

SUN MICROSYSTEMS, INC.

Form PREM14A

May 12, 2009

Table of Contents

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

Soliciting Material Pursuant to §240.14a-12

SUN MICROSYSTEMS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.001 per share, of Sun Microsystems, Inc. (the Sun Common Stock)

(2) Aggregate number of securities to which transaction applies:

As of April 16, 2009, 745,738,077 shares of Sun Common Stock outstanding (of which 33,495 were restricted stock awards which will be cancelled in the merger without payment), 77,845,581 options to purchase shares of Sun Common Stock, 31,613,572 restricted stock units and 24,263,432 warrants to purchase shares of Sun Common Stock which will be cancelled in the merger without payment.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based upon the sum of (A) 745,704,582 shares of common stock multiplied by \$9.50 per share; (B) options to purchase 5,383,588 shares of common stock with exercise prices less than \$9.50 multiplied by \$3.68 (which is the difference between \$9.50 and the weighted average exercise price of \$5.82 per share); and (C) 31,613,572 restricted stock units multiplied by \$9.50 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000558 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

\$7,404,333,956.44

(5) Total fee paid:

\$413,161.83

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

Form, Schedule or Registration Statement No.:

Filing Party:

Date Filed:

Table of Contents

PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION, MAY 11, 2009

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

[], 2009

Dear Stockholder,

You are cordially invited to attend a special meeting of Sun Microsystems, Inc. stockholders to be held on [], 2009, starting at [] 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 [], 2009, and is first being mailed to stockholders on or about such date.

Table of Contents

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 [], 2009, starting at [] 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 [], 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

Table of Contents

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 68. 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 [], 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

270 West Avenue

Stamford, CT 06902

(800) 460-1014 (toll free)

(203) 658-9400 (collect)

Table of Contents

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING</u>	1
<u>SUMMARY</u>	6
<u>The Merger</u>	6
<u>The Special Meeting</u>	6
<u>The Companies</u>	8
<u>Reasons for the Merger</u>	8
<u>Recommendation of Sun Board of Directors</u>	8
<u>Voting Agreements</u>	9
<u>Opinion of Sun's Financial Advisor</u>	9
<u>Treatment of Options and Other Awards</u>	9
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	10
<u>Interests of Sun's Directors and Executive Officers in the Merger</u>	10
<u>Common Stock Ownership of Directors and Executive Officers</u>	11
<u>Appraisal Rights</u>	11
<u>Conditions to the Merger</u>	11
<u>Termination of the Merger Agreement</u>	12
<u>Termination Fees and Expenses</u>	13
<u>No Solicitations</u>	14
<u>Regulatory Approvals</u>	14
<u>Consummation of the Merger</u>	14
<u>Current Market Price of Common Stock</u>	14
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION</u>	15
<u>THE SPECIAL MEETING</u>	16
<u>Date, Time, Place and Purpose of the Special Meeting</u>	16
<u>Record Date and Quorum</u>	16
<u>Vote Required for Approval</u>	16
<u>Proxies and Revocation</u>	16
<u>Adjournments and Postponements</u>	17
<u>Solicitation of Proxies</u>	18
<u>Questions and Additional Information</u>	18
<u>Availability of Documents</u>	18
<u>THE COMPANIES</u>	19
<u>Sun</u>	19
<u>Oracle</u>	19
<u>Soda Acquisition Corporation</u>	19
<u>THE MERGER</u>	20
<u>Background of the Merger</u>	20
<u>Reasons for the Merger; Recommendation of Sun's Board of Directors</u>	24
<u>Opinion of Sun's Financial Advisor</u>	27
<u>Interests of Sun's Directors and Executive Officers in the Merger</u>	32
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	37
<u>Regulatory Approvals</u>	38
<u>Voting Agreements</u>	38
<u>Litigation Related to the Merger</u>	39

Table of Contents

TABLE OF CONTENTS (continued)

	Page
<u>THE MERGER AGREEMENT</u>	40
<u>The Merger</u>	40
<u>The Merger Consideration and the Conversion of Capital Stock</u>	40
<u>Payment Procedures</u>	41
<u>Treatment of Options, Restricted Stock and Other Equity Awards</u>	41
<u>Stockholders Meeting</u>	42
<u>Representations and Warranties</u>	42
<u>Covenants Regarding Conduct of Business by Sun Pending the Merger</u>	45
<u>No Solicitations</u>	48
<u>Sun Board Recommendation</u>	50
<u>Employee Compensation and Benefits</u>	51
<u>Other Covenants and Agreements</u>	52
<u>Reasonable Best Efforts</u>	54
<u>Conditions to the Merger</u>	55
<u>Termination of the Merger Agreement</u>	56
<u>Termination Fees and Expenses</u>	57
<u>SUBMISSION OF STOCKHOLDER PROPOSALS</u>	60
<u>APPRAISAL RIGHTS</u>	61
<u>CURRENT MARKET PRICE OF COMMON STOCK</u>	65
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	66
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	68
<u>Annex A: Agreement and Plan of Merger</u>	
<u>Annex B: Opinion of Credit Suisse Securities (USA) LLC</u>	
<u>Annex C: Form of Voting Agreement</u>	
<u>Annex D: Section 262 of the General Corporation Law of the State of Delaware</u>	

Table of Contents

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 discussed, 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 May 11, 2009 was \$8.91. 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.

Table of Contents

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you were a stockholder of Sun as of [], 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 [], 2009, starting at [] at Sun's Auditorium located at the Santa Clara Campus, Room [], 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 [], 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 [] 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 []% and []%, 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.

Table of Contents

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.

Table of Contents

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

Table of Contents

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 61 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 61. 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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270 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.

Table of Contents

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 [], starting at [] 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 [], 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 [], 2009, there were [] 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

Table of Contents

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.

Table of Contents

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 25)

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 25)

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.

Table of Contents

Voting Agreements (Page 38)

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 []% and []%, 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.

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 41)

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 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

Table of Contents

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 37)

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 32)

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 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.

Table of Contents

Common Stock Ownership of Directors and Executive Officers (Page 66)

As of [], 2009, the record date for the special meeting, the directors and executive officers of Sun beneficially owned in the aggregate approximately [] shares of Sun's outstanding common stock entitled to vote at the special meeting or approximately []% of Sun's outstanding common stock as of the record date for the special meeting.

