

BENNETT MICHAEL S
 Form 4
 May 28, 2009

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 *
BENNETT MICHAEL S

 (Last) (First) (Middle)
C/O SOLARWINDS, INC., 3711 S.
MOPAC EXPY., BLDG TWO

2. Issuer Name and Ticker or Trading Symbol
SolarWinds, Inc. [SWI]

3. Date of Earliest Transaction (Month/Day/Year)
05/26/2009

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman of the Board & CEO

(Street)
AUSTIN, TX 78746

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount | Price | |
| Common Stock | 05/26/2009 | | M | | 220,406 | \$ 2.6867 | A |
| Common Stock | 05/26/2009 | | S | | 220,406 | \$ 11.625 | D |

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

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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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Employee Stock Option (right to buy) | \$ 2.6867 | 05/26/2009 | | M | 220,406 | (1) 07/26/2016 | 07/26/2016 | Common Stock | 220,406 |
| Employee Stock Option (right to buy) | \$ 2.6867 | | | | | (1) 07/26/2016 | 07/26/2016 | Common Stock | 1,187,900 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| BENNETT MICHAEL S C/O SOLARWINDS, INC. 3711 S. MOPAC EXPY., BLDG TWO AUSTIN, TX 78746 | X | | Chairman of the Board & CEO | |

Signatures

/s/ Bryan A. Sims, Attorney-in-Fact for Michael Bennett 05/28/2009

**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) Grant subject to a right of early exercise by Mr. Bennett prior to vesting and a right of repurchase by SolarWinds, Inc. that lapses in accordance with the vesting schedule. 1/4th of the shares vest on the 1 year anniversary of May 30, 2006 and 1/48th shall vest each month thereafter.
- (2) Vested options held by MSB Asset Management, LP. MSB Asset Management GP, LLC is the general partner of the MSB Asset Management, L.P. Mr. Bennett is the sole manager of MSB Asset Management GP, LLC, and by virtue of this relationship, may be deemed to have voting and dispositive power over the shares issuable upon the exercise of options held by MSB Asset Management, L.P. Mr. Bennett disclaims beneficial ownership of the shares issuable upon the exercise of options held by MSB Asset Management, L.P. except to the extent of his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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