

SUN MICROSYSTEMS, INC.  
 Form 4  
 July 31, 2006

**FORM 4**

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

OMB APPROVAL

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**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 \*  
 SCHWARTZ JONATHAN I

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)  
 07/28/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 President and CEO

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	07/28/2006		F	68,273	D	\$ 4.33	2,645,692 <sup>(1)</sup> 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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 7.8672					11/11/1999 <sup>(3)</sup>	11/11/2006	Common Stock	40,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 14.6094					06/16/2000 <sup>(3)</sup>	06/16/2007	Common Stock	80,000
Employee Stock Option <sup>(2)</sup>	\$ 17					08/11/2000 <sup>(3)</sup>	08/11/2007	Common Stock	140,000
Employee Stock Option <sup>(2)</sup>	\$ 36.7188					12/15/2000 <sup>(3)</sup>	12/15/2007	Common Stock	120,000
Employee Stock Option <sup>(2)</sup>	\$ 40					04/12/2001 <sup>(3)</sup>	04/12/2010	Common Stock	70,000
Employee Stock Option <sup>(2)</sup>	\$ 45.0313					06/13/2001 <sup>(3)</sup>	06/13/2010	Common Stock	30,000
Employee Stock Option <sup>(2)</sup>	\$ 18.58					04/18/2002 <sup>(3)</sup>	04/18/2011	Common Stock	200,000
Employee Stock Option <sup>(2)</sup>	\$ 12.59					11/07/2002 <sup>(3)</sup>	11/07/2011	Common Stock	75,000
Employee Stock Option <sup>(2)</sup>	\$ 12.59					11/07/2002 <sup>(3)</sup>	11/07/2011	Common Stock	75,000
Employee Stock Option <sup>(2)</sup>	\$ 9.14					03/19/2003 <sup>(3)</sup>	03/19/2012	Common Stock	200

Employee Stock Option <sup>(2)</sup>	\$ 6.45	05/02/2003 <sup>(3)</sup>	05/02/2012	Common Stock	200,000
Employee Stock Option <sup>(2)</sup>	\$ 3.7	07/25/2003 <sup>(4)</sup>	07/25/2012	Common Stock	300,000
Employee Stock Option <sup>(2)</sup>	\$ 3.85	07/23/2004 <sup>(5)</sup>	07/23/2013	Common Stock	500,000
Employee Stock Option <sup>(2)</sup>	\$ 3.9	04/30/2005 <sup>(6)</sup>	04/30/2014	Common Stock	1,000,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.79	07/29/2005 <sup>(7)</sup>	07/29/2014	Common Stock	800,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.85	07/28/2006 <sup>(8)</sup>	07/28/2015	Common Stock	900,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 4.95	04/27/2007 <sup>(9)</sup>	04/27/2016	Common Stock	2,000,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHWARTZ JONATHAN I 4150 NETWORK CIRCLE SANTA CLARA, CA 95054	X		President and CEO	

## Signatures

/s/ Jonathan I. Schwartz	07/31/2006
<u>    </u> 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).

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- (1) Includes: (i) 1,741,000 shares of unvested restricted stock; and (ii) 6,493 shares purchased under the Sun Microsystems, Inc. 1990 Employee Stock Purchase Plan on April 28, 2006.
- (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 60,000 shares beginning on July 25, 2003.
- (5) This option vests and becomes exercisable in five equal annual installments of 100,000 shares beginning on July 23, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 200,000 shares beginning on April 30, 2005.
- (7) This option vests and becomes exercisable in five equal annual installments of 160,000 shares beginning on July 29, 2005.
- (8) This option vests and becomes exercisable in five equal annual installments of 180,000 shares beginning on July 28, 2006.
- (9) This option vests and becomes exercisable in five equal annual installments of 400,000 shares beginning on April 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.

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