Appraisal Rights (Page 61)

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 this proxy statement.

Conditions to the Merger (Page 55)

Conditions to Each Party's Obligations. Each party's obligation to consummate the merger is subject to the satisfaction or waiver of the following mutual conditions:

approval and adoption of the merger agreement and the merger by an affirmative majority of the outstanding shares of Sun common stock;

no governmental entity with jurisdiction over any party will have issued any binding order, injunction, decree, ruling or other action that is in effect (whether temporary, preliminary or permanent) restraining, enjoining or otherwise prohibiting the consummation of the merger;

no law or regulation will have been adopted that makes the consummation of the merger illegal or otherwise prohibited;

the waiting period applicable to the merger under the antitrust laws of the United States and Canada, European Union, China, Israel, Switzerland, Russia, Australia, Turkey, Korea, Japan, Mexico and South Africa (which we refer to as the required jurisdictions) will have expired or been terminated; and

any affirmative approval of a governmental entity required under any applicable federal, state or local antitrust, competition, premerger notification or trade regulation laws in the United States or the required jurisdictions.

Conditions to Sun's Obligations. The obligation of Sun to consummate the merger is subject to the satisfaction or waiver of further conditions, including:

the representations and warranties of Oracle and Soda Acquisition Corporation made in the merger agreement, will be true and correct in all material respects when made and as of immediately prior to the effective time of the merger (other than those representations and warranties that were made only as of a specified date, which need only be true and correct in all material respects as of such specified date);

Oracle and Soda Acquisition Corporation will have performed in all material respects their respective obligations on or before the date on which the transactions contemplated by the merger agreement are to be completed; and

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Sun will have received a certificate signed on Oracle's behalf by a senior executive officer of Oracle as to the satisfaction of the conditions described in the preceding two bullets.

Table of Contents

Conditions to Oracle's and Soda Acquisition Corporation's Obligations. The obligation of Oracle and Soda Acquisition Corporation to consummate the merger is subject to the satisfaction or waiver of further conditions, including:

the representations and warranties of Sun relating to corporate existence, power, authority, certain capitalization matters and finders fees set forth in the merger agreement, to the extent not qualified by materiality or material adverse effect thresholds, will be true in all material respects, and to the extent so qualified, will be true in all respects, on the date made and as of the effective time of the merger (other than those representations and warranties that were made only as of a specified date, which need only be true and correct as of such specified date);

the other representations and warranties of Sun made in the merger agreement, disregarding materiality and material adverse effect thresholds, will be true when made and as of immediately prior to the effective time of the merger (other than those representations and warranties that were made only as of a specified date, which need only be true and correct as of such specified date), provided that such representations will be deemed to be true unless the individual or aggregate impact of the failure to be so true would have or would reasonably be expected to have a material adverse effect on Sun;

Oracle will have received a certificate signed on Sun's behalf by a senior executive officer of Sun as to the satisfaction of the conditions described in the preceding two bullets;

Sun will have performed, in all material respects, its obligations under the merger agreement on or prior to the consummation of the merger; and

there will not have been any fact, event, change, development or set of circumstances that has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Sun.

Termination of the Merger Agreement (Page 56)

Sun and Oracle may terminate the merger agreement by mutual written consent at any time before the consummation of the merger. In addition, with certain exceptions, either Oracle or Sun may terminate the merger agreement at any time before the consummation of the merger if:

the merger is not consummated before April 19, 2010 (which we refer to as the end date); provided, that if all of the conditions to the consummation of the merger shall have been satisfied, other than the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (which we refer to as the HSR Act) and the receipt of regulatory approvals under the applicable merger control laws of the required jurisdictions, the end date may be extended by a three month period by Oracle by written notice to Sun (the end date may be so extended not more than twice); provided, further, that a party whose willful or intentional breach of any provision of the merger agreement resulted in the failure of the merger to be consummated before the end date will not be entitled to exercise its right to terminate the merger agreement because of this reason;

any governmental entity of competent jurisdiction issues an order, decree, injunction or ruling or takes any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the merger and such order, decree, ruling or other action becomes final and non-appealable;

any law or regulation is adopted that makes consummation of the merger illegal or otherwise prohibited; or

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the merger agreement has been submitted to Sun's stockholders for approval and adoption and the required vote has not been obtained by reason of the failure to obtain the required vote upon a final vote taken at the special meeting (or any adjournment or postponement thereof).

Table of Contents

Sun may also terminate the merger agreement if:

prior to the receipt of approval of the adoption of the merger agreement by Sun's stockholders, the Sun board of directors authorizes Sun, in compliance with the other terms of the merger agreement, to enter into a binding definitive agreement in respect of a superior proposal if (1) Sun pays the termination fee described below at or prior to termination of the merger agreement and (2) Sun substantially concurrently enters into a binding definitive agreement with respect to such superior proposal; or

Oracle or Soda Acquisition Corporation materially breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement, or if any representation or warranty of Oracle or Soda Acquisition Corporation becomes inaccurate, in either case such that the conditions to the merger relating to the accuracy of Oracle's or Soda Acquisition Corporation's representations, warranties and covenants would not be satisfied as of the time of such breach or as of the time such representation and warranty became inaccurate and in either case such that breaches or inaccuracies are not curable by Oracle or Soda Acquisition Corporation within 30 days and prior to the end date or Oracle or Soda Acquisition Corporation ceases to exercise commercially reasonable efforts to cure such breach or inaccuracy.

Oracle may also terminate the merger agreement if:

an adverse recommendation change (as defined in the section entitled "The Merger Agreement - Sun Board Recommendation") has occurred;

Sun has entered into, or publicly announced its intention to enter into, a letter of intent, memorandum of understanding or other contract (other than an acceptable confidentiality agreement) relating to any acquisition proposal;

Sun or any of its representatives has willfully and materially breached any of its obligations under the non-solicitation provisions in the merger agreement; or

Sun materially breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement, or if any representation or warranty of Sun becomes inaccurate, in either case such that the conditions to the merger relating to the accuracy of Sun's representations, warranties and covenants would not be satisfied as of the time of such breach or as of the time such representation and warranty became inaccurate and in either case such that breaches or inaccuracies are not curable by Sun within 30 days and prior to the end date or Sun ceases to exercise commercially reasonable efforts to cure such breach or inaccuracy.

