

SUN MICROSYSTEMS, INC.  
 Form 4  
 July 31, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
**DILLON MICHAEL A**

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)  
**07/27/2006**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Executive Vice President**

**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	V	22,252 \$ 4.33	D	

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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 Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount Number of Shares
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.7					07/25/2003 <sup>(3)</sup> 07/25/2010	Common Stock 50
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 4.2					05/21/2004 <sup>(4)</sup> 05/21/2011	Common Stock 33
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 4.208					11/13/2004 <sup>(5)</sup> 11/13/2011	Common Stock 26
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.9					04/30/2005 <sup>(6)</sup> 04/30/2014	Common Stock 350
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.79					07/29/2005 <sup>(7)</sup> 07/29/2014	Common Stock 100
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.85					07/28/2006 <sup>(8)</sup> 07/28/2015	Common Stock 300
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 4.26	07/27/2006		A	400,000	07/27/2007 <sup>(9)</sup> 07/27/2016	Common Stock 400

