

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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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 \*  
**PAPADOPOULOS GREGORY M**

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 & CTO**

**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 38,515 D	(A) or D \$ 4.33	242,702 <sup>(15)</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	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	Am Nu Sha
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 5.0235					04/15/1999 <sup>(2)</sup>	04/15/2008	Common Stock	10
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 12.5313					04/20/2000 <sup>(3)</sup>	04/20/2009	Common Stock	10
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 40					04/12/2001 <sup>(4)</sup>	04/12/2010	Common Stock	5
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 18.58					04/18/2002 <sup>(5)</sup>	04/18/2011	Common Stock	11
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 12.59					11/07/2002 <sup>(6)</sup>	11/07/2011	Common Stock	35
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 12.59					11/07/2002 <sup>(7)</sup>	11/07/2011	Common Stock	4
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 9.14					03/19/2003 <sup>(8)</sup>	03/19/2010	Common Stock	
Employee Stock Option	\$ 6.45					05/02/2003 <sup>(9)</sup>	05/02/2012	Common Stock	12

(Right to Buy) <sup>(1)</sup>

Employee Stock

Option \$ 3.7

07/25/2003<sup>(10)</sup> 07/25/2012

Common Stock 19

(Right to Buy) <sup>(1)</sup>

Employee Stock

Option \$ 3.85

07/23/2004<sup>(11)</sup> 07/23/2013

Common Stock 39

(Right to Buy) <sup>(1)</sup>

Employee Stock

Option \$ 3.79

07/29/2005<sup>(12)</sup> 07/29/2014

Common Stock 40

(Right to Buy) <sup>(1)</sup>

Employee Stock

Option \$ 3.85

07/28/2006<sup>(13)</sup> 07/28/2015

Common Stock 30

(Right to Buy) <sup>(1)</sup>

Employee Stock

Option \$ 4.26 07/27/2006

A 500,000

07/27/2007<sup>(14)</sup> 07/27/2016

Common Stock 50

(Right to Buy) <sup>(1)</sup>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PAPADOPOULOS GREGORY M 4150 NETWORK CIRCLE SANTA CLARA, CA 95054			Executive Vice President & CTO	

## Signatures

/s/ Gregory M. Papadopoulos 07/31/2006

<sup>(1)</sup>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) This option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.

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- (2) This option vests and becomes exercisable in five equal annual installments of 58,800 shares beginning on April 15, 1999.
- (3) This option vests and becomes exercisable in five equal annual installments of 20,000 shares beginning on April 20, 2000.
- (4) This option vests and becomes exercisable in five equal annual installments of approximately 10,335 shares beginning on April 12, 2001.
- (5) This option vests and becomes exercisable in five equal annual installments of approximately 22,337 shares beginning on April 18, 2002.
- (6) This option vests and becomes exercisable in five equal annual installments of approximately 7,842 shares beginning on November 7, 2002.
- (7) This option vests and becomes exercisable in five equal annual installments of 8,957 shares beginning on November 7, 2002.
- (8) This option vests and becomes exercisable in five equal annual installments of 25 shares beginning on March 19, 2003.
- (9) This option vests and becomes exercisable in five equal annual installments of approximately 25,394 shares beginning on May 2, 2003.
- (10) This option vests and becomes exercisable in five equal annual installments of approximately 39,542 shares beginning on July 25, 2003.
- (11) This option vests and becomes exercisable in five equal annual installments of approximately 79,830 shares beginning on July 23, 2004.
- (12) This option vests and becomes exercisable in five equal annual installments of 80,000 shares beginning on July 29, 2005.
- (13) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 28, 2006.
- (14) This option vests and becomes exercisable in five equal annual installments of 100,000 shares beginning on July 27, 2007.
- (15) Includes 124,250 shares of unvested restricted stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.