



ANALYST SUMMIT 2007

# Growth by Design

**John Fowler**

Executive Vice President  
Systems

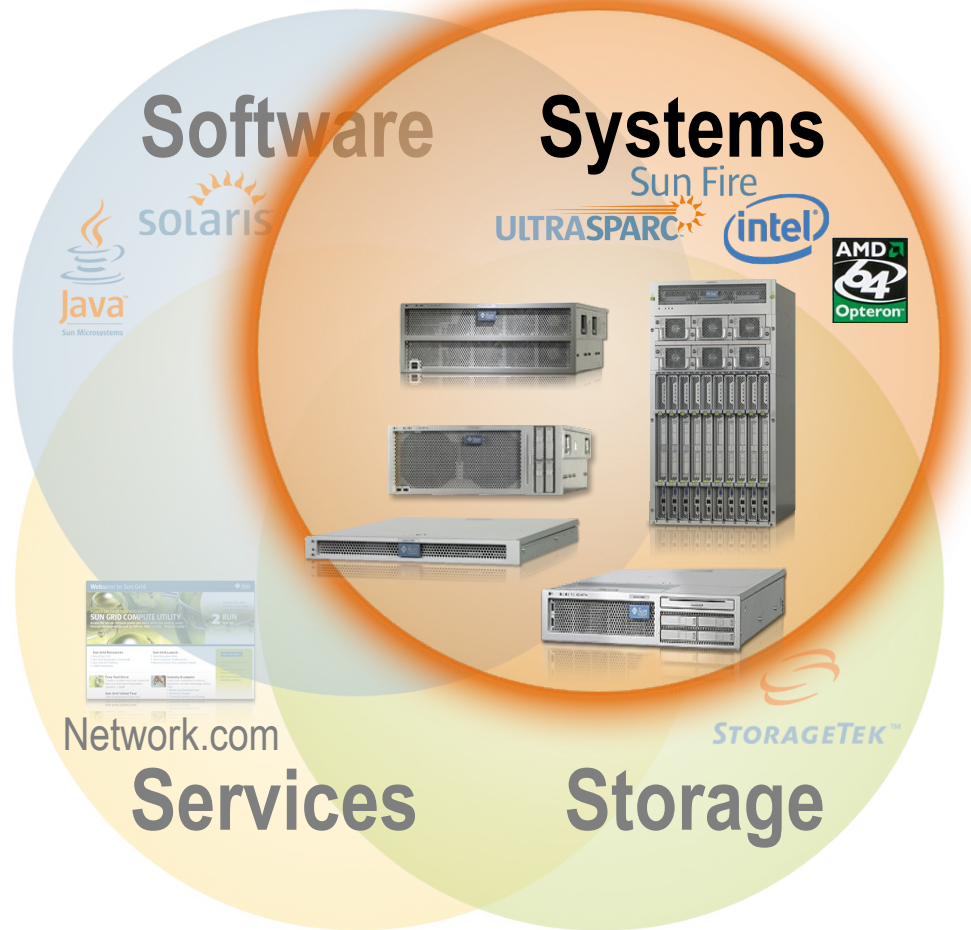




These slides contain forward-looking statements regarding the future results and performance of Sun Microsystems, Inc., including statements regarding Sun's Systems strategy; Sun's expectations with respect to the Intel alliance; Sun's belief that its Systems momentum continues; Sun's belief that new Sun systems are driving customer wins; Sun's belief that CoolThreads continues to lead; Sun's expectations with respect to the Systems roadmap and the release dates of specific products; and Sun's belief that its strategy in Software, Services, Systems and Storage is driving growth. These forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contained in these forward-looking statements. Factors that could cause actual results to differ materially from those contained in these forward-looking statements include: risks associated with developing, designing, manufacturing and distributing new products; lack of success in technological advancements; pricing pressures; lack of customer acceptance of new products; the possibility of errors or defects in new products; competition; adverse business conditions; failure to retain key employees; the cancellation or delay of projects; our reliance on single-source suppliers; risks associated with our ability to purchase a sufficient amount of components to meet demand; inventory risks; risks associated with our international customers and operations; delays in product development or customer acceptance and implementation of new products and technologies; our dependence on significant customers and specific industries; and our dependence on channel partners. Please also refer to Sun's periodic reports that are filed with the Securities and Exchange Commission, including Sun's annual report on Form 10-K for the fiscal year ended June 30, 2006 and its quarterly report on Form 10-Q for the fiscal quarter ended October 1, 2006. Sun assumes no obligation to, and currently does not intend to, update these forward-looking statements.



