

MCNEALY SCOTT G
Form 4
May 01, 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 *
MCNEALY SCOTT 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)
04/27/2006

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

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) Code V Amount (D) Price			
Common Stock					1,377,198 ⁽¹⁾	D	
Common Stock					293,080	I	By trust
Common Stock					55,936,480	I	By trust
Common Stock					402,800	I	By trust ⁽²⁾
Common Stock					5,551	I	see footnote ⁽³⁾ ⁽⁴⁾

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Common Stock	5,551	I	see footnote <u>(3)</u> <u>(4)</u>
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

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 Number Shares
Employee Stock Option (Right to Buy) <u>(5)</u>	\$ 4.2422					<u>(6)</u> 06/11/2007	Common Stock 2,400
Employee Stock Option (Right to Buy) <u>(5)</u>	\$ 5.4532					<u>(6)</u> 06/17/2008	Common Stock 3,200
Employee Stock Option (Right to Buy) <u>(5)</u>	\$ 12.5313					<u>(6)</u> 04/20/2009	Common Stock 400
Employee Stock Option (Right to Buy) <u>(5)</u>	\$ 40					<u>(6)</u> 04/12/2010	Common Stock 1,000

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Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 18.58	<u>(6)</u>	04/18/2011	Common Stock	1,500
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 12.59	<u>(6)</u>	11/07/2011	Common Stock	1,250
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 12.59	<u>(6)</u>	11/07/2011	Common Stock	1,250
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 9.14	<u>(6)</u>	03/19/2012	Common Stock	200
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 6.45	<u>(6)</u>	05/02/2012	Common Stock	200
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 7.07	<u>(6)</u>	05/14/2012	Common Stock	800
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 3.7	<u>(7)</u>	07/25/2012	Common Stock	1,000
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 3.85	<u>(8)</u>	07/23/2013	Common Stock	1,500
Employee Stock Option (Right to Buy) ⁽⁵⁾	\$ 3.79	<u>(9)</u>	07/29/2014	Common Stock	1,250
	\$ 3.85	<u>(10)</u>	07/28/2015		900

Employee
Stock
Option
(Right to
Buy) ⁽⁵⁾

Common
Stock

Employee
Stock
Option \$ 4.95 04/27/2006 A 2,100,000 ⁽¹¹⁾ 04/27/2016
(Right to
Buy) ⁽⁵⁾

Common
Stock 2,100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCNEALY SCOTT G 4150 NETWORK CIRCLE SANTA CLARA, CA 95054	X		Chairman and CEO	

Signatures

/s/ Brian M. Martin,
Attorney-in-Fact 05/01/2006

__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) Includes: (i) 1,354,000 shares of restricted stock, which are held in an escrow account with respect to which Mr. McNealy has no voting power and which provides for the immediate sale of the shares upon vesting, subject to Sun's policies and applicable securities laws; and (ii) 6,493 shares purchased under the Sun Microsystems, Inc. 1990 Employee Stock Purchase Plan on April 28, 2006.
 - (2) The reporting person disclaims beneficial ownership of these securities, and the filing of this report is not an admission that the reporting person is the beneficial owner of these securities for the purposes of Section 16 or any other purpose.
 - (3) Gift from reporting person's mother.

These shares are held in a California Uniform Transfer to Minors Act account for the benefit of the reporting person's child. The reporting person's spouse is custodian of the account. The reporting person disclaims beneficial ownership of these securities, and the filing of this report is not an admission that the reporting person is the beneficial owner of these securities for the purposes of Section 16 or any other purpose.
 - (4) This option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.
 - (5) Immediately.
 - (6) A total of 600,000 shares are fully vested and exercisable with the remaining 400,000 shares becoming exercisable as follows: (i) 200,000 shares on July 25, 2006; and (ii) 200,000 shares on July 25, 2007.
 - (7) A total of 600,000 shares are fully vested and exercisable with the remaining 900,000 shares becoming exercisable as follows: (i) 300,000 shares on July 23, 2006; (ii) 300,000 shares on July 23, 2007; and (iii) 300,000 shares on July 23, 2008.
 - (8) A total of 250,000 shares are fully vested and exercisable with the remaining 1,000,000 shares becoming exercisable as follows: (i) 250,000 shares on July 29, 2006; (ii) 250,000 shares on July 29, 2007; (iii) 250,000 shares on July 29, 2008; and (iv) 250,000 shares on July 29, 2009.
 - (9)

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(10) This option vests and becomes exercisable in five equal annual installments of 180,000 shares beginning on July 28, 2006.

(11) This option vests and becomes exercisable in five equal annual installments of 420,000 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.

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