

SUN MICROSYSTEMS, INC.
Form DEFM14A
June 08, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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SUN MICROSYSTEMS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Form, Schedule or Registration Statement No.:

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Date Filed:

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Sun Microsystems, Inc.
4150 Network Circle
Santa Clara, California 95054

June 8, 2009

Dear Stockholder,

You are cordially invited to attend a special meeting of Sun Microsystems, Inc. stockholders to be held on July 16, 2009, starting at 10 a.m. Pacific time at Sun's Auditorium located at the Santa Clara Campus, 4030 George Sellon Circle, Santa Clara, California 95054.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement under which Sun would be acquired by Oracle Corporation. We entered into this merger agreement on April 19, 2009. If the merger is completed, you, as a holder of Sun common stock, will be entitled to receive \$9.50 in cash, without interest and less any applicable withholding taxes, for each share of Sun common stock owned by you at the consummation of the merger, as more fully described in the enclosed proxy statement.

After careful consideration, our board of directors has unanimously determined that the merger and the other transactions contemplated by the merger agreement are fair to, advisable and in the best interests of Sun and our stockholders and unanimously recommends that you vote FOR the adoption of the merger agreement.

Your vote is very important, regardless of the number of shares of common stock you own. We cannot consummate the merger unless the merger agreement is approved by the affirmative vote of a majority of the outstanding shares of our common stock. **Therefore, the failure of any stockholder to vote will have the same effect as a vote by that stockholder against the adoption of the merger agreement.**

The attached proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to this document. We encourage you to read this document and the merger agreement carefully and in their entirety. You may also obtain more information about Sun from documents we have filed with the Securities and Exchange Commission.

Thank you in advance for your continued support and your consideration of this matter.

Sincerely,

Michael A. Dillon

Executive Vice President, General Counsel and Secretary

Santa Clara, California

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated June 8, 2009, and is first being mailed to stockholders on or about June 10, 2009.

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Sun Microsystems, Inc.

4150 Network Circle

Santa Clara, California 95054

To the Stockholders of Sun:

A special meeting of stockholders of Sun Microsystems, Inc., a Delaware corporation, or Sun, will be held on July 16, 2009, starting at 10 a.m. Pacific time at Sun's Auditorium located at the Santa Clara Campus, 4030 George Sellon Circle, Santa Clara, California 95054, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 19, 2009, among Sun Microsystems, Inc., Oracle Corporation, a Delaware corporation, and Soda Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of Oracle Corporation, as it may be amended from time to time, pursuant to which Sun will be acquired by Oracle Corporation.
2. To consider and vote on a proposal to adjourn or postpone the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of such adjournment or postponement to adopt the merger agreement.
3. To consider and vote on such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Our board of directors has specified the close of business on June 5, 2009 as the record date for the purpose of determining the stockholders who are entitled to receive notice of, and to vote at, the special meeting. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. Each stockholder is entitled to one vote for each share of Sun common stock held on the record date.

Under Delaware law, Sun stockholders who do not vote in favor of the merger agreement and the merger will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and the merger and comply with the other Delaware law procedures explained in the accompanying proxy statement.

Regardless of whether you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares will be present in person or represented at the special meeting. If you have Internet access, we encourage you to record your vote via the Internet. Properly executed proxy cards with no instructions indicated on the proxy card will be voted **FOR** the adoption of the merger agreement and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Your prompt attention is greatly appreciated.

THE SUN BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

By Order of the Board of Directors,

Michael A. Dillon

Executive Vice President, General Counsel and Secretary

Santa Clara, California

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about Sun from documents that are not included in or delivered with this document. See **Where You Can Find More Information** on page 71. You can obtain documents incorporated by reference in this document by requesting them in writing from Sun, Investor Relations, Mail Stop UMPK14-336, 4150 Network Circle, Santa Clara, California 95054 or by telephone at (800) 801-7869 (within the U.S.) or (408) 404-8427 (outside the U.S.). You will not be charged for any of these documents that you request. If you wish to request documents, you should do so by July 1, 2009 in order to receive them before the special meeting.

