

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
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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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 |
| 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 |