Termination Fees and Expenses (Page 57)

Sun has agreed to pay Oracle a termination fee of \$260 million in the event that the merger agreement is terminated: (a) by Oracle pursuant to the provisions described in the first three bullet points in the third paragraph under "Summary - Termination of the Merger Agreement" above, or (b) by Sun pursuant to the provisions described in the first bullet point in the second paragraph under "Summary - Termination of the Merger Agreement" above or (c) by either party pursuant to the provisions described in the fourth bullet point described in the first paragraph under "Summary - Termination of the Merger Agreement" above and (x) prior to the special meeting, an acquisition proposal has been publicly announced and not publicly withdrawn, and (y) within 12 months following the date of such termination Sun has entered into a definitive agreement with respect to, or completed, an acquisition proposal with any party. In addition, if the merger agreement is terminated by Oracle or Sun because the required approval of the stockholders of Sun has not been obtained by reason of the failure to obtain the required vote upon a final vote taken at the special meeting, Sun has agreed to reimburse Oracle for all its documented, reasonable out-of-pocket fees and expenses in an amount up to \$45 million (any fee reimbursement amount paid by Sun will be credited against any obligation of Sun to pay Oracle a termination fee).

Table of Contents

No Solicitations (Page 48)

Immediately upon signing of the merger agreement, Sun and its subsidiaries agreed to cease any discussions, negotiations or other activities with respect to any actual or potential competing acquisition proposal. In addition, under the merger agreement, Sun and its subsidiaries are not permitted to, among other things, (i) solicit, initiate, or knowingly take any action to facilitate or encourage the submission of any proposal or the making of any inquiries, offer or proposal that could reasonably be expected to lead to an acquisition proposal or (ii) conduct or engage in any discussions or negotiations with, disclose any non-public information relating to Sun or any of its subsidiaries to, afford access to the business, properties, assets, books or records of Sun or any of its subsidiaries to, or knowingly assist, participate in, facilitate or encourage any effort by, any third party that has expressed an intention to make, or has made, any acquisition proposal.

Notwithstanding these restrictions, prior to the adoption of the merger agreement by Sun's stockholders, the Sun board of directors directly or indirectly through any representative, may engage in discussions or negotiations with, or furnish or disclose non-public information to a person who has made (and not withdrawn) a bona fide unsolicited acquisition proposal in writing so long as (i) the Sun board of directors believes in good faith, after consultation with its outside legal counsel and financial advisor of nationally recognized reputation, that such acquisition proposal constitutes or would reasonably be expected to lead to a superior proposal, (ii) prior to taking such action, Sun enters into an acceptable confidentiality agreement with the third party or group who has made the acquisition proposal and (iii) the Sun board of directors determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law.

Regulatory Approvals (Page 38)

Under the provisions of the HSR Act, the merger may not be completed until notification and report forms have been filed with the Antitrust Division of the United States Department of Justice (which we refer to as the Antitrust Division) and the Federal Trade Commission (which we refer to as the FTC) by Sun and Oracle and the applicable waiting period has expired or been terminated. In addition, the expiration or termination of the applicable waiting period in the required jurisdictions is a condition to each of Oracle and Sun's obligation to consummate the merger. Oracle and Sun filed their respective notifications and report forms with the Antitrust Division and the FTC under the HSR Act on May 5, 2009. Oracle and Sun are preparing anti-trust and competition filings for foreign jurisdictions, including the European Union.

Consummation of the Merger

Sun currently anticipates that the merger will be completed during the summer of 2009. However, we cannot predict the exact timing of the consummation of the merger and whether the merger will be consummated. In order to consummate the merger, Sun's stockholders must adopt the merger agreement and the other closing conditions under the merger agreement, including receipt of certain regulatory approvals, must be satisfied or, to the extent legally permitted, waived.

Current Market Price of Common Stock (Page 65)

The closing sale price of Sun common stock on the NASDAQ Global Select Market on May 11, 2009 was \$8.91. You are encouraged to obtain current market quotations for Sun common stock in connection with voting your shares.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, include forward-looking statements based on estimates and assumptions. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings Summary, The Special Meeting, The Merger, Opinion of Sun's Financial Advisor, Financial Projections, Regulatory Approvals, and in statements containing words such as believes, estimates, anticipates, continues, predict, potential, contemplates, expects, may, should or would or other similar words or phrases. These statements are subject to risks, uncertainties, and other factors, including, among others:

the effect of the announcement of the merger on Sun's business relationships, operating results and business generally;

the retention of certain key employees at Sun;

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

the adoption of the merger agreement by Sun's stockholders or other conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule;

the amount of the costs, fees, expenses and charges related to the merger and the execution of certain financings that will be obtained to consummate the merger; and

Sun's and Oracle's ability to meet expectations regarding the timing and completion of the merger.

In addition, we are subject to risks and uncertainties and other factors detailed in Sun's annual report on Form 10-K for the fiscal year ended June 30, 2008, filed with the Securities and Exchange Commission, which we refer to herein as the SEC, on August 29, 2008 and Sun's quarterly report on Form 10-Q for the fiscal quarter ended March 29, 2009, filed with the SEC on May 8, 2009, which should be read in conjunction with this proxy statement. See "Where You Can Find More Information" on page 68. Many of the factors that will determine Sun's future results are beyond Sun's ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent Sun's views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

Table of Contents

THE SPECIAL MEETING

Date, Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to Sun's stockholders as part of the solicitation of proxies by the Sun board of directors for use at the special meeting to be held on [], starting at [], at Sun's Auditorium located at the Santa Clara Campus, 4030 George Sellon Circle, Santa Clara, California 95054, or at any postponement or adjournment thereof. The purpose of the special meeting is for Sun's stockholders to consider and vote on adoption of the merger agreement and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. Sun's stockholders must adopt the merger agreement in order for the merger to occur. If Sun's stockholders fail to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A. You are urged to read the merger agreement in its entirety.