For additional questions about the merger, assistance in submitting proxies or voting shares of our common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:

Morrow & Co., LLC

470 West Avenue

Stamford, CT 06902

(800) 460-1014 (toll free)

(203) 658-9400 (collect)

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following questions and answers address briefly some questions you may have regarding the proposed merger and the special meeting. These questions and answers may not address all questions that may be important to you as a holder of shares of Sun common stock. For important additional information, please refer to the more detailed discussion contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement. We sometimes make reference to Sun Microsystems, Inc. and its subsidiaries in this proxy statement by using the terms Sun, the company, we, our or us.

Q: What is the transaction?

A: Sun and Oracle have entered into a definitive agreement pursuant to which, subject to the terms and conditions of the merger agreement, Oracle will acquire Sun through the merger of a wholly-owned subsidiary of Oracle with and into Sun. Sun will be the surviving corporation (which we refer to as the surviving corporation) in the merger and will continue as a wholly-owned subsidiary of Oracle.

Q: What will a Sun stockholder receive when the merger occurs?

A: For every share of Sun common stock held at the time of the merger, Sun stockholders will be entitled to receive \$9.50 in cash, without interest, less any applicable withholding taxes. This does not apply to shares held by Sun stockholders, if any, who have perfected their appraisal rights under Delaware law.

Q: What will happen in the merger to Sun's stock options, restricted stock and restricted stock unit awards?

A: Upon the effective time of the merger, options to acquire Sun common stock and restricted stock unit awards denominated in shares of Sun common stock outstanding immediately prior to the effective time of the merger will be converted into options and restricted stock unit awards denominated in shares of Oracle common stock based on formulas contained in the merger agreement, except for options and restricted stock unit awards held by persons who are not employees of, or consultants to, Sun or any of its subsidiaries, which options and restricted stock unit awards will be converted into the right to receive cash based on formulas contained in the merger agreement. Upon the consummation of the merger, each restricted stock award denominated in shares of Sun common stock will automatically be cancelled and each share of Sun common stock subject thereto will be converted into the right to receive an amount of cash equal to \$9.50 (without interest and less any applicable withholding taxes) per share of Sun common stock, which will be payable in accordance with the vesting schedule applicable to the restricted stock award as in effect immediately prior to the effective time of the merger.

Q: How does the merger consideration compare to the market price of Sun common stock?

A: The merger consideration of \$9.50 per share of Sun common stock represents a (1) 91% premium over the closing price of Sun shares on the NASDAQ Global Select Market on March 17, 2009, the last trading day before rumors of a possible transaction to acquire Sun were publicly reported, and (2) 42% premium over the closing price of Sun shares on the NASDAQ Global Select Market on April 17, 2009, the last trading day before the date the proposed transaction with Oracle was publicly announced. The closing sale price of Sun's common stock on the NASDAQ Global Select Market on June 5, 2009 was \$9.17. You are encouraged to obtain current market quotations for Sun common stock in connection with voting your shares.

Q: When do you expect the merger to be completed?

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- A: We expect the merger to be completed in the summer of 2009. However, the merger is subject to various closing conditions, including Sun stockholder and regulatory approvals, and it is possible that the failure to timely meet these closing conditions or other factors outside of our control could require us to complete the merger at a later time or not at all.

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Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you were a stockholder of Sun as of June 5, 2009, the record date for the special meeting. To complete the merger, Sun's stockholders must adopt the merger agreement. A copy of the merger agreement is attached to this proxy statement as Annex A. Sun will submit the merger agreement to its stockholders for adoption at the special meeting described in this proxy statement. You should read the section entitled "The Special Meeting" beginning on page 16.

Q: When and where will the special meeting of stockholders be held?

A: The special meeting of Sun stockholders (which we refer to as the special meeting) will be held on July 16, 2009, starting at 10 a.m. Pacific time at Sun's Auditorium located at the Santa Clara Campus, 4030 George Sellon Circle, Santa Clara, California 95054.

Q: What are the proposals that will be voted on at the special meeting?

A: You will be asked to consider and vote on (1) the adoption of the merger agreement, (2) the adjournment or postponement of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and (3) such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Q: Who is entitled to attend and vote at the special meeting?

A: The record date for the special meeting is June 5, 2009. If you own shares of Sun common stock as of the close of business on the record date, you are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting. As of the record date, there were approximately 751,353,139 shares of Sun common stock issued and outstanding.

Q: How many votes are required to adopt the merger agreement?

