

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)

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

4150 NETWORK CIRCLE

01/26/2010

(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	(3) See footnote (3)
Common Stock	01/26/2010		D	1,350,000	D	<u>(1)</u>	0	I	See footnote (4)
Common Stock	01/26/2010		D	1,350,000	D	<u>(1)</u>	0	I	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)	Amount Number Shares	
				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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