SUN MICROSYSTEMS

Facts at a Glance - FY07Q2

Company Profile: Sun Microsystems is the global supplier of network computing solutions – servers, storage, software and services – that power the Participation Age.

Vision: Everyone and everything participating on the network. Sun's tagline of more than 20 years is "The Network is the Computer."

Mission: Create technologies and fuel communities that power the Participation Age.

Cause: Eliminate the digital divide.

Strategy: Sun engineers solutions that address our customers' biggest, most important problems. We share our solutions in order to grow communities, increase participation, and create world-changing new market opportunities. We innovate the world's best infrastructure technology, based on more than two decades of network computing experience.

Value Proposition: For companies and developers building a complete IT infrastructure, Sun delivers more choice, better value and unsurpassed innovation for the network computing model.

Products & Services: Systems, software, storage and services that provide customers with an end-to-end IT infrastructure. Sun supports customers who want both value-added innovation and low barriers to exit for the entire enterprise "systems" stack.

Employees: 34,600 worldwide.

Media Resources: http://www.sun.com/aboutsun/media/

Investor Resources: http://www.sun.com/investor/

NASDAQ: Sun's common stock is traded on the NASDAQ under SUNW.

Ranking: #211 on the Fortune 500 (2006).

Net Revenues: $13.068 billion in fiscal year 2006

$3.566 billion for Q2FY07(Revenue by Geographic region: 37% U.S.A.; 38% EMEA; 18% APAC, 7% International Americas)

Leading Industries:

Telecommunications	Media and Entertainment
Financial Services	Government

Education and Research	Health Care
Internet Services	Manufacturing
Transportation	Energy

Locations: Sun conducts business in more than 100 countries around the globe.

Key executives:

Jonathan Schwartz – CEO and President

Scott McNealy - Chairman of the Board of Directors, Sun Microsystems, Inc., Chairman of Sun Federal, Inc.

Crawford Beveridge - Executive Vice President and Chairman, EMEA, APAC and the Americas

Robyn Denholm - Senior Vice President, Corporate Strategic Planning

Mike Dillon - Executive Vice President, General Counsel and Corporate Secretary, Sun Legal

John Fowler - Executive Vice President, Systems

Anil Gadre - Executive Vice President, Chief Marketing Officer

Don Grantham - Executive Vice President, Global Sales and Services

Rich Green - Executive Vice President, Software

Michael E. Lehman - Chief Financial Officer & Executive Vice President of Corporate Resources

Bill MacGowan - Chief Human Resources Officer and Executive Vice President, People and Places

Eugene McCabe - Executive Vice President, Worldwide Operations

Greg Papadopoulos - Chief Technology Officer and Executive Vice President of Research and Development

Brian Sutphin - Executive Vice President Corporate Development & Alliances

Bill Vass - President and COO, Sun Microsystems Federal, Inc.

Robert Worrall - Chief Information Officer

David W. Yen, Ph.D. - Executive Vice President, Storage

SUN'S SYSTEMS BUILDING BLOCKS

Servers

VALUE PROPOSITION: To help protect the longevity of a customer's IT investment, Sun delivers the fastest, most scalable, and most energy-efficient servers in the industry.

- Sun has a complete range of products for x64 & UltraSPARC processors that can scale to meet every application need in a general purpose platform.

- Sun is the innovation leader, in x64 and UltraSPARC processors, providing more performance, more scalable systems, and more space efficiency.

- Sun provides systems design innovation from the processor, server design, and operating system, to data center management software and integrated middleware.

- Sun offers more choice, from processor to operating systems.

- Sun integrates services and servers together, and we offer unique remote connection and network update services that save time and money.

- Sun offers continued investment protection and guaranteed compatibility through the Solaris 10 OS. The multithreading capabilities in Java s/w, the operating system, and processors separate us from the competition by adding speed and throughput and lowering costs.

Storage

VALUE PROPOSITION: Sun brings together expertise in servers and storage (StorageTek) with technologies and methodologies that simplify, protect, and identity-enable customers' data more affordably, improve retrieval and archiving, increase utilization, and therefore increase peace of mind.

- Sun's value to customers in storage and data archiving:

    - Value: data managed and delivered to create competitive advantage at an attractive price

    - Access: the right data when & how a customer needs it, regardless of structure, format, or location

    - Simplicity: An environment that's easier-to-manage

    - Trust: The ability to trust the integrity of data at all times—that it has not been altered, corrupted, or accessed in an unauthorized way from creation to deletion

- Sun's advantage lies in our unique systems view of data and storage. Sun and StorageTek provide the single most complete offering of enterprise storage products, data management, and services available today, including superior heterogeneous disk, tape, and software products, and IT infrastructure optimization.

