

MCNEALY SCOTT G
Form 4
January 27, 2010

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.
[JAVA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
01/26/2010

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 Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 01/26/2010 | | D | 34,054 ⁽¹⁾ | D (2) 211,475 ⁽³⁾ | D | |
| Common Stock | 01/26/2010 | | D | 211,475 ⁽³⁾ | D (4) 0 | D | |
| Common Stock | 01/26/2010 | | D | 73,270 | D (2) 0 | I | See footnote ⁽⁵⁾ |
| Common Stock | 01/26/2010 | | D | 11,262,816 | D (2) 0 | I | See footnote ⁽⁶⁾ |
| | 01/26/2010 | | D | 100,700 | D (2) 0 | I | |

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| | | | | | | | | | |
|--------------|------------|--|---|-------|---|-----|---|------------------|------------------|
| Common Stock | | | | | | | | See footnote (7) | |
| Common Stock | 01/26/2010 | | D | 1,887 | D | (2) | 0 | I | See footnote (8) |
| Common Stock | 01/26/2010 | | D | 1,887 | D | (2) | 0 | I | See footnote (8) |
| Common Stock | 01/26/2010 | | D | 1,887 | D | (2) | 0 | I | See footnote (8) |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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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) | \$ 74.32 | 01/26/2010 | | D | 375,000 | (9) 04/18/2011 | Common Stock 375,000 |
| Employee Stock Option (right to buy) | \$ 25.8 | 01/26/2010 | | D | 50,000 | (9) 05/02/2012 | Common Stock 50,000 |
| Employee Stock Option (right to buy) | \$ 19.8 | 01/26/2010 | | D | 525,000 | (11) 04/27/2016 | Common Stock 525,000 |
| | \$ 15.4 | 01/26/2010 | | D | 375,000 | (9) 07/23/2013 | 375,000 |

Employee
Stock
Option
(right to
buy)

Common
Stock

Employee
Stock
Option
(right to
buy)

\$ 160

01/26/2010

D

250,000

(9)

04/12/2010

Common
Stock

250,000

Employee
Stock
Option
(right to
buy)

\$ 15.4

01/26/2010

D

225,000

(12)

07/28/2015

Common
Stock

225,000

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

01/26/2010

**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 1,282 shares acquired under the JAVA employee stock purchase plan on November 13, 2009.

(2) Pursuant to the Merger Agreement between the Issuer and Oracle Corporation dated April 19, 2009 (the "Merger Agreement"), each share of JAVA common stock will be exchanged for \$9.50 in cash.

(3) Shares are represented by restricted stock units.

(4) Pursuant to the Merger Agreement, each restricted stock unit will be assumed by Oracle and converted into a restricted stock unit for 0.3849 shares of Oracle common stock.

(5) Shares are held directly in a trust for which the reporting person and his spouse serve as trustees. 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) Shares are held directly in a trust for which the reporting person serves as trustee. 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.

(7) Shares are held directly in a trust for which the reporting person's father-in-law serves as trustee and for which the reporting person's children are the beneficiaries. 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.

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- (8) Shares are held in a California Uniform Transfer to Minors Act account for the benefit of the reporting person's child and for which the reporting person's spouse serves as custodian. 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.
- (9) The option is fully vested.
- (10) Pursuant to the Merger Agreement, each option to purchase shares of JAVA common stock will be assumed by Oracle and converted into an option to purchase a number of shares of Oracle common stock equal to the number of shares of JAVA common stock subject to the option multiplied by 0.3849 rounded down to the nearest whole share. The exercise price per share for the assumed option will equal the JAVA per share exercise price divided by 0.3849.
- (11) The option vests in five equal annual installments beginning on April 27, 2007.
- (12) The option vests in five equal annual installments beginning on July 28, 2006.

Remarks:

This report on Form 4 is one of two reports which relates to the same transaction.

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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