Record Date and Quorum

We have fixed the close of business on [], 2009 as the record date for the special meeting, and only holders of record of Sun common stock on the record date are entitled to vote at the special meeting. As of [], 2009, there were [] shares of Sun common stock outstanding and entitled to vote. Each share of Sun common stock entitles its holder to one vote on all matters properly coming before the special meeting.

A majority of the shares of Sun common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals. Shares of Sun common stock present in person or represented at the special meeting but not voted, including shares of Sun common stock for which proxies have been received but for which stockholders have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, the special meeting may be adjourned or postponed to solicit additional proxies.

Vote Required for Approval

You may vote FOR or AGAINST, or you may ABSTAIN from voting on, the proposal to adopt the merger agreement. Consummation of the merger requires the adoption of the merger agreement by the affirmative vote of a majority of the outstanding shares of Sun common stock. **Therefore, if you abstain or fail to vote, it will have the same effect as a vote AGAINST the adoption of the merger agreement.**

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 the shares of Sun common stock present in person or represented by proxy at the special meeting and entitled to vote thereon. **Therefore, if you abstain, it will have the same effect as a vote AGAINST the adoption of the proposal to adjourn or postpone the special meeting and if you fail to vote, it will have no effect on the outcome of the proposal.**

As of the record date, Sun's directors and executive officers held and are entitled to vote, in the aggregate, approximately [] shares of Sun common stock, representing approximately []% of Sun's outstanding common stock.

Proxies and Revocation

If you are a stockholder of record of your shares of Sun common stock and you submit a proxy by telephone or the Internet or by returning a signed and dated proxy card by mail that is received by Sun at any time prior to 11:59 p.m. Eastern time on the date prior to the date of the special meeting, your shares will be voted at the special meeting as you indicate. If you sign your proxy card without indicating your vote, your shares will be

Table of Contents

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, and in accordance with the recommendations of the Sun board of directors on any other matters properly brought before the special meeting, or at any adjournment or postponement thereof, for a vote.

If your shares of Sun common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker. Brokers who hold shares of Sun common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that are non-routine, such as adoption of the merger agreement, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker or other nominee that are present in person or represented at the meeting, but with respect to which the broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker or other nominee holds your shares of Sun common stock in street name, your broker or other nominee will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this proxy statement. Because it is expected that brokers and other nominees will not have discretionary authority to vote on either proposal, Sun anticipates that there will not be any broker non-votes in connection with either proposal.

Proxies received by Sun at any time before the vote being taken at the special meeting, which have not been revoked or superseded before being voted, will be voted at the special meeting. If you are a stockholder of record of shares of Sun common stock, you have the right to change or revoke your proxy at any time, unless noted below, before the vote is taken at the special meeting:

by 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;

by 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);

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

if you voted by telephone or the Internet, by voting again by telephone or the Internet prior to 11:59 p.m. Eastern time on the date prior to the date of the special meeting;

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.

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

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Sun's amended and restated bylaws provide that any adjournment may be made without notice if announced at the meeting at which the adjournment is taken and if the adjournment is to a date

Table of Contents

that is not greater than 30 days after the original date fixed for the special meeting and no new record date is fixed for the adjourned meeting. Any signed proxies received by Sun prior to [] on the date of the special meeting in which no voting instructions are provided on such matter will be voted **FOR** an adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. Whether or not a quorum exists, holders of a majority of Sun shares of common stock present in person or represented by proxy and entitled to vote at the special meeting may adjourn the special meeting. Because a majority of the votes present in person or represented at the meeting, whether or not a quorum exists, is required to approve the proposal to adjourn the meeting, abstentions will have the same effect on such proposal as a vote **AGAINST** the proposal. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Sun's stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Solicitation of Proxies

We have retained Morrow & Co., LLC to assist in the solicitation of proxies for the special meeting for a fee of approximately \$20,000, plus reimbursement of reasonable out-of-pocket expenses. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of Sun common stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses.

Questions and Additional Information

If you have questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, Morrow & Co., LLC toll-free at (800) 460-1014 or collect at (203) 658-9400.

Availability of Documents

Documents incorporated by reference (excluding exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents) will be provided by first class mail without charge to each person to whom this proxy statement is delivered upon written or oral request of such person. In addition, our list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at least 10 days prior to the date of the special meeting and continuing through the special meeting for any purpose germane to the meeting; the list will also be available at the meeting for inspection by any stockholder present at the meeting. See [Where You Can Find More Information](#) for more information regarding where you request any of the documents incorporated by reference in this proxy statement or other information concerning Sun.

Table of Contents

THE COMPANIES

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 its 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. Additional information regarding Oracle is contained in Oracle's filings with the SEC.

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, with Sun continuing as wholly-owned subsidiary of Oracle. Soda Acquisition Corporation's address is 500 Oracle Parkway, Redwood Shores, California 94065, and its telephone number is (650) 506-7000.

Table of Contents

THE MERGER

This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as Annex A and which is incorporated by reference into this proxy statement. You should read the entire merger agreement carefully as it is the legal document that governs the merger.

Background of the Merger

We and Oracle sell complementary products and services and have collaborated on sales and otherwise worked together in many ways over the last twenty years.

On November 6, 2008, the Chief Executive Officer of Party A, a competitor of ours, approached Jonathan Schwartz, our President and Chief Executive Officer and a member of our board of directors, and suggested a possible business combination transaction.

During the period between November 6, 2008 and December 19, 2008, our management and our outside legal counsel, Wilson Sonsini Goodrich & Rosati (which we refer to as Wilson Sonsini), held a number of discussions with Party A and its legal counsel and discussed on several occasions with our board of directors and audit committee the possibility of a business combination transaction with Party A, our stand-alone alternatives as an independent company and the possibility of engaging with parties other than Party A concerning a possible business combination.

During this period, our management, at the direction of our board, approached the management of Party B and certain other parties, to explore their interest in a possible transaction with us. Party B indicated that it was interested in exploring a transaction, but that pursuing a transaction in the near term was not optimal for Party B at that time. Our management and advisors also approached or were approached by other parties during the first quarter of 2009, but except in the case of Party A, Party B and Oracle, no meaningful process for exploration of a possible transaction evolved from any of these discussions.

