

SUN MICROSYSTEMS, INC.

Form 4

July 31, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	07/28/2006		F		22,252	D	\$ 4.33
					144,592 ⁽¹⁾	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)**

Edgar Filing: SUN MICROSYSTEMS, INC. - Form 4

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 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⁾	\$ 3.7							07/25/2003 ⁽³⁾	07/25/2010	Common Stock	50
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 4.2							05/21/2004 ⁽⁴⁾	05/21/2011	Common Stock	33
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 4.208							11/13/2004 ⁽⁵⁾	11/13/2011	Common Stock	26
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 3.9							04/30/2005 ⁽⁶⁾	04/30/2014	Common Stock	350
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 3.79							07/29/2005 ⁽⁷⁾	07/29/2014	Common Stock	100
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 3.85							07/28/2006 ⁽⁸⁾	07/28/2015	Common Stock	300
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 4.26	07/27/2006		A		400,000		07/27/2007 ⁽⁹⁾	07/27/2016	Common Stock	400

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DILLON MICHAEL A 4150 NETWORK CIRCLE SANTA CLARA, CA 95054			Executive Vice President	

Signatures

/s/ Michael A.

Dillon

07/31/2006

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) Includes: (i) 78,750 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) This option vests and becomes exercisable in five equal annual installments of 10,000 shares beginning on July 25, 2003.
- (4) This option vests and becomes exercisable in five equal annual installments of 6,600 shares beginning on May 21, 2004.
- (5) This option vests and becomes exercisable in five equal annual installments of 5,200 shares beginning on November 13, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 70,000 shares beginning on April 30, 2005.
- (7) This option vests and becomes exercisable in five equal annual installments of 20,000 shares beginning on July 29, 2005.
- (8) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 28, 2006.
- (9) This option vests and becomes exercisable in five equal annual installments of 80,000 shares beginning on July 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. 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.