- Sun has better disk products than EMC, our Sun StorageTek 6920 system outperformed HP by more than 140%, and IBM by more than 70% in SPC-1 benchmarks, and maintains backward compatibility with our NAS OS, unlike NetApp. Sun's expertise is unmatched in identity-enabled ILM solutions and systemic security. In contrast, the competition focuses on point products (EMC and NetApp) and expensive customization (IBM).

- Sun is committed to deliver innovation and world-class services. For example:

    - Sun simplifies the management experience in a single Web-based platform.

    - Sun is more secure, offering in-host, in-band, and in-device encryption.

- Sun embeds market leading policy-based data migration and archive software through our entire portfolio of content and archive management solutions, thereby delivering the industry's only true end-to-end stack and an automated end-to-end identity-enabled provisioning, monitoring, reporting, migration, and archiving solution.

- Sun's StorageTek 5320 NAS appliance leverages Sun x64 systems to deliver unmatched TCO and price/performance.

- Sun offers Sun Managed Operations for Storage & Sun Host-based Data Migration Service.

Software

VALUE PROPOSITION: An open, freely available, and fully integrated software platform available at a predictable price, backed by world-class support service when customers deploy if for their core infrastructure.

- The operating system is the heart of a customer's infrastructure & the Solaris 10 OS is the most advanced operating system on the planet.

    - Choice: hundreds of x64 and UltraSPARC processor-based systems to choose from; 6 million registered downloads

    - Hundreds of innovations such as Solaris ZFS, DTrace, containers, high-performance networking, secure execution, Predictive Self Healing, and enterprise-class quality

    - Open & free right to use: OpenSolaris.org is the community innovating on the Solaris OS

- Sun open sourced the Java platform, releasing source code under GPL license (11/06)

- The Java Enterprise System is an open, freely available, and fully integrated software platform available at a predictable low price, backed by world-class support service when customers deploy it for their core infrastructure.

    - The Java System Identity Manager is the market leader, delivering the only complete, user provisioning and meta-directory solution to enhance enterprise security, while delivering a significant ROI.

    - The Java Composite Application Platform Suite contains everything a customer needs to develop and deploy SOA for the reuse of applications, delivery of new services, and to enable legacy and packaged applications for rapid integration.

- Customers can pilot their core development for free using Sun's software, thereby reducing cost and risk. When ready to deploy, these can scale, and Sun provides all the support, warranties, and indemnification that are vital, available via subscription.

- For sysadmins & IT managers who want fast time to implementation and to maintain skills learned in pilots, Sun's software is the easiest to procure, install, pilot, and deploy.

- Sun preintegrates and pretests its software on multiple platforms; the same software optimized for Solaris can be implemented on Linux, Windows, and HP-UX.

- Sun provides its developer communities with a fully integrated state-of-the-art tools portfolio, which can be downloaded at no cost:

    - NetBeans software: Full-featured, multiplatform, Java development tool

    - Sun Java Studio Creator IDE: Rapid visual Web application development tool

- Sun Java Studio Enterprise s/w: A complete develop-test-deploy solution

- Sun Java Studio Mobility: Emulation and authoring tools for the mobile app developer

- Sun Studio s/w: Full native app. env. + UltraSPARC processors & x86 compilers for C/C++/Fortran

Services

VALUE PROPOSITION: Sun services help automate, simplify, and thereby reduce the cost of IT services. Sun collaborates with customers to help them scale by using technology, not more people, which allows them to focus on business success more than on IT issues, and maintain control of their IT investment.

- Sun offers technology-driven innovation that is always-available, subscription-based, and can remotely link customers, partners, and developers with Sun for ready access to the latest information and updates.

- Sun is simplifying our portfolio and integrating services across Sun systems, storage, and software for an increased value proposition at a very competitive price.

  - SunSpectrum Support is Sun's top-rated customer service.

  - Sun Professional Services is Sun's proven portfolio of high-impact Professional Services that enables rapid adoption and deployment.

  - Sun Managed Services offer a portfolio of flexible, heterogeneous IT infrastructure and management capabilities.

  - Learning Services offers services, training, and certification to address all stages of the IT project life cycle.

  - Sun Grid at network.com offers utility models at $1 per cpu/hr or GB/mo.

- Sun's success is based on our customers' satisfaction and loyalty. That is why we manage and continuously improve our service delivery business based on our customer feedback index.