# Sun Systems



# In 2006 Sun Systems Delivered

## LAST YEAR WE PROMISED – AND DELIVERED

- ✓ Revenue and Market Share Growth
- ✓ Innovative Processor & System Designs
- ✓ Expanded Product Portfolio
- ✓ Eco Leadership
- ✓ Virtualization Technology Leadership
- ✓ New Customers
- ✓ Open Source Success

# Sun Systems Strategy

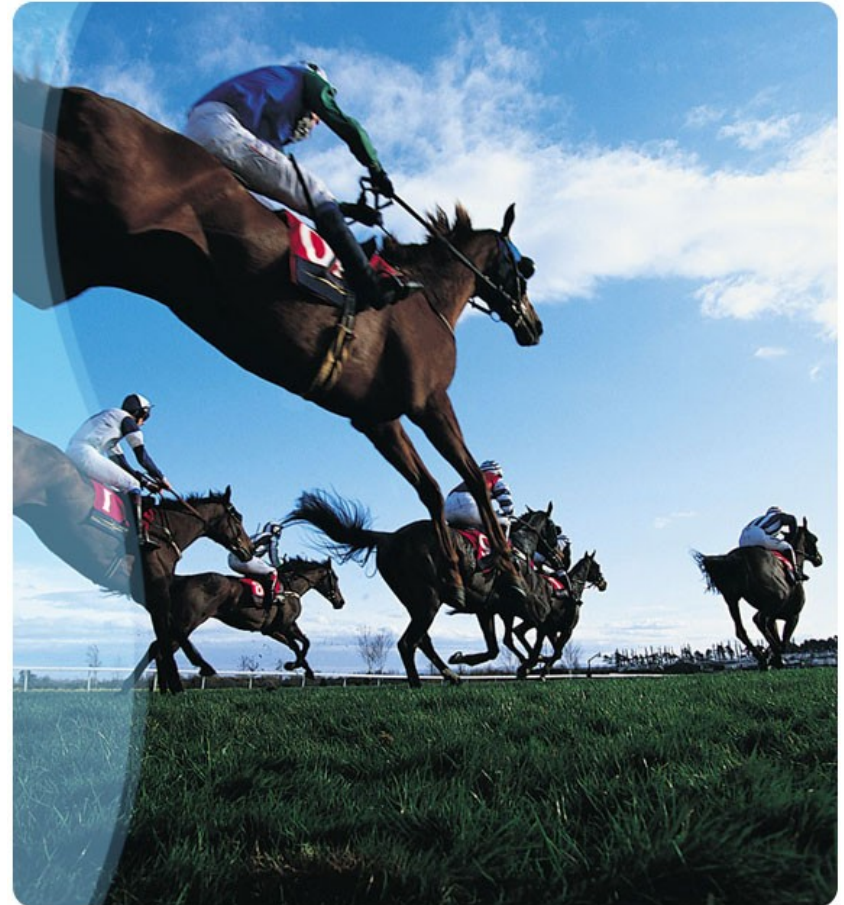


- Innovate at all levels of the system
- Partner with market leaders
- Integrate software, storage, services, and systems
- Change the economic equation
- Work with high potential start-ups

