

MCNEALY SCOTT G
Form 4
January 05, 2007

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

3. Date of Earliest Transaction (Month/Day/Year)
12/21/2006

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

(Street)
SANTA CLARA, CA 95054

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

(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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--------------------------------------|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | | | | | 1,377,198 ⁽¹⁾ | D | |
| Common Stock | 12/21/2006 | | G | V 2,000 A \$ 5.5 | 7,551 | I | See Footnotes. <u>(2)</u> <u>(3)</u> |
| Common Stock | 12/21/2006 | | G | V 2,000 A \$ 5.5 | 7,551 | I | See Footnotes. <u>(2)</u> <u>(3)</u> |
| Common Stock | 12/21/2006 | | G | V 2,000 A \$ 5.5 | 7,551 | I | See Footnotes. <u>(2)</u> <u>(3)</u> |

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| | | | | | | | | | | |
|--------------|------------|--|---|---|-------|---|--------|------------|---|--------------------------------------|
| Common Stock | 12/21/2006 | | G | V | 2,000 | A | \$ 5.5 | 7,551 | I | See Footnotes. <u>(2)</u> <u>(3)</u> |
| Common Stock | | | | | | | | 293,080 | I | Shares held by trust. |
| Common Stock | | | | | | | | 55,936,480 | I | Shares held by trust. |
| Common Stock | | | | | | | | 402,800 | I | Shares held by trust. <u>(4)</u> |

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.

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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) | 8. Amount or Number of Shares |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee Stock Option (Right to Buy) <u>(5)</u> | \$ 5.4532 | | | | | <u>(6)</u> 06/17/2008 | Common Stock | 3,200,000 |
| Employee Stock Option (Right to Buy) <u>(5)</u> | \$ 12.5313 | | | | | <u>(6)</u> 04/20/2009 | Common Stock | 400,000 |
| Employee Stock Option (Right to Buy) <u>(5)</u> | \$ 40 | | | | | <u>(6)</u> 04/12/2010 | Common Stock | 1,000,000 |
| | \$ 18.58 | | | | | <u>(6)</u> 04/18/2011 | | 1,500,000 |

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

| | | | | | | |
|---|--|-------------|------------|--|-----------------|-----------|
| Employee Stock Option (Right to Buy) ⁽⁵⁾ | | | | | Common Stock | |
| Employee Stock Option \$ 4.95 (Right to Buy) ⁽⁵⁾ | | <u>(11)</u> | 04/27/2016 | | 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 | | |

Signatures

/s/ Scott G.
McNealy

01/05/2007

 **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 (i) 702,000 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) Gift from reporting person's mother.
- (3) 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) 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.
- (5) This option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.
- (6) Immediately.
- (7) This option vests and becomes exercisable in five equal annual installments of 200,000 shares beginning on July 25, 2003.
- (8) This option vests and becomes exercisable in five equal annual installments of 300,000 shares beginning on July 23, 2004.
- (9) This option vests and becomes exercisable in five equal annual installments of 250,000 shares beginning on July 29, 2005.
- (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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