At Party A's request, our board determined to permit Party A to conduct due diligence prior to submitting a proposal for our board's consideration and, on December 19, 2008, we and Party A entered into a confidentiality agreement after which Party A commenced its due diligence investigation of the company.

On December 22, 2008, our audit committee met and discussed the scope of due diligence information to be shared with Party A and the retention of a financial advisor. In late December 2008, we selected Credit Suisse to act as Sun's financial advisor in connection with our evaluation of strategic alternatives, including a possible sale of the company or other strategic transactions. We subsequently entered into a letter agreement with Credit Suisse on January 29, 2009, pursuant to which Credit Suisse was formally engaged to act in such capacity.

On January 28, 2009, Party A delivered a preliminary proposal to us, proposing an acquisition of the company at a price of \$8.40 to \$8.70 per share in cash. On January 29, 2009, our board of directors held a regular meeting at which it reviewed and discussed Party A's proposal and potential responses with our legal and financial advisors. Representatives of Wilson Sonsini also discussed the board's fiduciary obligations. Following discussion and an executive session, our board delegated authority to our audit committee plus an additional independent board member, Stephen Bennett (we refer to this committee as the Committee), to evaluate and analyze the Party A proposal and to oversee and direct management and our financial and legal advisors with respect to evaluating, contacting and responding to third parties with respect to acquisition proposals or indications of interest concerning strategic transactions with us.

On February 3, 2009, the Committee met with management and our advisors to discuss the Party A proposal and strategies for exploring the possible interest of other parties who might engage in a strategic transaction with us. At the direction of and in consultation with the Committee, our management and advisors held further discussions with Party A and its advisors with regard to the Party A proposal.

Table of Contents

On February 12, 2009, Mr. Schwartz, at the direction of and in consultation with the Committee, spoke with the Chief Executive Officer of Party B about a possible strategic transaction. Following this conversation, we and our representatives held several discussions with Party B and on February 18, 2009, we entered into a confidentiality agreement with Party B, at which point Party B commenced its due diligence investigations of the company.

On February 20, 2009, Party A delivered a revised proposal to our board, proposing an acquisition of the company at a price per share of \$10 in cash. This proposal was conditioned upon our agreeing to exclusive negotiations with Party A and was accompanied by a draft exclusivity agreement.

On or about February 23, 2009, Scott McNealy the Chairman of our board, in consultation with the Committee, spoke with Larry Ellison, Chief Executive Officer of Oracle, concerning a possible strategic transaction with us.

During the period from February 22 to February 26, 2009, our board held three special meetings and the Committee held one special meeting to discuss with management and our advisors the revised Party A proposal, the exclusivity terms being sought by Party A, the board's fiduciary obligations and the status of discussions with other possible parties, including Party B and Oracle. Prior to and during this time, our management and advisors urged Party B to make a proposal for a transaction, but Party B did not do so. In addition, during this time, Mr. McNealy (in consultation with the Committee) held further discussions with Mr. Ellison concerning a possible strategic transaction. On February 26, 2009, our board approved the exclusivity agreement with Party A, and we entered into the exclusivity agreement with Party A and terminated discussions with all other potential acquirors. At that time, we indicated to Party A that our willingness to engage in negotiations regarding the \$10 per share proposal was predicated on the expectation that the parties would reach agreement on terms and conditions that would provide us with adequate certainty that a transaction, if agreed to, would be consummated.

From February 26, 2009 to April 4, 2009, we and our advisors held lengthy negotiations with Party A and its legal counsel, including negotiation of a draft definitive agreement for the transaction proposed by Party A. Our engagement with Party A focused on the need to address issues of transaction certainty. In particular, we focused on optimizing the likelihood that a transaction with Party A would receive approval from antitrust authorities, mitigating risks to our business if a transaction with Party A did not get antitrust approval and requiring Party A to close the transaction, if approved by antitrust authorities. During this time, our board met six times and the Committee met seven times to discuss with management and our advisors the status of negotiations with Party A, communications from Oracle, Party B and others seeking to discuss a potential transaction during this period and terminating the exclusivity arrangement with Party A, but the board and Committee determined to continue negotiations with Party A and not to terminate the exclusivity arrangement.

On March 12, 2009, Oracle sent a letter to our board proposing the acquisition by Oracle of certain of our software assets, a minority equity investment by Oracle in our common stock and entering into certain strategic relationships. On March 16, 2009, our board met with management and our advisors to discuss Oracle's proposal and the board's fiduciary obligations. At the conclusion of the meeting, our board determined to continue negotiations with Party A and not to terminate the exclusivity arrangement with Party A to respond to Oracle's proposal.

On March 18, 2009, the media began reports that we were in discussions concerning a sale of the company with a potential acquiror.

On March 29, 2009, Party A communicated that it was reducing the price it was offering for our common stock from \$10.00 per share to \$9.40 per share and proposed certain other terms and conditions under which it would be prepared to move forward with its proposed transaction. From March 30, 2009 to April 3, 2009, we and our advisors explained to Party A and its advisors in detail our concerns with Party A's proposal, including, in particular, with regard to transaction certainty and antitrust matters.

Table of Contents

On April 3, 2009, Party A indicated that it wished to bring the process to a close. On April 4, 2009, legal counsel for Party A delivered to us and our counsel two versions of a merger agreement, indicating that these agreements represented Party A's final offer to acquire us and that such offer would expire at 6 p.m. that day if one of the two agreements were not executed by us prior to that time. One of the draft agreements proposed a price per share for our common stock of \$9.40 in cash and the other proposed a price of \$9.10 per share in cash. Each of the agreements contained certain material terms related to transaction certainty to which we and our advisors had previously objected. The \$9.40 agreement also required us to take certain actions as a condition to Party A's obligation to take certain steps to obtain antitrust clearance, which we had previously communicated to Party A that our management considered impossible for us to satisfy. The \$9.10 agreement did not contain this condition.

On April 4, 2009, the Committee met to discuss the Party A offers. Later that day, our board also met to discuss the Party A offers. At each of these meetings, the Party A offers were discussed in detail, including the prices and the terms of the contracts proposed. Our board discussed the substantial uncertainty as to Party A's obligation to close its proposed transaction under the proposed agreements and the risk that we would likely be significantly harmed by entering into either of the agreements proposed by Party A if the transaction were not consummated. Our board concluded that the risks of a transaction with Party A on the terms then being proposed by Party A were not in the best interests of our stockholders relative to other alternatives available to us. Accordingly, our board rejected the Party A offers and terminated our exclusivity agreement with Party A.