A: The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Sun common stock entitled to vote at the special meeting in person or by proxy, in accordance with Delaware law. In connection with the transactions contemplated by the merger agreement, Jonathan I. Schwartz, our President and Chief Executive Officer and a member of our board of directors, and Scott G. McNealy, the Chairman of our board of directors, who beneficially owned, as of the record date, approximately 0.1% and 1.9%, respectively, of the total outstanding shares of Sun common stock have both entered into a voting agreement with Oracle to, among other things, vote their respective shares of Sun common stock in favor of the merger, unless the merger agreement has been terminated.

Q: How many votes are required to adopt the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, to solicit additional proxies?

A: The adoption of the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of shares of Sun common stock present in person or represented by proxy at the special meeting and entitled to vote thereon.

Q. How does the Sun board of directors recommend that I vote on the proposals?

A: Sun's board of directors has determined that the merger and the other transactions contemplated by the merger agreement are fair to, advisable to and in the best interests of Sun's stockholders and unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement. You should read the section entitled "The Merger - Reasons for the Merger; Recommendation of Sun's Board of Directors" beginning on page 24.

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Q: How are votes counted? Why is my vote important?

A: Votes will be counted by the inspector of election appointed for the special meeting, who will separately count **FOR** and **AGAINST** votes and abstentions. The affirmative vote of a majority of the outstanding shares of Sun common stock is required under Delaware law to adopt the merger agreement. As a result, the failure to vote or the abstention from voting will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

Because the affirmative vote of a majority of the shares of Sun common stock present in person or represented by proxy at the special meeting is required to adopt the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies, abstentions will count as a vote **AGAINST** the proposal but the failure to vote your shares will have no effect on the outcome of the proposal.

Q: What if I fail to instruct my brokerage firm, bank, trust or other nominee how to vote?

A: Your brokerage firm, bank, trust or other nominee will not be able to vote your shares unless you have properly instructed your nominee on how to vote. The adoption of the merger agreement requires an affirmative vote of a majority of the outstanding shares of Sun common stock for approval. Because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to provide your nominee with voting instructions will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

The proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the shares of Sun common stock present in person or represented at the special meeting and entitled to vote thereon. Because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to instruct your broker or other nominee with voting instructions on how to vote your shares will have no effect on the approval of that proposal.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement, including the annexes and the other documents referred to in this proxy statement, please vote your shares as described below. You have one vote for each share of Sun common stock you own as of the record date.

Q: How do I vote if I am a stockholder of record?

A: You may vote:

by completing, signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope;

by using the telephone number printed on your proxy card;

by using the Internet voting instructions printed on your proxy card; or

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in person by appearing at the special meeting.

If you are voting by telephone or via the Internet, your voting instructions must be received by 11:59 p.m. Eastern time on the date prior to the date of the special meeting.

Voting via the Internet, by telephone or by mailing in your proxy card will not prevent you from voting in person at the special meeting. You are encouraged to submit a proxy by mail, via the Internet or by telephone even if you plan to attend the special meeting in person to ensure that your shares of Sun common stock are present in person or represented at the special meeting.

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If you return your signed proxy card, but do not mark the box showing how you wish to vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. With respect to any other matter that properly comes before the special meeting, shares present in person or represented by all proxies received by Sun will be voted with respect thereto in accordance with the judgment of the persons named as attorneys in the proxies.

Q: How do I vote if my shares are held by my brokerage firm, bank, trust or other nominee?

A: If your shares are held in a brokerage account or by another nominee, such as a bank or trust, then the brokerage firm, bank, trust or other nominee is considered to be the stockholder of record with respect to those shares. However, you still are considered to be the beneficial owner of those shares, with your shares being held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank, trust or other nominee how to vote their shares. Your brokerage firm, bank, trust or other nominee will only be permitted to vote your shares for you at the special meeting if you instruct it how to vote. Therefore, it is important that you promptly follow the directions provided by your brokerage firm, bank, trust or other nominee regarding how to instruct them to vote your shares. If you wish to vote in person at the special meeting, you must bring a proxy from your brokerage firm, bank, trust or other nominee authorizing you to vote at the special meeting.

In addition, because any shares you may hold in street name will be deemed to be held by a different stockholder than any shares you hold of record, shares held in street name will not be combined for voting purposes with shares you hold of record. To be sure your shares are voted, you should instruct your brokerage firm, bank, trust or other nominee to vote your shares. Shares held by a corporation or business entity must be voted by an authorized officer of the entity.

