

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: November 9, 2007

**Re: Sun Microsystems, Inc. (JAVA/SUQ) - 1 for 4 Reverse Stock Split**

Sun Microsystems, Inc. (SUQ/JAVA) has declared a 1 for 4 reverse stock split payable to shareholders of record on a date to be announced. Distribution date for the stock split will be on a date to be announced. **Ex-distribution date for the stock split will be Monday, November 12, 2007.**

**EFFECTIVE DATE:** Monday, November 12, 2007  
**SYMBOL:** SUQ/VSU/WSU becomes AVW/XOG/KPO, respectively  
**POSITION LIMITS:** No change  
**STRIKE PRICES:** No change  
**NEW DELIVERABLE:** 1) 25 Sun Microsystems, Inc. (JAVA) Common shares

**NOTE: Due to the reverse split, the ticker symbol will change to JAVAD, for a period of twenty (20) trading days.**

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

Sun Microsystems, Inc. (JAVA/SUQ) (Before 11/12/2007) (100 shrs JAVA)					Sun Microsystems, Inc. (JAVA/AVW) (Beginning 11/12/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
SUQ	NOV	3	KG	WG	AVW	NOV	3	KG	WG
SUQ	NOV	4	KH	WH	AVW	NOV	4	KH	WH
SUQ	NOV	5	KA	WA	AVW	NOV	5	KA	WA
SUQ	NOV	6	KI	WI	AVW	NOV	6	KI	WI
SUQ	NOV	7	KJ	WJ	AVW	NOV	7	KJ	WJ
SUQ	NOV	8	KK	WK	AVW	NOV	8	KK	WK
SUQ	NOV	9	KL	WL	AVW	NOV	9	KL	WL
SUQ	NOV	10	KB	WB	AVW	NOV	10	KB	WB
SUQ	DEC	3	LG	XG	AVW	DEC	3	LG	XG
SUQ	DEC	4	LH	XH	AVW	DEC	4	LH	XH
SUQ	DEC	5	LA	XA	AVW	DEC	5	LA	XA
SUQ	DEC	6	LI	XI	AVW	DEC	6	LI	XI
SUQ	DEC	7	LJ	XJ	AVW	DEC	7	LJ	XJ
SUQ	DEC	8	LK	XK	AVW	DEC	8	LK	XK
SUQ	DEC	9	LL	XL	AVW	DEC	9	LL	XL
SUQ	DEC	10	LB	XB	AVW	DEC	10	LB	XB
SUQ	JAN	2 1/2	AZ	MZ	AVW	JAN	2 1/2	AZ	MZ
SUQ	JAN	4	AH	MH	AVW	JAN	4	AH	MH
SUQ	JAN	5	AA	MA	AVW	JAN	5	AA	MA
SUQ	JAN	6	AI	MI	AVW	JAN	6	AI	MI
SUQ	JAN	7 1/2	AU	MU	AVW	JAN	7 1/2	AU	MU
SUQ	JAN	9	AL	ML	AVW	JAN	9	AL	ML
SUQ	JAN	10	AB	MB	AVW	JAN	10	AB	MB
SUQ	JAN	12 1/2	AV	MV	AVW	JAN	12 1/2	AV	MV
SUQ	JAN	15	AC	MC	AVW	JAN	15	AC	MC

Sun Microsystems, Inc. (JAVA/SUQ)  
 (Before 11/12/2007)  
 (100 shrs JAVA)

			Calls	Puts
SUQ	APR	3	DG	PG
SUQ	APR	4	DH	PH
SUQ	APR	5	DA	PA
SUQ	APR	6	DI	PI
SUQ	APR	7	DJ	PJ
SUQ	APR	8	DK	PK
SUQ	APR	9	DL	PL
SUQ	APR	10	DB	PB

Sun Microsystems, Inc. (JAVA/AVW)  
 (Beginning 11/12/2007)  
 (See new deliverable above)

			Calls	Puts
AVW	APR	3	DG	PG
AVW	APR	4	DH	PH
AVW	APR	5	DA	PA
AVW	APR	6	DI	PI
AVW	APR	7	DJ	PJ
AVW	APR	8	DK	PK
AVW	APR	9	DL	PL
AVW	APR	10	DB	PB

Sun Microsys. - 2009 Leap (JAVA/VSU)  
 (Before 11/12/2007)  
 (100 shrs JAVA)

			Calls	Put
VSU	JAN	2 1/2	AZ	MZ
VSU	JAN	5	AA	MA
VSU	JAN	7 1/2	AU	MU
VSU	JAN	10	AB	MB
VSU	JAN	12 1/2	AV	MV

Sun Microsys. - 2009 Leap (JAVA/XOG)  
 (Beginning 11/12/2007)  
 (See new deliverable above)

			Calls	Put
XOG	JAN	2 1/2	AZ	MZ
XOG	JAN	5	AA	MA
XOG	JAN	7 1/2	AU	MU
XOG	JAN	10	AB	MB
XOG	JAN	12 1/2	AV	MV

Sun Microsys. - 2010 Leap (JAVA/WSU)  
 (Before 11/12/2007)  
 (100 shrs JAVA)

			Calls	Put
WSU	JAN	2 1/2	AZ	MZ
WSU	JAN	5	AA	MA
WSU	JAN	7 1/2	AU	MU
WSU	JAN	10	AB	MB

Sun Microsys. - 2010 Leap (JAVA/KPO)  
 (Beginning 11/12/2007)  
 (See new deliverable above)

			Calls	Put
KPO	JAN	2 1/2	AZ	MZ
KPO	JAN	5	AA	MA
KPO	JAN	7 1/2	AU	MU
KPO	JAN	10	AB	MB

**Any additional SUQ series that are added prior to the ex-date will also be adjusted in the manner described above.**

The new SUQ option contracts representing 100 shares of JAVA, will be admitted to trading on Tuesday, November 13, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

Customers should be advised that Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.