FACTS AND FIGURES

Servers

- The Sun Fire X4200 and the Sun Fire X4600 won InfoWorld 2007 Technology of the Year Awards! The Sun Fire X4200 won Best Server and the Sun Fire X4600 won Best High-Performance Server. InfoWorld, 01/01/07

- The Sun Fire V490, V890, E2900, E4900, E6900, E20K, & E25K servers, & UltraSPARC IV+1.8 GHz processors.
    - World record performance & industry leading investment protection in midrange & datacenter servers.
    - More than 8x application acceleration over previous UltraSPARC II servers.
    - Double the memory capacity of US IV+ 1.5 GHz, with up to 33% faster I/O throughput.
    - Ideal for enterprise applications, consolidation projects, and mainframe migrations.

- The Sun Fire X2100 M2 and Sun Fire X2200 M2 servers, with Next-Generation AMD Opteron processors (1.8-2.6 GHz); the best performing and most energy efficient x64 servers for Solaris OS, Linux, and Windows applications. All are ideal for large scale deployments for high-performance computing and Web infrastructure.

- The Sun Refresh Service: Ensures customers have the latest AMD Opteron server modules in Sun Blade x8000 products. On average, customers can save up to 40% in overall infrastructure and operating costs annually.

- The Sun Fire X4500 server is the world's first hybrid data server, combining a 4-way server with the industry's highest throughput rates, and 24-TB storage density at up to 5x the density of traditional solutions, at approximately half the cost (as low as $2 per gigabyte).

- The new Sun Fire X4600 server is the world's first 16-way x64 server in a single 4 rack unit chassis, delivering more than twice the performance of Intel Xeon MP based systems.

- Integrated services options: Sun System Packs are priced for value and lower than the individual components, and in some cases even lower than the regular "naked" box!The Sun Fire T1000 server outperforms all 1 rack unit systems with 10 performance world records. The Sun Fire T2000 server offers 5 times the performance, in 1/4 the space, and uses 1/5 the energy of a 4-processor competitor's system.

- The Sun x64 and UltraSPARC processor-based systems have set more than 175 world records, on 25 workloads, and are better on performance & price/performance than the competition.

Storage

- The Sun StorageTek 6140 won the 2006 Editor's Choice Award from China InfoWorld. China InfoWorld, 12/18/06

- Sun ranks #1 in enterprise tape library technical support. Storage Magazine, Quality Awards II: Leading Libraries, 1/15/07

- The Sun StorageTek FlexLine 6000 series ranked #1 in sales competence, #2 overall, in initial product quality, product reliability, features and tech support over HP, IBM Dell and EMC in the Diogenes Labs Storage Magazine Quality Award for midrange arrays. "Quality Awards II: EqualLogic Named Top Midrange Array" Storage Magazine, 12/14/06

For more information: Sun Microsystems Public Relations, 650.786.7737, allpress@sun.com

- ILM Provider of the Year," in the U.K.'s 2006 Storries awards.

- Sun StorageTek Business Analytics Byte and Switch's Big Bytes award for "Best Storage Management Software." 9/13/06.Sun StorageTek SL-Series enterprise tape libraries ranked #1 in quality, reliability, sales competence and technical support in the Diogenes Labs-Storage Magazine Quality Awards for tape libraries. The Sun StorageTek L-Series midrange tape libraries ranked #2 in features, reliability and technical support. Storage Magazine, 01/17/07

Software

- Solaris Cluster is the world's only integrated cluster solution. It supports all major third party and open source applications, while providing 24/7 access to all services running on SPARC and x86/x64-based systems. CXOtoday, 01/10/07

- NetBeans 5.5 won InfoWorld 2007 Technology of the Year Award – for Best Java IDE Innovator. InfoWorld, 01/01/07

- Solaris OS: 125 world records,>5000 apps on more than 800 platforms, 6.8M registered license shipments, more than competitors shipped collectively in the last 24 months.

- Sun is the largest contributor to open source code, more than 3x that of IBM and 5x that of Red Hat according to a study on the"Economic Impact of Open Source Software on Innovation and the Competitiveness of the Information and Communication Technologies (ICT) Sector in the EU," UNU-MERIT, 11/20/06

- Sun captured a top spot in the Forrester WaveTM: Integration-Centric Business Process Management Suites, Q4 2006, through its acquisition of SeeBeyond Technologies Forrester Research, 12/20/06

- Sun is positioned as the Leader in the Leader Quadrant of Gartner's latest User Provisioning Magic Quadrant, a Visionary in the E-APS (enterprise-scope application platform suites) Magic Quadrant 2005, the Leader in the Integration Backbone Software Gartner Magic Quadrant 2005, and a Visionary in the Web Services Platforms Gartner Magic Quadrant 2005

- 2006 *CRN* Channel Champions: Won Best Network Operating Systems (Solaris OS). Source: *CRN*, 04/14/06

- *InformationWeek* ranked Java software one of the top 5 greatest softwares ever written. Source: "What's The Greatest Software Ever Written?" *InformationWeek*, 08/14/06.