On April 6, 2009, our board met to discuss certain inquiries we had received from Oracle and Party B and the impact on the company and our employees, customers and other business partners of the media reports suggesting that we were seeking a strategic transaction. Following this, our management and advisors recommenced discussions with Oracle and Party B with regard to a possible transaction. Party B recommenced its due diligence investigation of the company on April 9, 2009.

On April 8 and 9, 2009, our board met and discussed indications that Party A would be interested in meeting to discuss the parties' respective positions and explore re-engagement. Our board discussed the concerns it had with Party A's offers of April 4, 2009, as well as the recent discussions with Party B and Oracle. Our board determined to contact Party A to explore the possibility of further negotiations.

On April 10, 2009, our representatives met in person with representatives of Party A and reviewed the parties' respective positions.

On April 10, 2009, we and Oracle entered into a confidentiality agreement and Oracle commenced its detailed due diligence review of the company. On April 11, 2009, management of Oracle met with Mr. Schwartz and members of our senior management to discuss the company and a possible transaction.

On April 14, 2009, Wilson Sonsini and legal counsel for Party A discussed issues related to transaction certainty and antitrust matters. On April 16, 2009, we and Party A agreed to reengage in negotiations but Party A communicated that if Party A and we were not able to reach agreement and announce a transaction by the morning of April 20, 2009, that Party A would terminate discussions. Negotiations with Party A recommenced. Our negotiations focused on improving the contractual terms and conditions and the price proposed by Party A on April 4, 2009. With respect to price, Party A continued to indicate that it was prepared to pay \$9.10 per share for certain agreement terms and conditions and was prepared to pay \$9.40 per share for certain other agreement terms and conditions. We did not communicate agreement with either of these prices, but did continue to discuss, among other things, the additional contract terms Party A was seeking in its \$9.40 proposal.

On April 16, 2009, our board met with our legal and financial advisors and discussed recent discussions with Party A, Party B and Oracle. Later that day, Credit Suisse advised Oracle and Party B, at our request, that if they were interested in acquiring the company, they should submit, no later than the end of the day on April 17, 2009, an offer in the form of a draft agreement that they were prepared to execute. Also on April 16, representatives of our management met with management of Party B to discuss a possible transaction with us.

Table of Contents

Also on April 16, 2009, we and Wilson Sonsini discussed with Oracle and Latham & Watkins, outside legal counsel for Oracle, terms and conditions of a proposed merger agreement.

On April 17, 2009, Party B informed us that it would not be submitting a proposal for a strategic transaction with us.

Also on April 17, 2009, Oracle indicated to us it would be making a proposal. That evening, Latham & Watkins delivered a draft merger agreement, including a proposed price per share of \$9.50, and Oracle, we and our respective advisors commenced negotiations of the merger agreement. On April 18, 2009, Latham & Watkins delivered a revised draft agreement reflecting the negotiation of the parties. Oracle indicated that its proposal remained subject to final Oracle board approval and finalization of all documentation contemplated by the merger agreement.

On the afternoon of April 18, 2009, our board met and discussed the terms proposed by Oracle as well as the terms then being proposed by Party A and the status of negotiations with Party A and its counsel. At this time, Party A had not definitively confirmed the price it was currently proposing but it had not indicated any flexibility to negotiate above \$9.40 per share since lowering its proposed price on March 29, 2009. Wilson Sonsini discussed the board's fiduciary obligations and presented a detailed comparison of the terms and conditions of the Oracle and Party A proposals, including with respect to each party's conditions and obligations regarding transaction certainty, and the timing, risks and expectations with respect to antitrust review of each of the proposed transactions. During this meeting, at the request of our board, Mr. Schwartz called Safra Catz, President of Oracle, and proposed a higher price per share, other than \$9.50, which Ms. Catz stated would not be acceptable to Oracle. During the continuation of the meeting, at the request of our board, Credit Suisse reviewed its financial analyses with respect to the company and the proposed transaction with Oracle and rendered its oral opinion to our board (which opinion was subsequently confirmed in writing by delivery of Credit Suisse's written opinion dated the same date), to the effect that as of such date and based upon and subject to various assumptions, limitations and qualifications, the \$9.50 in cash per share of Sun common stock to be received by the holders of Sun common stock in the Oracle merger was fair, from a financial point of view, to such stockholders. After deliberations and consideration, the members of our board present at the meeting unanimously determined that the Oracle merger agreement, the merger contemplated thereby and the other transactions contemplated by the merger agreement were advisable and in the best interest of our stockholders and approved the Oracle merger agreement, the merger contemplated thereby and the other transactions contemplated by the Oracle merger agreement, recommended that our stockholders adopt the merger agreement and instructed management and counsel to finalize all documentation related to the Oracle merger as promptly as practicable. Our board also instructed management and counsel to finalize price and contract negotiations with Party A, in case Oracle was not able or willing to execute a definitive merger agreement in accordance with the terms approved by our board.

Following the April 18 board meeting and until the execution of the Oracle merger agreement on the afternoon of April 19, 2009, we and our advisors continued discussions with Oracle and Latham & Watkins to finalize the documentation related to the merger.

On April 19, 2009, a member of our board requested that Party A confirm the price it would be willing to pay for our common stock. Party A replied that it was prepared to pay \$9.10 per share and did not have any further flexibility on price. Later that day, counsel for Party A delivered to Wilson Sonsini a merger agreement proposing an acquisition of our common stock at a price of \$9.10 per share. Subsequently, Party A indicated that all offers from Party A with regard to an acquisition of the company would be withdrawn at 5:00 p.m. if we did not execute a definitive agreement with Party A prior to that time.

On the afternoon of April 19, 2009, we and Oracle executed the Oracle merger agreement.

Following execution of the Oracle merger agreement, a member of our board informed a representative of Party A that we were terminating further discussions with Party A.