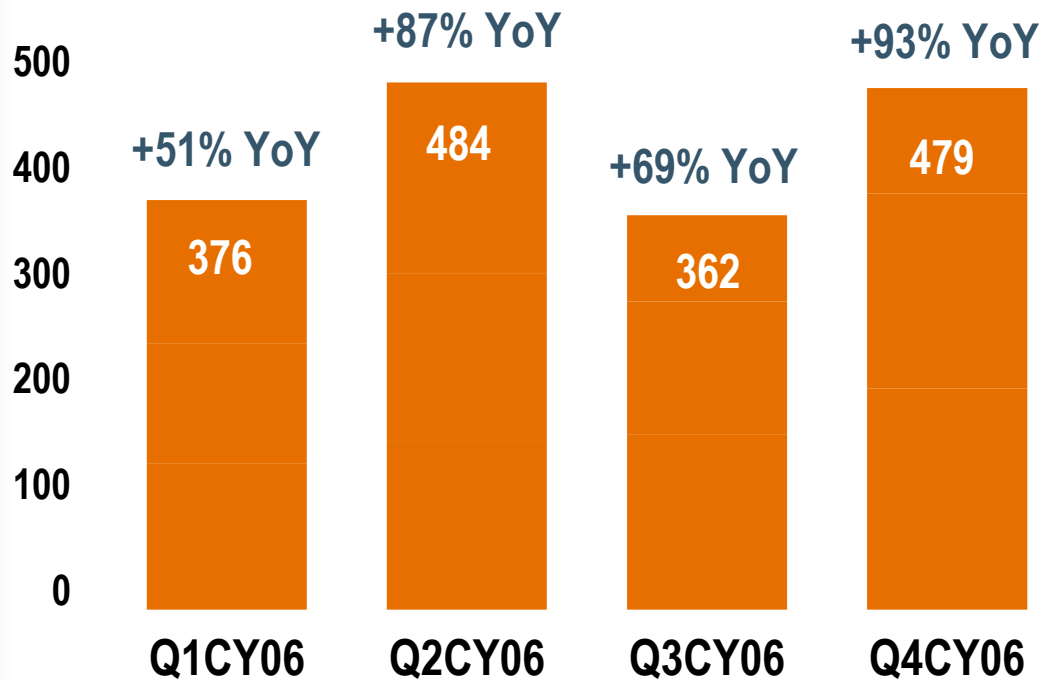
# Sun Systems Momentum Continues

## Full Year of Systems Business Growth

- 14% YoY revenue increase in Q4 CY06 computer systems products revenue
  - > YoY increases in 4 consecutive quarters
- Sun Fire T1000/T2000: \$100+ million 3rd straight quarter...*and growing*
- Sun Fire x64: 46% YoY revenue growth Q4 CY06



# New Sun Systems Are Driving New Customer Wins



- In Q4 20% of Systems customers were new\*
- New customers in CY06:
  - > CMT: 28%
  - > X64: 33%
  - > US III & USIV: 39%

\*New Customer numbers are based on Sun's direct sales to customers who have not purchased Systems Group products since Q4FY00. Includes customer activity under the "Try & Buy" or "Borrow to Buy" programs.

# Try 'n' Buy: Results

February 2006 through Today

**300+**  
New  
Customers

- PlanetOut
- DigiTar
- eHarmony
- South Dakota Library Networks
- Benton Public Utilities Department
- Lokalisten.de



# Sun's Start-up Essentials

Helps Startups Conserve Cash and Accelerate Time-to-Market



- Launched at Startup Bootcamp – November 2006
- 165 applicants accepted so far

3jam Inc  
1st Flood Of Norwalk, LLC  
30 Elm  
42squared, LLC  
4<sup>th</sup> Media Inc.  
Adapt Technologies  
Adaption Technologies  
Agamas Capital Management, LP  
Akira Technologies, Inc  
Alberich LLLP  
Allen Bates Technologies  
Amalgamated Insight, Inc.  
Amphora Research Systems Inc  
AMPUBSVC.COM, Inc.  
ANSYA Enterprise Solutions Inc  
AppsHosting  
Aqui.com Inc  
Ascendant Defense Technologies  
Attributor Corp  
Auburn Quad, Inc.

Clark & Parsia, LLC  
Collanos Software Inc  
Commercial One Properties, LLC  
Common Need, Inc  
Coral Bridge/Engios  
CoreNode L.L.C.  
CTS( Media )  
DegreeSoft  
Deipi.com LLC  
Digitl Practices, Inc  
Dox Systems LLC  
Dynamic Computers LTD LLC  
Education Finance Partners  
EHR Associates, LLC  
EnableONE Consulting  
Engage  
Enterprise Alive  
Exegy  
ExtraView Corporation  
Feed Crier

IC Methods LLC  
Ideanode, Inc  
Identity Engines  
InCollaboration  
International Travel Network Inc  
Inventive Software Solutions  
ipHouse  
iStreet Solutions LLC  
JBlade LLC  
JCS, Inc  
Kaldi inc  
Kenlet LLC  
Kinda-Sorta  
Korsett Holdings, Inc.  
LaunchProject, LLC  
LessAccounting  
Loopt, Inc  
LTS  
Lucision Inc  
Ludi Labs Inc

New London Associates  
NewBay Software Inc.  
Ning  
Niobe Technologies Inc  
Nutrition by Miranda  
Offermatica Corporation  
OLOS Technical Services Inc  
One Llama Inc  
Open World Systems  
Optimize Travel inc  
PCPred!ct  
Peer Fusion, Inc.  
Periodik Labs, LLC  
Pickdee  
Pima PC  
POCNET  
pointr, inc.  
Ponder Pro Serve  
Practice Administrative Systems Inc