Q: What constitutes a quorum for the special meeting?

A: The presence, in person or by proxy, of stockholders representing a majority of the shares of Sun common stock entitled to vote at the special meeting will constitute a quorum for the special meeting. If you are a stockholder of record and you submit a properly executed proxy card, vote by telephone or via the Internet or vote in person at the special meeting, then your shares will be counted as part of the quorum. If you are a street name holder of shares and you provide your brokerage firm, bank, trust or other nominee with instructions as to how to vote your shares or obtain a legal proxy from such broker or nominee to vote your shares in person at the special meeting, then your shares will be counted as part of the quorum. All shares of Sun common stock held by stockholders that are present in person or represented by proxy and entitled to vote at the special meeting, regardless of how such shares are voted or whether such stockholders abstain from voting, will be counted in determining the presence of a quorum.

Q: What does it mean if I receive more than one proxy?

A: If you receive more than one proxy, it means that you hold shares that are registered in more than one account. For example, if you own your shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and you will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Therefore, to ensure that all of your shares are voted, you will need to sign and return each proxy card you receive or vote by telephone or via the Internet by using the different control number(s) on each proxy card.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of Sun common stock for the merger consideration. If your shares are held in

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street name by your brokerage firm, bank, trust or other nominee, you will receive instructions from your brokerage firm, bank, trust or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **PLEASE DO NOT SEND IN YOUR CERTIFICATES NOW.**

Q: What happens if I sell my shares of Sun common stock before the special meeting?

A: The record date for stockholders entitled to vote at the special meeting is earlier than the date of the special meeting and the expected closing date of the merger. If you transfer your shares of Sun common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares. In addition, if you sell your shares prior to the special meeting or prior to the effective time of the merger, you will not be eligible to exercise your appraisal rights in respect of the merger. For a more detailed discussion of your appraisal rights and the requirements for perfecting your appraisal rights, see Appraisal Rights on page 64 and Annex D.

Q: Am I entitled to appraisal rights in connection with the merger?

A: Stockholders are entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware, which we refer to as Delaware law, provided they satisfy the special criteria and conditions set forth in Section 262 of Delaware law. For more information regarding appraisal rights, see Appraisal Rights on page 64. In addition, a copy of Section 262 of Delaware law is attached as Annex D to this proxy statement.

Q: What are the material federal income tax consequences of the merger to me?

A: The receipt of cash for shares of Sun common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a holder of Sun common stock will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of cash received in the merger and (ii) the holder's adjusted tax basis in the shares. Stockholders should consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or foreign income and other tax laws) of the merger.

Q: Who can answer further questions?

A: For additional questions about the merger, assistance in submitting proxies or voting shares of Sun common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact us or our proxy solicitor at:
Sun Microsystems, Inc.,

Investor Relations, Mail Stop UMPK14-336

4150 Network Circle

Santa Clara, California 95054

Phone: (800) 801-7869 (within the U.S.)

Phone: (408) 404-8427 (outside the U.S.)

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470 West Avenue

Stamford, CT 06902

(800) 460-1014 (toll free)

(203) 658-9400 (collect)

If your brokerage firm, bank, trust or other nominee holds your shares in street name, you should also call your brokerage firm, bank, trust or other nominee for additional information.

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SUMMARY

The following summary highlights information in this proxy statement and may not contain all the information that is important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. We sometimes make reference to Sun Microsystems, Inc. and its subsidiaries in this proxy statement by using the terms Sun, the Company, we, our or us. Each item in this summary includes a page reference directing you to a more complete description of the item in this proxy statement.

The Merger (Page 20)

The Agreement and Plan of Merger, dated as of April 19, 2009, which we refer to as the merger agreement, among Sun, Oracle Corporation, which we refer to as Oracle, and Soda Acquisition Corporation, provides that Soda Acquisition Corporation, a wholly-owned subsidiary of Oracle, will merge with and into Sun. As a result of the merger, Sun will become a wholly-owned subsidiary of Oracle. Upon completion of the proposed merger, shares of Sun's common stock will no longer be listed on any stock exchange or quotation system. At the completion of the merger, each outstanding share of Sun common stock will be converted into the right to receive \$9.50 in cash, without interest and less applicable withholding taxes (other than shares of Sun common stock held by any holder who has properly exercised appraisal rights of such shares in accordance with Section 262 of Delaware law, as described in this proxy statement). We refer to this amount in this proxy statement as the merger consideration.

