

MCNEALY SCOTT G  
Form 4  
August 01, 2008

**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)  
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. <sup>(2)</sup>
Common Stock					13,962,816	I	Shares held by trust. <sup>(2)</sup>
Common Stock					100,700	I	Shares held by trust. <sup>(2)</sup>
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 <sup>(6)</sup>	33,000	A	\$ 0.0007	72,370	D
Common Stock	07/30/2008		A <sup>(7)</sup>	230,800	A	\$ 0.0007	303,170	D
Common Stock	07/31/2008		S <sup>(8)</sup>	25,000	D	\$ 10.1079	278,170	D
Common Stock	08/01/2008		S <sup>(9)</sup>	8,250	D	\$ 9.824	269,920 <sup>(1)</sup>	D

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

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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)

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

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

**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.

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