SITEiNK  
SkyWay Systems  
Slicehost  
Socius Inc  
Sprokkit  
St. Vito Inc  
Strasburg Technology Inc.  
SugarCRM, Inc  
Symele, Inc.  
Symplified Inc.  
TalkPlus Inc  
Taocrasorm  
TDVision Systems, Inc  
Technical Media Services, LLC  
TechRafters  
Tesseract Productions LLC  
The Real Time Matrix Corporation  
ToneThis  
Tools For Teams  
Total Process

[www.sun.com/startupessentials](http://www.sun.com/startupessentials)

# Eco Product Leadership

## Sun Fire T1000



The Power of  
32 Legacy Servers  
9600 watts

## CMT

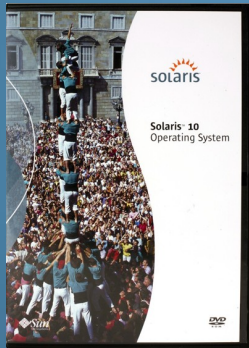


Replaced  
with 7 Servers  
using 1900 watts

- 2x the performance
- 1/3 the energy
- 1/2 the space
- Qualifies for Pacific Gas and Electric energy rebate program

# The Industry's Most Innovative and Energy Efficient Systems

Breakthrough

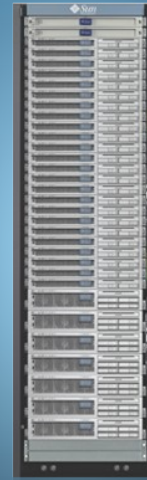


  
**solaris**



Sun Fire  
CoolThreads™  
Servers

Expanded



Sun Fire x64  
Servers

Enhanced



Sun Fire  
UltraSPARC  
Servers



# Sun System Technology: A Few Firsts

First Tier 1  
16-way  
Server



Sun Fire X4600

Only Hybrid  
Data Server



Sun Fire X4500

First True  
Modular  
Design



Sun Blade 8000



**solaris™**

First CMT  
Platforms  
for  
Telecom



Netra T2000



Netra CP3060  
ATCA Blade server



**CoolThreads  
Continues to Lead**

**ULTRASPARC** 

# A New, Exciting Alliance

- Intel endorses Solaris; OEM agreement to distribute and support Solaris
- Sun to deliver comprehensive family of Intel Xeon-processor based systems
- Joint investment in engineering, design, and marketing alliance for Solaris, Java and Xeon