The Special Meeting (Page 16)

Date, Time and Place. The special meeting will be held on July 16, 2009, starting at 10 a.m. Pacific time at Sun's Auditorium located at the Santa Clara Campus, 4030 George Sellon Circle, Santa Clara, California 95054.

Purpose. You will be asked to consider and vote upon (1) the adoption of the merger agreement, (2) the adjournment or postponement of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and (3) such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of Sun common stock at the close of business on June 5, 2009, the record date for the special meeting. You will have one vote for each share of Sun common stock that you owned on the record date. As of June 5, 2009, there were 751,353,139 shares of Sun common stock issued and outstanding and entitled to vote. A majority of Sun common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of the special meeting. In the event that a quorum is not present at the special meeting, the meeting may be adjourned or postponed to solicit additional proxies.

Vote Required. The adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Sun common stock. Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of Sun common stock present in person or represented by proxy at the special meeting and entitled to vote on the matter.

Voting and Proxies. Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the Internet, by returning the enclosed proxy card by mail, or by voting in person at the special meeting. If you intend to submit your proxy by telephone or the Internet you must do so no later than 11:59 p.m. Eastern time on the date prior to the date of the special meeting. If you do not return your proxy card, submit your proxy by phone or the Internet or attend the special meeting, your shares of Sun common stock will not be

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voted, which will have the same effect as a vote **AGAINST** the adoption of the merger agreement. Even if you plan to attend the special meeting, if you hold your shares of common stock in your own name as the stockholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card or by using the telephone number printed on your proxy card or by using the Internet voting instructions printed on your proxy card.

If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies, if applicable.

If your shares of Sun common stock are held in street name, you should instruct your broker, bank, trust or other nominee on how to vote such shares of common stock using the instructions provided by your broker or nominee. If your shares of Sun common stock are held in street name, you must obtain a legal proxy from such nominee in order to vote in person at the special meeting. If you fail to provide your nominee with instructions on how to vote your shares of Sun common stock, your nominee will not be able to vote such shares at the special meeting. Because the adoption of the merger agreement requires an affirmative vote of a majority of the outstanding shares of Sun common stock for approval, the failure to provide your nominee with voting instructions will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

Because the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of the shares of common stock present in person or represented at the special meeting and entitled to vote thereon, and because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to instruct your nominee with voting instructions on how to vote your shares will have no effect on the approval of that proposal.

Revocability of Proxy. Any stockholder of record of Sun common stock may revoke his or her proxy at any time, unless noted below, before it is voted at the special meeting by any of the following actions:

delivering to Sun's Corporate Secretary a signed written notice of revocation bearing a date later than the date of the proxy, stating that the proxy is revoked;

attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

signing and delivering a new proxy, relating to the same shares of Sun common stock and bearing a later date; or

submitting another proxy by telephone or on the Internet before 11:59 p.m. Eastern time on the date prior to the date of the special meeting (the latest telephone or Internet voting instructions will be followed).

Written notices of revocation and other communications with respect to the revocation of any proxies should be addressed to:

Sun Microsystems, Inc.

4150 Network Circle

Santa Clara, California 95054

Attn: Corporate Secretary

If you are a street name holder of Sun common stock, you may change your vote by submitting new voting instructions to your brokerage firm, bank, trust or other nominee. You must contact your nominee to obtain instructions as to how to change or revoke your proxy.

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The Companies (Page 19)

Sun. Sun Microsystems, Inc., a Delaware corporation, provides network computing infrastructure solutions that drive global network participation through shared innovation, community development and open source leadership. Guided by a singular vision, "The Network is the Computer", we provide a diversity of software, systems, storage, services and microelectronics that power everything from consumer electronics, to developer tools and the world's most powerful data centers. With core brands including the Java technology platform, the Solaris Operating System, the MySQL database management system, Sun StorageTek storage solutions and the UltraSPARC processor, our network computing platforms are used by nearly every sector of society and industry, and provide the infrastructure behind some of the world's best known search, social networking, entertainment, financial services, manufacturing, healthcare, retail, news, energy and engineering companies. Sun's principal executive offices are located at 4150 Network Circle, Santa Clara, CA, 95054 and our telephone number is (650) 960-1300. See also "Where You Can Find More Information." Sun's common stock is publicly traded on the NASDAQ Global Select Market under the symbol "JAVA".

