

MCNEALY SCOTT G
Form 4
August 01, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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.
[JAVA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
07/30/2008

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

4150 NETWORK CIRCLE

(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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) Code V Amount Price | | | |
| Common Stock | | | | | 73,270 | I | Shares held by trust. ⁽²⁾ |
| Common Stock | | | | | 13,962,816 | I | Shares held by trust. ⁽²⁾ |
| Common Stock | | | | | 100,700 | I | Shares held by trust. ⁽²⁾ |
| Common Stock | | | | | 1,887 | I | See footnote. |

| | | | | | | | | |
|--------------|------------|--|------------------|---------|---|------------|------------------------|-----------------------------|
| Common Stock | | | | | | 1,887 | I | (3) See footnote. (3) |
| Common Stock | | | | | | 1,887 | I | See footnote. (3) |
| Common Stock | | | | | | 1,887 | I | See footnote. (3) |
| Common Stock | | | | | | 525 | I | See footnote. (5) |
| Common Stock | | | | | | 525 | I | See footnote. (5) |
| Common Stock | | | | | | 525 | I | See footnote. (5) |
| Common Stock | | | | | | 525 | I | See footnote. (5) |
| Common Stock | 07/30/2008 | | A ⁽⁶⁾ | 33,000 | A | \$ 0.0007 | 72,370 | D |
| Common Stock | 07/30/2008 | | A ⁽⁷⁾ | 230,800 | A | \$ 0.0007 | 303,170 | D |
| Common Stock | 07/31/2008 | | S ⁽⁸⁾ | 25,000 | D | \$ 10.1079 | 278,170 | D |
| Common Stock | 08/01/2008 | | S ⁽⁹⁾ | 8,250 | D | \$ 9.824 | 269,920 ⁽¹⁾ | D |

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.

SEC 1474
(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 | 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... |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|

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| | | | | | (A) or Disposed of (D) (Instr. 3, 4, and 5) | | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
|--|------------|--|--|--|---|---|---------------------|--------------------|-----------------|----------------------------------|
| | | | | | Code | V | | | | |
| Employee Stock Option (Right to Buy) | \$ 50.1252 | | | | | | (4) | 04/20/2009 | Common Stock | 100,000 |
| Employee Stock Option (Right to Buy) | \$ 160 | | | | | | (4) | 04/12/2010 | Common Stock | 250,000 |
| Employee Stock Option (Right to Buy) | \$ 74.32 | | | | | | (4) | 04/18/2011 | Common Stock | 375,000 |
| Employee Stock Option (Right to Buy) | \$ 50.36 | | | | | | (4) | 11/07/2011 | Common Stock | 312,500 |
| Employee Stock Option (Right to Buy) | \$ 50.36 | | | | | | (4) | 11/07/2011 | Common Stock | 312,500 |
| Employee Stock Option (Right to Buy) | \$ 36.56 | | | | | | (4) | 03/19/2012 | Common Stock | 50 |
| Employee Stock Option (Right to Buy) | \$ 25.8 | | | | | | (4) | 05/02/2012 | Common Stock | 50,000 |
| Employee Stock Option (Right to Buy) | \$ 28.28 | | | | | | (4) | 05/14/2012 | Common Stock | 200,000 |

| | | | | | |
|--|----------|-----|------------|-----------------|---------|
| Employee Stock Option (Right to Buy) | \$ 14.8 | (4) | 07/25/2012 | Common Stock | 250,000 |
| Employee Stock Option (Right to Buy) | \$ 15.4 | (4) | 07/23/2013 | Common Stock | 375,000 |
| Employee Stock Option (Right to Buy) | \$ 15.16 | (4) | 07/29/2014 | Common Stock | 312,500 |
| Employee Stock Option (Right to Buy) | \$ 15.4 | (4) | 07/28/2015 | Common Stock | 225,000 |
| Employee Stock Option (Right to Buy) | \$ 19.8 | (4) | 04/27/2016 | Common Stock | 525,000 |
| Employee Stock Option (Right to Buy) | \$ 20.4 | (4) | 07/31/2017 | Common Stock | 500,000 |

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/ Craig D. Norris,
Attorney-In-Fact

08/01/2008

**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 6,250 shares of unvested restricted stock and 299,300 shares of unvested restricted stock units.

(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.

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 vests and becomes exercisable in five equal annual installments beginning on the first anniversary of the date of grant.

These shares are held in a trust for the benefit of the reporting person's child. The reporting person and the reporting person's spouse are co-trustees of the trust. 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.

(6) This restricted stock unit vests and becomes exercisable as to 25% on the Transaction Date and 25% on each of the second, third and fourth anniversaries of the date of grant.

(7) This restricted stock unit vests and becomes exercisable in four equal annual installments beginning on the first anniversary of the date of grant.

These sales were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on August 7, 2006. The sales prices for these transactions ranged from \$10.07 to \$10.17. The issuer will provide full information regarding the number of shares sold at each separate price upon request by the Commission staff.

These sales were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on August 7, 2006. The sales prices for these transactions ranged from \$9.75 to \$10. The issuer will provide full information regarding the number of shares sold at each separate price upon request by the Commission staff.

Remarks:

Exhibit List

Exhibit 24 - Power of Attorney

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.