- The Sun Ray 270 Virtual Display Client system won the Consumer Electronics Show's Innovations Design and Engineering Award for design excellence in Eco-Design. 2007 International CES, 01/08/07

Services

- Sun tops customers' IT supplier list: 67% of customers are consistently impressed with Sun, listing quality of service & support as the #1 preference driver. (IT Supplier Impact & Performance Survey, The Register)

- Sun ranked #1 compared to IBM, Dell, and Microsoft for quality of service and support, efficiency

of ordering/delivery, and price of products and services. (IT Supplier Impact and Performance Survey, The Register, January 2006)

- Number 1 customer support provider among major system and operating system vendors. (TNS Prognostics, 2006)

- Customers using SunSpectrum Support services reported a total monetary benefit 1.67 times greater than its cost. The ROI was driven by improvements in system availability, IT staff productivity, and costs avoidance. (Forrester Consulting Total Economic Impact Study, 2005)

- Sun customers include: all of Fortune's top 10 US Telecom cos., 9 of world's 10 largest petroleum cos., 9 of world's 10 largest automakers, 9 of US' top 10 earning commercial banks, 9 of Fortune's top 10 US specialty retailers, 7 of Fortune's 8 largest US general merchandisers, 4 of top 5 US retail chains

Partners/Customers

Sample Alliances

- *Sun and Intel* have established a strategic alliance to open up new market opportunities around a technology exchange - Xeon and Solaris.

- *Sun and AMD* have created a strategic alliance to deliver high-performance, industry-standard x64 servers for the enterprise.

- *Sun and Microsoft* have established a technology collaboration that enables platform interoperability.

- *Sun and Fujitsu* have expanded a two-decade strategic relationship to deliver best-in-class servers for all possible network computing workloads.

- *Sun and Oracle* have collaborated for more than two decades to deliver secure, reliable and scalable enterprise-class solutions to customers worldwide.

- *Sun and SAP* help customers deploy services-based, enterprise-scale business solutions, allowing organizations to better connect with their customers, suppliers, partners and employees.

- *Sun and Google* are working together to accelerate the creation and distribution of the technologies and tools of the next-generation Web.

Sample Customers

- *Atento*: To create their new generation contact center, Atento Brazil, a division of Telefonica S.A., chose Sun. Using Sun Fire servers, Sun Ray clients, and LDAP software, Atento's goal is to optimize average service time, reduce recurrent costs, and guarantee secure mobility for employees.

- *Ebay:* With millions of transactions a day, eBay needed a leader in scalability and availability to support their growing community. That's why they chose Sun's Java technology to power their applications and sun servers, storage, and software to drive their massive e-commerce engine.

- *Guangdong Local Taxation Bureau:* To implement a province-level, centralized taxation management information system, China's Guangdong Local Taxation Bureau looked to Sun. The Bureau chose Sun Fire servers and the Sun Java Enterprise System for the scalability, performance, portability, and openness critical to the project.

- *Major League Baseball:* A strategic technology alliance between Major League Baseball Advanced Media and Sun brings baseball to the millions of fans around the world, wherever and whenever they want it. The result is the Internet's most successful broadband Web portal devoted to professional sports.

- *T-Mobile:* T-Mobile International chose Sun to power their next-generation service delivery customer portal. Using Sun's Solaris OS, identity and directory software, storage systems, and Sun Fire servers, the t-zones portal will process purchases via the T-Mobile customer portal across Europe.

- *TV4:* Sweden's second largest television network, TV4 enhanced the value and security of its digital media assets with a Sun Content Infrastructure System. The Sun system is expected to deliver 100 percent ROI in three years and 20 percent TCO reduction.

Number One Market Leader Positions Q3CY06

Servers:
- # 1 Worldwide UNIX Volume server revenue and unit shipments (IDC)

- # 1 Worldwide UNIX platform server unit shipments (IDC)

- # 1 Worldwide UNIX platform server operating system unit shipments, Solaris OS (IDC)

- # 1 Worldwide UNIX platform OS on Opteron server revenue and unit shipments (IDC)

Disk Storage Systems:

- # 1 Worldwide UNIX platform total disk storage systems units shipments (IDC)

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