Oracle. Oracle, a Delaware corporation, is the world's largest enterprise software company. Oracle develops, manufactures, markets, distributes and services database and middleware software as well as applications software designed to help its customers manage and grow their business operations. Oracle's goal is to offer customers scalable, reliable, secure and integrated software solutions that improve transactional efficiencies, adapt to an organization's unique needs and allow better ways to access and manage information at a lower total cost of ownership. Oracle seeks to be an industry leader in each of the specific product categories in which it competes and to expand into new and emerging markets. Oracle's principal executive offices are located at 500 Oracle Parkway, Redwood Shores, California 94065, and its telephone number is (650) 506-7000.

Soda Acquisition Corporation. Soda Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Oracle, was formed solely for the purpose of facilitating Oracle's acquisition of Sun. Soda Acquisition Corporation has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Soda Acquisition Corporation will merge with and into Sun and will cease to exist. Soda Acquisition Corporation's principal executive offices are located at 500 Oracle Parkway, Redwood Shores, California 94065, and its telephone number is (650) 506-7000.

Reasons for the Merger (Page 24)

In reaching its decision to adopt and approve, and declare advisable, the merger agreement, the merger and the other transactions contemplated by the merger agreement, Sun's board of directors, which we refer to as the Sun board of directors, consulted with Sun's management, as well as its financial and legal advisors, and considered a number of factors that the board members believed supported their decision.

Recommendation of Sun Board of Directors (Page 24)

The Sun board of directors deemed that the merger and the other transactions contemplated by the merger agreement together represent a transaction that is fair to, advisable and in the best interests of Sun and its stockholders, and unanimously adopted and approved, and declared advisable, the merger agreement, the merger and the other transactions contemplated thereby. The Sun board of directors unanimously recommends that Sun stockholders vote **FOR** the adoption of the merger agreement and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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Voting Agreements (Page 41)

In connection with the transactions contemplated by the merger agreement, Mr. Jonathan I. Schwartz, our President and Chief Executive Officer and a member of our board of directors, and Mr. Scott G. McNealy, the chairman of our board of directors, who beneficially owned, as of the record date, approximately 0.1% and 1.9%, respectively, of the total outstanding shares of Sun common stock, have each entered into a voting agreement with Oracle, to, among other things, vote their respective shares of Sun common stock in favor of the merger, unless the merger agreement has been terminated.

Opinion of Sun's Financial Advisor (Page 27)

On April 18, 2009, Credit Suisse Securities (USA) LLC (which we refer to as Credit Suisse) rendered its oral opinion to the Sun board of directors (which was subsequently confirmed in writing by delivery of Credit Suisse's written opinion dated the same date) to the effect that, as of April 18, 2009, the \$9.50 in cash per share of Sun common stock to be received by the holders of shares of Sun's common stock in the merger was fair, from a financial point of view, to such stockholders.

Pursuant to an engagement letter dated January 29, 2009, Sun retained Credit Suisse as its financial advisor in connection with, among other things, the proposed merger. Under the terms of the engagement letter, Credit Suisse will receive an aggregate fee currently estimated to be approximately \$32.6 million, of which \$3 million became payable upon delivery of its opinion and approximately \$29.6 million is contingent upon the consummation of the merger. In addition, Sun has agreed to indemnify Credit Suisse and certain related parties for certain liabilities and other items arising out of or relating to its engagement and to reimburse Credit Suisse for its expenses arising out of or relating to the engagement.

Credit Suisse's opinion was directed to the Sun board of directors and only addressed the fairness from a financial point of view of the \$9.50 in cash per share of Sun common stock to be received by the holders of Sun common stock in the merger, and did not address any other aspect or implication of the merger. The summary of Credit Suisse's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However, neither Credit Suisse's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and they do not constitute, advice or a recommendation to any holder of Sun common stock as to how such holder should vote or act with respect to any matter relating to the merger.

