially negative environmental impact of packaging	FY07	We are working on a packaging program that incorporates eco responsibility principles.
Save at least 20 tons of CO_2 at our 2007 JavaOne conference	May 2007	Our 2007 JavaOne conference avoided 58 tons of CO2 emissions.
Finalize our renewable energy strategy	FY07	As we develop our GHG management strategy, we will consider various alternative, clean energy options that will enable us to meet our business and environmental goals.
Establish targets and incentives for increased procurement of eco-friendly office supplies	None specified	We make the Office Depot Green Book available for purchasing office supplies worldwide. We are further developing our green procurement program to eventually include sustainability metrics and incentives.
Implement waste management evaluation/measurement programs	CY07	We are on track to finalize an evaluation of our waste management programs and develop measurement and reporting systems.
Establish Open Work program CO_2 metrics and reduction targets	FY07	We are working with the University of Colorado to establish a carbon measurement system for our Open Work program.
PRIVACY		
Include privacy "checks and balances" throughout the Sun product lifecycle	FY10	We have begun including privacy checks and balances throughout the lifecycle of certain Sun products.
OPEN WORK		
Standardize and execute a methodology to measure footprint and net CO_2 reduction related to our Open Work program	FY07	We are working with the University of Colorado to establish a carbon measurement system for our Open Work program. We anticipate using this system some time in 2008.
Increase employee participation in our Open Work program by 10% over fiscal 2006	FY07	We increased participation in our Open Work program by 8.8%, or 1543 workers.
SUPPLY CHAIN		
Develop the Sun Code of Conduct using internationally accepted standards	FY07	We signed the Electronic Industry Code of Conduct in March 2007 and have adopted it as Sun's Supplier Code of Conduct.
Drive 100% contract supplier adherence to our Supplier Code of Conduct	FY08	We are working with our contract suppliers to ensure that we achieve our goal of 100% adherance to our Supplier Code of Conduct by fiscal 2008.
Ensure that all contract suppliers are ISO 14001 certified	FY07	All contract suppliers are ISO 14001 certified.
GLOBAL INCLUSION		
Establish global inclusion goals for Sun that will encourage partnerships and collective ownership of "Inclusion at Sun"	Ongoing	We continue to focus on strengthening our efforts to create a truly inclusive environment at Sun.
GLOBAL CITIZENSHIP		
Launch up to two employee-driven programs	FY07	We selected one employee-driven program in fiscal 2007.

* CY= Calendar Year; FY = Fiscal Year

For more information on our progress towards goals outlined in our 2006 report, as well as new goals put forth in the 2007 report, go to **sun.com/2007csrreport.**

"Founded on the ideals of openness and sharing, we are a company with a history of innovation and creativity that every day can deliver value to shareholders while enhancing society."

Jonathan Schwartz
President and Chief Executive Officer

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When compared to printing on nonrecycled paper, the 12,500 copies of this brochure that were printed on 100% PCW paper saved:
- 14.17 trees
- 10.04 mln BTUs energy
- 666 lb solid waste
- 6,020 gal wastewater
- 681 lb air emissions

Sun microsystems®

The Network is the Computer ™

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