

OSHMAN M KENNETH  
 Form 4  
 November 03, 2006

**FORM 4**

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

OMB APPROVAL

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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 \*  
 OSHMAN M KENNETH

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)

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

Director  10% Owner  
 Officer (give title below)  Other (specify below)

4150 NETWORK CIRCLE

11/02/2006

(Street)

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

SANTA CLARA, CA 95054

(City) (State) (Zip)

**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)
				(A) or (D)	Price		
Common Stock					2,323,200	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 (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)	8. Amount or Number of Shares
Director Stock Option (Right to Buy) <sup>(1)</sup>	\$ 12.59					<u>(2)</u> 11/07/2006	Common Stock	10,000
Director Stock Option (Right to Buy) <sup>(1)</sup>	\$ 3.4					<u>(3)</u> 11/07/2007	Common Stock	10,000
Director Stock Option (Right to Buy) <sup>(1)</sup>	\$ 4.208					<u>(4)</u> 11/13/2008	Common Stock	10,000
Director Stock Option (Right to Buy) <sup>(1)</sup>	\$ 4.6					<u>(5)</u> 11/10/2009	Common Stock	10,000
Director Stock Option (Right to Buy) <sup>(1)</sup>	\$ 3.9					<u>(6)</u> 10/27/2010	Common Stock	10,000
Director Stock Option (Right to Buy) <sup>(1)</sup>	\$ 5.33	11/02/2006		A	10,000	<u>(7)</u> 11/02/2011	Common Stock	10,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

OSHMANN M KENNETH  
4150 NETWORK CIRCLE X  
SANTA CLARA, CA 95054

## Signatures

/s/ M. Kenneth Oshman 11/02/2006

  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) This option was granted under Sun Microsystems, Inc. 1988 Directors' Stock Option Plan.  
This option originally vested in four equal annual installments of 2,500 shares beginning on November 7, 2002 or the date of Sun's 2002 Annual Meeting of Stockholders, whichever was earlier. Effective May 30, 2005, Sun accelerated the vesting schedules for all stock options outstanding as of that date with exercise prices of \$6.00 or more, including this option.
- (2) Annual Meeting of Stockholders, whichever was earlier. Effective May 30, 2005, Sun accelerated the vesting schedules for all stock options outstanding as of that date with exercise prices of \$6.00 or more, including this option.
- (3) This option vests in four equal annual installments of 2,500 shares beginning on November 7, 2003 or the date of Sun's 2003 Annual Meeting of Stockholders, whichever is earlier.
- (4) This option vests in four equal annual installments of 2,500 shares beginning on November 13, 2004 or the date of Sun's 2004 Annual Meeting of Stockholders, whichever is earlier.
- (5) This option vests in four equal annual installments of 2,500 shares beginning on November 10, 2005 or the date of Sun's 2005 Annual Meeting of Stockholders, whichever is earlier.
- (6) This option vests in four equal annual installments of 2,500 shares beginning on October 27, 2006 or the date of Sun's 2006 Annual Meeting of Stockholders, whichever is earlier.
- (7) This option vests in four equal annual installments of 2,500 shares beginning on November 2, 2007 or the date of Sun's 2007 Annual Meeting of Stockholders, whichever is earlier.

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.