Table of Contents

Reasons for the Merger; Recommendation of Sun's Board of Directors

Our board has unanimously (i) determined that the merger agreement, the merger and the transactions contemplated by the merger agreement are advisable and in the best interest of Sun's stockholders, (ii) approved the merger agreement, the merger and the transactions contemplated by the merger agreement, and (iii) recommended that our stockholders vote in favor of adoption and approval of the merger agreement and approval of the merger.

In reaching its determination, our board consulted with our management, as well as its legal and financial advisors, and reviewed (i) historical information concerning Sun's business, financial performance and condition, operations, technology and competitive position; (ii) the financial condition, results of operations, businesses and strategic objectives of Sun; (iii) current financial market conditions and historical market prices, volatility and trading information with respect to Sun's common stock; (iv) the consideration to be received by Sun's stockholders in the merger; (v) the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations; (vi) the terms of an alternative transaction proposed by Party A and the relative risks of consummation of the two proposals; (vii) possible alternative strategies as well as the prospects of Sun as an independent company and (viii) financial analysis reviewed with our board by Credit Suisse.

In addition, our board considered the following material factors:

Factors Relating to Challenges Sun Faces as an Independent Company:

Sun's revenues have deteriorated as a result of declines in IT spending during the current economic crisis. This industry-wide downturn has particularly impacted Sun because Sun derives a significant portion of its revenues from the financial sector, which has been especially impacted by the current economic environment.

Relative to some of its competitors, Sun's revenue base is concentrated among a smaller number of larger customers, whose diminished spending has not been adequately offset by acquisition of new customers or entry into adjacent markets.

Sun has experienced increased competition in its core systems businesses in recent years as a result of several factors including:

Sun's major competitors have increasingly used their size and services capabilities as leverage for competitive advantage in the market; and

Sun is less diversified than some of its peers and has a more narrow portfolio of businesses to help offset declines in a given industry or product segment.

Sun has made investments in new initiatives intended to lead to higher growth, such as Sun's open source software solutions and the convergence of servers, storage and networking enabled by Sun's Solaris operating system, but these investments have not generated revenues sufficient to meaningfully offset declines in legacy businesses' declines which have accelerated during the current economic downturn.

Factors Relating to the Specific Terms of our Merger Agreement with Oracle:

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The merger consideration of \$9.50 per share to be received by our stockholders represents a substantial premium to the historic trading prices of Sun common stock. The merger consideration represents a 91% premium over the closing price of Sun common stock on March 17, 2009 (the trading day immediately preceding the day that rumors of a possible transaction to acquire Sun were publicly reported) and a 42% premium over the closing price of Sun common stock on April 17, 2009 (the

Table of Contents

trading day immediately preceding the execution of the merger agreement). The merger consideration of \$9.50 per share to be received by our stockholders also implied an aggregate transaction value (the value of Sun's outstanding equity securities, (taking into account its outstanding options, warrants and other convertible securities) based on the per share merger consideration plus the value of its minority interests plus the amount of its net debt (the amount of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash and cash equivalents on its balance sheet) that reflected a 137% premium to the adjusted fully diluted enterprise value (as defined on page 29) as of March 17, 2009.

The merger consideration consists solely of cash, which provides certainty of value to our stockholders.

Oracle has, and has represented in the merger agreement that it has, adequate capital resources to pay the merger consideration.

Sun performed a substantial investigation of the interest of other potential acquirors who might offer better terms than Oracle for an acquisition of Sun, including:

Sun approached or was approached by other potential acquirors in addition to Oracle, two of whom engaged in substantial due diligence investigations concerning Sun;

Sun engaged in extensive negotiation of price and terms of a possible acquisition of Sun with Party A, culminating in a draft agreement for the acquisition of Sun which offered a lower price and, in the view of our board, meaningfully less certainty of closing than the merger with Oracle; and

Beginning more than 30 days prior to the signing the merger agreement, the media widely reported that Sun was in discussions concerning a sale of the company, giving any other potential acquirors significant time and incentive to approach Sun to propose a possible transaction.

The merger agreement, subject to the limitations and requirements contained in the agreement, allows our board to furnish information to and conduct negotiations with a third party in certain circumstances and, upon the payment to Oracle of a termination fee of \$260 million, to terminate the merger agreement to accept a superior offer.

The merger agreement provides reasonable certainty of consummation, because it includes limited conditions to Oracle's obligation to complete the merger, including:

Oracle is generally obligated to close the merger notwithstanding any breaches of Sun's representations and warranties, unless those breaches would have a material adverse effect on Sun; and

Although Oracle has the right not to complete the merger if changes, among other things, occur that have a material adverse effect on Sun as a whole, the effects of the announcement and pendency of the merger and changes in general financial market and industry conditions to the extent such changes do not disproportionately affect Sun, are excluded in determining whether any material adverse effect has occurred.

The merger must be approved and the merger agreement must be adopted and approved by a vote of a majority of our outstanding shares of common stock.

Our board considered the financial analyses reviewed and discussed with our board by representatives of Credit Suisse on April 18, 2009, as well as the oral opinion of Credit Suisse rendered to our board on April 18, 2009 (which opinion was subsequently confirmed in writing by delivery of Credit Suisse's written opinion dated the same date) to the effect that as of such date and based upon and subject to various assumptions, limitations and qualifications, the \$9.50 in cash per share of Sun common stock to be received by the holders of Sun common stock in the merger was fair, from a financial point of view to such stockholders. The summary of Credit Suisse's opinion in this Proxy Statement is qualified in its

Table of Contents

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.

Our board considered the general terms and conditions of the merger agreement, including the parties' representations, warranties and covenants, the conditions to their respective obligations as well as the likelihood of the consummation of the merger, the proposed transaction structure, the termination provisions of the agreement and our board's evaluation of the likely time period necessary to close the transaction.

Potential Negative Factors Relating to the Transaction:

In the course of its deliberations, our board also considered a variety of risks and other potentially negative factors, including the following:

The merger will be subject to antitrust review in a number of jurisdictions which could delay or prevent the closing of the merger.

The merger agreement precludes us from actively soliciting alternative proposals.

We are obligated to pay to Oracle a termination fee of \$260 million or reimbursement of Oracle's expenses if the merger agreement is terminated under certain circumstances. Although the board felt that these payment terms were reasonable when viewed in context with all other aspects of the merger agreement, it is possible that these provisions could discourage a competing proposal to acquire us or reduce the price in an alternative transaction.

