MCNEALY SCOTT G

Form 4 May 01, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

0.5

Estimated average burden hours per

response...

OMB APPROVAL

if no longer subject to Section 16. Form 4 or Form 5

Check this box

obligations may continue.

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

1(b).

(Print or Type Responses)

See Instruction

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading MCNEALY SCOTT G Issuer Symbol SUN MICROSYSTEMS, INC. (Check all applicable) [SUNW] (Last) (First) (Middle) 3. Date of Earliest Transaction _X__ Director 10% Owner X_ Officer (give title Other (specify (Month/Day/Year) below) 4150 NETWORK CIRCLE 04/27/2006 Chairman and CEO (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

SANTA CLARA, CA 95054

(State)

(Zin)

(C:tr.)

(City)	(State) (2	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. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (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					` /		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)		

Common Stock	5,551	I	see footnote $\underline{(3)}$
Common Stock	5,551	I	see footnote (3)
Common Stock	5,551	I	see footnote (3)

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

Persons who respond to the collection of SEC 1474 information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

(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. Transacti Code (Instr. 8)	tion S) A	5. Number Derivative Securities Acquired (Disposed of Instr. 3, 4,	(A) or of (D)	Expiration Date		7. Title and Amount Underlying Securitie (Instr. 3 and 4)	
				Code V	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amour Number Shares
Employee Stock Option (Right to Buy) (5)	\$ 4.2422							<u>(6)</u>	06/11/2007	Common Stock	2,400
Employee Stock Option (Right to Buy) (5)	\$ 5.4532							<u>(6)</u>	06/17/2008	Common Stock	3,200
Employee Stock Option (Right to Buy) (5)	\$ 12.5313							<u>(6)</u>	04/20/2009	Common Stock	400,
Employee Stock Option (Right to Buy) (5)	\$ 40							<u>(6)</u>	04/12/2010	Common Stock	1,000

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	20
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	(8)	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	(10)	07/28/2015		900,

Employee Common Stock Stock Option (Right to Buy) (5)**Employee** Stock Common 04/27/2016 (11) \$ 4.95 Option 04/27/2006 Α 2,100,000 2.100 Stock (Right to Buy) (5)

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

MCNEALY SCOTT G

4150 NETWORK CIRCLE X Chairman and CEO
SANTA CLARA, CA 95054

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).
- 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.
- (5) This option was granted under the Sun Microsystems, Inc. 1990 Long-Term Equity Incentive Plan.
- (6) Immediately.
- 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.
- (8) 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.
- 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.

Reporting Owners 4

- (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. 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.