

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

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(Print or Type Responses)

1. Name and Address of Reporting Person *
SCHWARTZ JONATHAN I

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)

SANTA CLARA, CA 95054

(City) (State) (Zip)

3. Date of Earliest Transaction
(Month/Day/Year)
07/28/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)
President and CEO

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)
Common Stock	07/28/2006		F	68,273 D	\$ 4.33	2,645,692 ⁽¹⁾ D	

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

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information contained in this form are not
required to respond unless the form
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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 (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 Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 7.8672					11/11/1999 ⁽³⁾ 11/11/2006	Common Stock 40,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 14.6094					06/16/2000 ⁽³⁾ 06/16/2007	Common Stock 80,000
Employee Stock Option ⁽²⁾	\$ 17					08/11/2000 ⁽³⁾ 08/11/2007	Common Stock 140,000
Employee Stock Option ⁽²⁾	\$ 36.7188					12/15/2000 ⁽³⁾ 12/15/2007	Common Stock 120,000
Employee Stock Option ⁽²⁾	\$ 40					04/12/2001 ⁽³⁾ 04/12/2010	Common Stock 70,000
Employee Stock Option ⁽²⁾	\$ 45.0313					06/13/2001 ⁽³⁾ 06/13/2010	Common Stock 30,000
Employee Stock Option ⁽²⁾	\$ 18.58					04/18/2002 ⁽³⁾ 04/18/2011	Common Stock 200,000
Employee Stock Option ⁽²⁾	\$ 12.59					11/07/2002 ⁽³⁾ 11/07/2011	Common Stock 75,000
Employee Stock Option ⁽²⁾	\$ 12.59					11/07/2002 ⁽³⁾ 11/07/2011	Common Stock 75,000
Employee Stock Option ⁽²⁾	\$ 9.14					03/19/2003 ⁽³⁾ 03/19/2012	Common Stock 200

Employee Stock Option ⁽²⁾	\$ 6.45	05/02/2003 ⁽³⁾	05/02/2012	Common Stock	200,000
Employee Stock Option ⁽²⁾	\$ 3.7	07/25/2003 ⁽⁴⁾	07/25/2012	Common Stock	300,000
Employee Stock Option ⁽²⁾	\$ 3.85	07/23/2004 ⁽⁵⁾	07/23/2013	Common Stock	500,000
Employee Stock Option ⁽²⁾	\$ 3.9	04/30/2005 ⁽⁶⁾	04/30/2014	Common Stock	1,000,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 3.79	07/29/2005 ⁽⁷⁾	07/29/2014	Common Stock	800,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 3.85	07/28/2006 ⁽⁸⁾	07/28/2015	Common Stock	900,000
Employee Stock Option (Right to Buy) ⁽²⁾	\$ 4.95	04/27/2007 ⁽⁹⁾	04/27/2016	Common Stock	2,000,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHWARTZ JONATHAN I 4150 NETWORK CIRCLE SANTA CLARA, CA 95054	X		President and CEO	

Signatures

/s/ Jonathan I.
Schwartz

07/31/2006

⁽²⁾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).

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- (1) Includes: (i) 1,741,000 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) Immediately.
- (4) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 25, 2003.
- (5) This option vests and becomes exercisable in five equal annual installments of 100,000 shares beginning on July 23, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 200,000 shares beginning on April 30, 2005.
- (7) This option vests and becomes exercisable in five equal annual installments of 160,000 shares beginning on July 29, 2005.
- (8) This option vests and becomes exercisable in five equal annual installments of 180,000 shares beginning on July 28, 2006.
- (9) This option vests and becomes exercisable in five equal annual installments of 400,000 shares beginning on April 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.