The merger consideration consists solely of cash and will be taxable to our stockholders for U.S. federal income tax purposes. In addition, because our stockholders are receiving cash for their stock, they will not participate after the closing in any future growth or the benefits of synergies resulting from the merger.

Certain of our directors and officers may have conflicts of interest in connection with the merger, as they may receive certain benefits that are different from, and in addition to, those of our other stockholders. See "The Merger: Interests of Sun's Directors and Executive Officers in the Merger"

We may incur significant risks and costs if the merger does not close, including the diversion of management and employee attention during the period after the signing of the merger agreement, potential employee attrition and the potential effect on our business and customer relations. In that regard, under the merger agreement, we must conduct our business in the ordinary course and we are subject to a variety of other restrictions on the conduct of our business prior to completion of the merger or termination of the merger agreement, which may delay or prevent us from undertaking business opportunities that may arise.

The above discussion is not intended to be exhaustive, but we believe it addresses the material information and factors considered by our board of directors in its consideration of the merger, including factors that support the merger as well as those that may weigh against it. In view of the number and variety of factors and the amount of information considered, our board of directors did not find it practicable to make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, our board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of our board of directors may have given different weights to different factors.

OUR BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE IN FAVOR OF ADOPTION AND APPROVAL OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER.

Table of Contents

Opinion of Sun's Financial Advisor

On April 18, 2009, 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.

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.

In arriving at its opinion, Credit Suisse:

reviewed a draft, dated April 18, 2009, of the merger agreement, a draft, dated April 18, 2009, of the form of voting agreements to be entered into by and between certain stockholders of Sun and Oracle and certain publicly available business and financial information relating to Sun;

reviewed certain other information relating to Sun, including financial forecasts, provided to or discussed with Credit Suisse by Sun;

met with Sun's management to discuss the business and prospects of Sun;

considered certain financial and stock market data of Sun, and compared that data with similar data for other publicly held companies in businesses Credit Suisse deemed similar to that of Sun; and

considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information and assumed and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts for Sun provided to or discussed with Credit Suisse by Sun, the management of Sun advised Credit Suisse, and Credit Suisse assumed, that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of Sun's management as to the future financial performance of Sun. Credit Suisse also assumed, with Sun's consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Sun and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. In addition, Credit Suisse was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Sun, nor was Credit Suisse furnished with any such evaluations or appraisals. Credit Suisse also assumed that the final forms of the merger agreement and the voting agreements, when executed by the parties thereto, would conform to the drafts reviewed by Credit Suisse in all respects material to its analyses.

Credit Suisse's opinion addressed only the fairness, from a financial point of view, to the holders of Sun common stock of the merger consideration 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 or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise including, without limitation, the fairness

Table of Contents

of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration or otherwise. The issuance of Credit Suisse's opinion was approved by its authorized internal committee.

Credit Suisse's opinion was necessarily based upon information made available to it as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on that date and upon certain assumptions regarding such financial, economic, market and other conditions, which were and are currently subject to unusual volatility and which, if different than assumed, would have a material impact on Credit Suisse's analyses and opinion. Credit Suisse's opinion did not address the merits of the merger as compared to alternative transactions or strategies that may be available to Sun, nor did it address Sun's underlying decision to proceed with the merger.

Credit Suisse's opinion was for the information of the Sun board of directors in connection with its consideration of the merger and does not constitute advice or a recommendation to any stockholder of Sun as to how such stockholder should vote or act on any matter relating to the proposed merger.

In preparing its opinion to the Sun board of directors, Credit Suisse performed a variety of analyses, including those described below. The summary of Credit Suisse's valuation analyses is not a complete description of the analyses underlying Credit Suisse's opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Credit Suisse's opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Credit Suisse arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Credit Suisse considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company or business used in Credit Suisse's analyses for comparative purposes is identical to Sun or the proposed merger. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Credit Suisse did not make separate or quantifiable judgments regarding individual analyses. The implied reference range values indicated by Credit Suisse's analyses are illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond Sun's control and the control of Credit Suisse. Much of the information used in, and accordingly the results of, Credit Suisse's analyses are inherently subject to substantial uncertainty.

Credit Suisse's opinion and analyses were provided to the Sun board of directors in connection with its consideration of the proposed merger and were among many factors considered by the Sun board of directors in evaluating the proposed merger. Neither Credit Suisse's opinion nor its analyses were determinative of the merger consideration or of the views of the Sun board of directors with respect to the proposed merger.

The following is a summary of the material valuation analyses performed in connection with the preparation of Credit Suisse's opinion rendered to the Sun board of directors on April 18, 2009. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Credit Suisse's analyses.

Table of Contents

For purposes of its analyses, Credit Suisse reviewed a number of financial metrics including:

Fully Diluted Enterprise Value generally the value as of a specified date of the relevant company's outstanding equity securities (taking into account its outstanding options, warrants and other convertible securities) plus the value of its minority interests plus the amount of its net debt (the amount of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash and cash equivalents on its balance sheet) as of a specified date.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) generally the amount of the relevant company's operating profits, excluding stock based compensation and non-recurring charges, before interest, taxes, depreciation and amortization, for a specified time period.

Net Operating Profits After Taxes (NOPAT) generally the amount of the relevant company's operating profits, excluding stock based compensation and non-recurring charges, tax effected for a specified time period.

Unless the context indicates otherwise, stock prices for the selected companies used in the Selected Companies Analysis described below were as of April 17, 2009. Estimates of financial performance for Sun for the calendar year ending December 31, 2009 were based on the forecasts provided by management of Sun. Estimates of financial performance for the selected companies listed below for the calendar year ending 2009 were based on publicly available research analyst estimates for those companies.

Selected Companies Analysis

Credit Suisse calculated fully diluted enterprise value as a multiple of certain financial data for selected technology companies organized by principal technology sector.

The calculated multiples included:

Fully Diluted Enterprise Value as a multiple of CY 2009E Revenue;

Fully Diluted Enterprise Value as a multiple of CY 2009E EBITDA; and

Fully Diluted Enterprise Value as a multiple of CY 2009