

SUN MICROSYSTEMS, INC.  
 Form 4  
 November 27, 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 \*  
 MCCABE EUGENE G

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)  
 11/24/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 EVP, World Wide Operations

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)
				(A) or (D)	Price		
Common Stock	11/24/2006		S	V	4,692	D	\$ 5.55
					82,750 <sup>(1)</sup>	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. F Der Sec (Ins	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 28.0782					<sup>(3)</sup> 11/10/2007		Common Stock	240,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 40					<sup>(3)</sup> 04/12/2008		Common Stock	26,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 50.9375					<sup>(3)</sup> 10/11/2008		Common Stock	40,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 18.58					<sup>(3)</sup> 04/18/2009		Common Stock	18,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 16.25					<sup>(3)</sup> 06/13/2009		Common Stock	102,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 7.91					<sup>(3)</sup> 09/27/2009		Common Stock	18,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 12.59					<sup>(3)</sup> 11/07/2009		Common Stock	25,000

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Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 12.59	<u>(3)</u>	11/07/2009	Common Stock	25,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 9.14	<u>(3)</u>	03/19/2010	Common Stock	200
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 9.14	<u>(3)</u>	03/19/2010	Common Stock	18,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 7.07	<u>(3)</u>	05/14/2010	Common Stock	20,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.7	<u>(4)</u>	07/25/2010	Common Stock	70,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.9	<u>(5)</u>	01/14/2013	Common Stock	100,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.85	<u>(6)</u>	07/23/2013	Common Stock	360,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.79	<u>(7)</u>	07/29/2012	Common Stock	250,000
Employee Stock Option (Right to Buy) <sup>(2)</sup>	\$ 3.44	<u>(8)</u>	04/28/2013	Common Stock	250,000
	\$ 3.85	<u>(9)</u>	07/28/2013		300,000

Employee Stock Option (Right to Buy) <u>(2)</u>				Common Stock	
Employee Stock Option	\$ 4.26	<u>(10)</u>	07/27/2014	Common Stock	400,000
(Right to Buy) <u>(2)</u>					

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCCABE EUGENE G 4150 NETWORK CIRCLE SANTA CLARA, CA 95054			EVP, World Wide Operations	

## Signatures

/s/ Eugene G.  
McCabe

11/27/2006

    \*\*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 includes 82,750 shares of unvested restricted stock.
- (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 14,000 shares beginning on July 25, 2003.
- (5) This option vests and becomes exercisable in five equal annual installments of 20,000 shares beginning on January 14, 2004.
- (6) This option vests and becomes exercisable in five equal annual installments of 72,000 shares beginning on July 23, 2004.
- (7) This option vests and becomes exercisable in five equal annual installments of 50,000 shares beginning on July 29, 2005.
- (8) This option vests and becomes exercisable in five equal annual installments of 50,000 shares beginning on April 28, 2006.
- (9) This option vests and becomes exercisable in five equal annual installments of 60,000 shares beginning on July 28, 2006.
- (10) 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.