

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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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) | |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|------------------|
| | | | Code | V | Amount | (A) or (D) | Price | |
| Common Stock | 01/26/2010 | | D | | 1,887 | D | <u>(1)</u> 0 | See footnote (2) |
| Common Stock | 01/26/2010 | | D | | 525 | D | <u>(1)</u> 0 | See footnote (3) |
| Common Stock | 01/26/2010 | | D | | 525 | D | <u>(1)</u> 0 | See footnote (3) |
| Common Stock | 01/26/2010 | | D | | 525 | D | <u>(1)</u> 0 | See footnote |

| | | | | | | | | | |
|--------------|------------|--|---|-----------|---|------------|---|---|--------------------------------|
| Common Stock | 01/26/2010 | | D | 525 | D | <u>(1)</u> | 0 | I | <u>(3)</u> See footnote (3) |
| Common Stock | 01/26/2010 | | D | 1,350,000 | D | <u>(1)</u> | 0 | I | <u>(4)</u> See footnote (4) |
| Common Stock | 01/26/2010 | | D | 1,350,000 | D | <u>(1)</u> | 0 | I | <u>(5)</u> See footnote (5) |

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

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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) | |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------|---------------------------------------------------------------|----------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Employee Stock Option (right to buy) | \$ 15.16 | 01/26/2010 | | D | 312,500 | <u>(6)</u> | 07/29/2014 | Common Stock | 312,500 |
| Employee Stock Option (right to buy) | \$ 36.56 | 01/26/2010 | | D | 50 | <u>(6)</u> | 03/19/2012 | Common Stock | 50 |
| Employee Stock Option (right to buy) | \$ 28.28 | 01/26/2010 | | D | 200,000 | <u>(6)</u> | 05/14/2012 | Common Stock | 200,000 |
| Employee Stock Option | \$ 50.36 | 01/26/2010 | | D | 625,000 | <u>(6)</u> | 11/07/2011 | Common Stock | 625,000 |

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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.

- (8) The option vests in five equal annual installments beginning on July 31, 2008.

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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