

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 \*  
 MacGowan William N

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)  
 Chief HR Officer & EVP

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	20,777 \$ 4.33	D	112,223 <sup>(10)</sup>

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)	Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount of Underlying Securities (Instr. 3 and 4)
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 12.5313					04/20/2000 <sup>(2)</sup>	04/20/2007	Common Stock	24
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 17					08/11/2000 <sup>(2)</sup>	08/11/2007	Common Stock	40
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 40					04/12/2001 <sup>(2)</sup>	04/12/2008	Common Stock	12
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 45.0313					06/13/2001 <sup>(2)</sup>	06/13/2008	Common Stock	24
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 18.58					04/18/2002 <sup>(2)</sup>	04/18/2009	Common Stock	15
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 16.25					06/13/2002 <sup>(2)</sup>	06/13/2009	Common Stock	5,
Employee Stock Option (Right to Buy) <sup>(1)</sup>	\$ 7.91					09/27/2002 <sup>(2)</sup>	09/27/2009	Common Stock	18
Employee Stock Option	\$ 12.59					11/07/2002 <sup>(2)</sup>	11/07/2009	Common Stock	30

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(Right to Buy) <u>(1)</u>						
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 12.59		11/07/2002 <sup>(2)</sup>	11/07/2009	Common Stock	30
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 9.14		03/19/2003 <sup>(2)</sup>	03/19/2010	Common Stock	2
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 9.14		03/19/2003 <sup>(2)</sup>	03/19/2010	Common Stock	15
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 3.7		07/25/2003 <sup>(3)</sup>	07/25/2010	Common Stock	40
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 4.2		05/21/2004 <sup>(4)</sup>	05/21/2011	Common Stock	30
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 4.208		11/13/2004 <sup>(5)</sup>	11/13/2011	Common Stock	40
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 3.9		04/30/2005 <sup>(6)</sup>	04/30/2012	Common Stock	300
Employee Stock Option (Right to Buy) <u>(1)</u>	\$ 3.79		07/29/2005 <sup>(7)</sup>	07/29/2012	Common Stock	100
Employee Stock Option (Right to	\$ 3.85		07/28/2006 <sup>(8)</sup>	07/28/2013	Common Stock	300