Treatment of Options and Other Awards (Page 44)

Stock Options. Except as described below, each option to purchase shares of Sun common stock that is outstanding immediately prior to the effective time of the merger will be automatically converted into an option to acquire, on substantially identical terms and conditions applicable to such Sun stock option immediately prior to the merger, a number of shares of Oracle common stock (rounded down to the nearest whole share) equal to the product of (x) the number of shares of Sun common stock subject to the option and (y) a fraction (which we refer to as the equity award exchange ratio), the numerator of which is \$9.50 and the denominator of which is the average closing price of Oracle common stock over the five trading days immediately preceding (but not including) the effective time of the merger.

The exercise price for assumed options will equal the per share exercise price for the shares of Sun common stock divided by the equity award exchange ratio (rounded upwards to the nearest whole cent).

Unless Oracle determines otherwise, options held by persons who are not employees of, or consultants to, Sun, or one of its subsidiaries, immediately prior to the effective time of the merger will not be assumed. The

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options that are not assumed by Oracle, to the extent vested, will be automatically converted into the right to receive an amount of cash (without interest and less any applicable withholding taxes) equal to the positive difference, if any, between \$9.50 and the per share exercise price of the option.

Restricted Stock Units. Except as described below, restricted stock units denominated in shares of Sun common stock that are outstanding immediately prior to the effective time of the merger will automatically be converted into the right to receive restricted stock units with respect to the number of shares of Oracle common stock calculated by multiplying the number of Sun restricted stock units by the equity award exchange ratio (rounded down to the nearest whole share). The Oracle restricted stock units will vest subject to and in accordance with the applicable vesting schedule for the Sun restricted stock units, with other terms and conditions substantially identical to the Sun restricted stock units.

Unless Oracle determines otherwise, restricted stock units held by persons who are not employees of, or consultants to, Sun, or one of its subsidiaries, immediately prior to the effective time of the merger will not be assumed. The restricted stock units that are not assumed by Oracle, to the extent vested, will be automatically converted into the right to receive an amount of cash (without interest and less any applicable withholding taxes) equal to \$9.50 per share of Sun common stock that was issuable upon settlement of such restricted stock unit award immediately prior to the effective time of the merger.

Restricted Stock. Restricted shares of Sun common stock that are outstanding immediately prior to the effective time of the merger will automatically be cancelled and converted into the right to receive an amount of cash (without interest and less any applicable withholding taxes) equal to \$9.50 per restricted share of Sun common stock, which cash amount shall be payable subject to and in accordance with the vesting schedule applicable to the restricted shares of Sun common stock as in effect immediately prior to the effective time.

Employee Stock Purchase Plan. Sun will provide that the purchase price per share of Sun common stock purchased under its 1990 Employee Stock Purchase Plan (which we refer to as the ESPP) for all offering periods beginning after the execution of the merger agreement will be equal to 95% of the fair market value of a share of Sun common stock on the exercise date. Sun will also establish a new exercise date under the ESPP on the last day of the payroll period ending immediately prior to the effective time of the merger (but at least ten business days before the effective time) with respect to the offering period then in effect under the ESPP. Sun will terminate the ESPP effective on the date of such newly established exercise date. At the effective time of the merger, the newly purchased shares of Sun common stock will be converted into the right to receive \$9.50 per share in cash, without interest and less any applicable withholding taxes.

Material U.S. Federal Income Tax Consequences of the Merger (Page 40)

The receipt of cash for shares of Sun common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a holder of Sun common stock will recognize gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received in the merger and (2) the holder's adjusted tax basis in the shares. Stockholders should consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or foreign income and other tax laws) of the merger.

Interests of Sun's Directors and Executive Officers in the Merger (Page 35)

Sun's directors and executive officers have economic interests in the merger that are different from, or in addition to, their interests as Sun stockholders. The Sun board of directors was aware of and considered these interests, among other matters, in reaching its decision to adopt and approve, and declare advisable, the merger agreement, the merger and the other transactions contemplated the merger agreement. Sun's executive officers are either parties to change of control agreements with Sun or eligible to participate in certain change of control severance plans adopted by Sun, each of which provide severance and other benefits in the case of qualifying

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separations from service in connection with a change of control of Sun, including consummation of the merger. Executive officers and directors of Sun have rights to indemnification and directors and officers liability insurance that will survive consummation of the merger.

Common Stock Ownership of Directors and Executive Officers (Page 69)

As of June 5, 2009, the reco