# Addressing Markets for Growth

## Back Office

- CRM
- ERP
- BIDW
- Database

## HPC

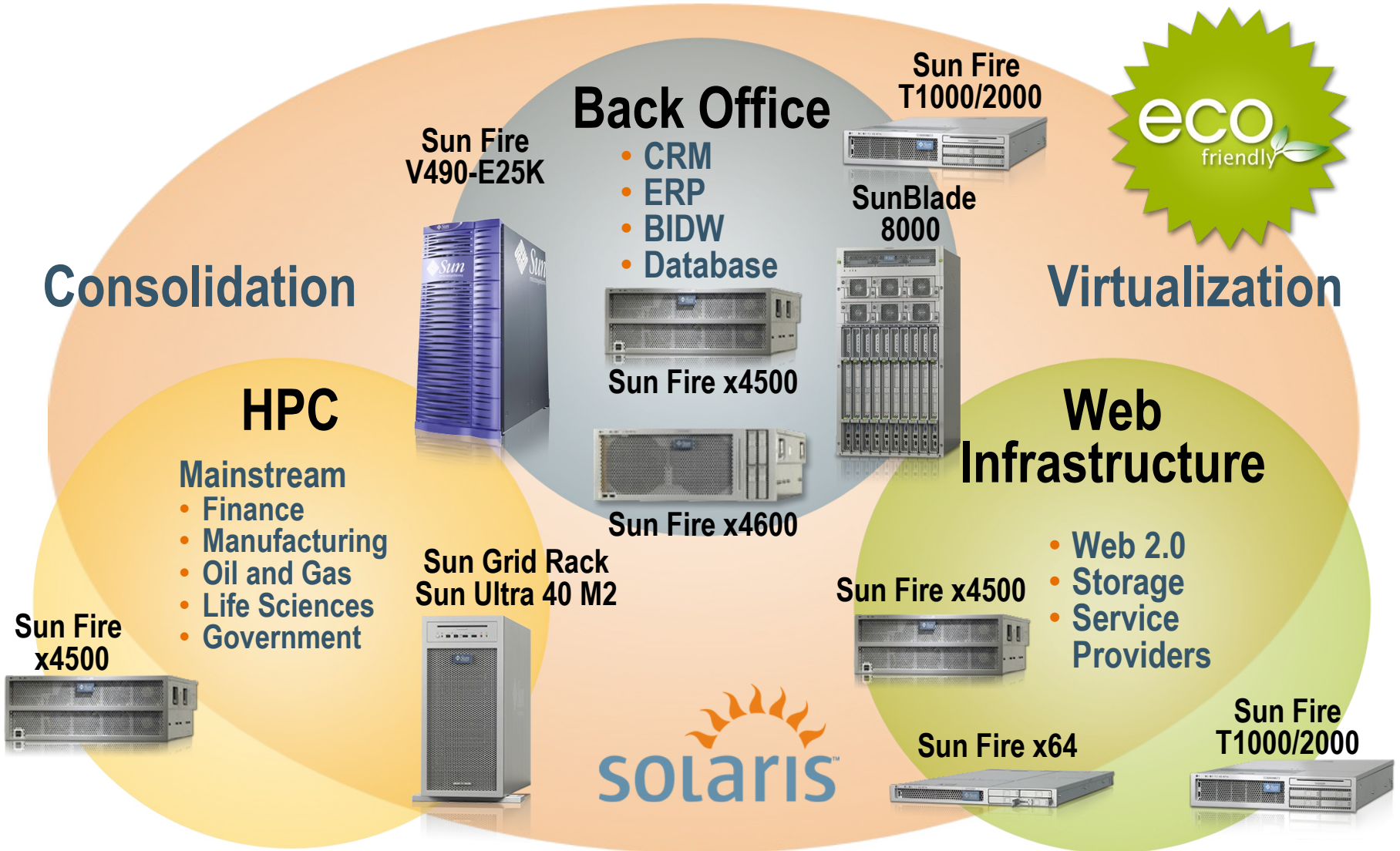
### Mainstream

- Finance
- Manufacturing
- Oil and Gas
- Life Sciences
- Government

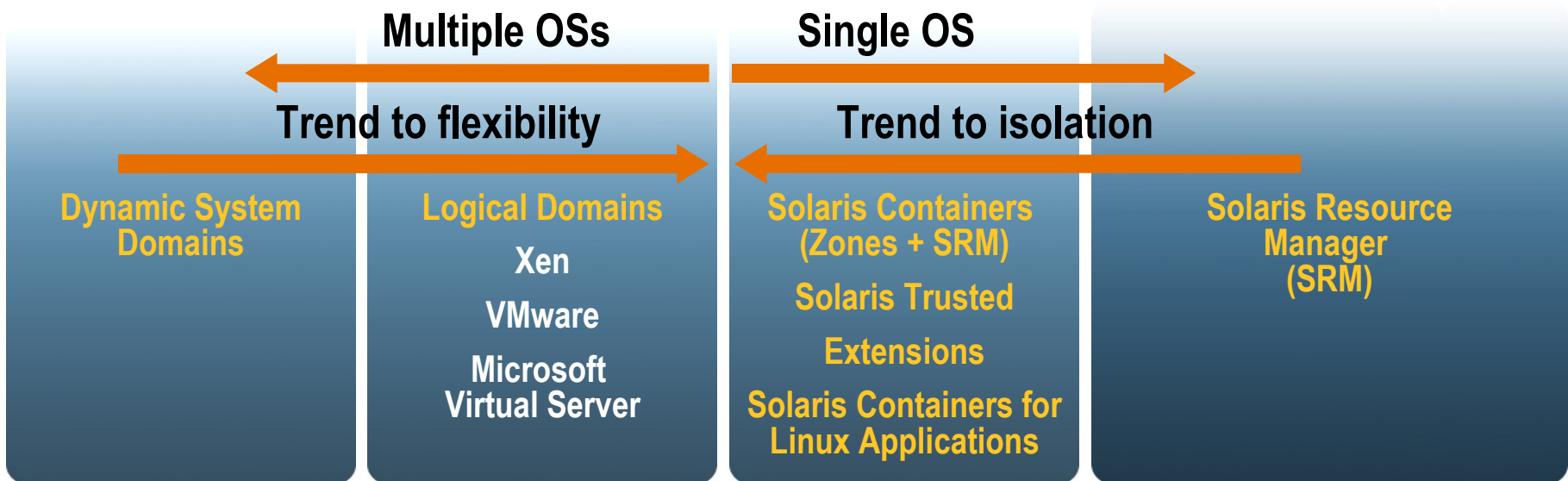
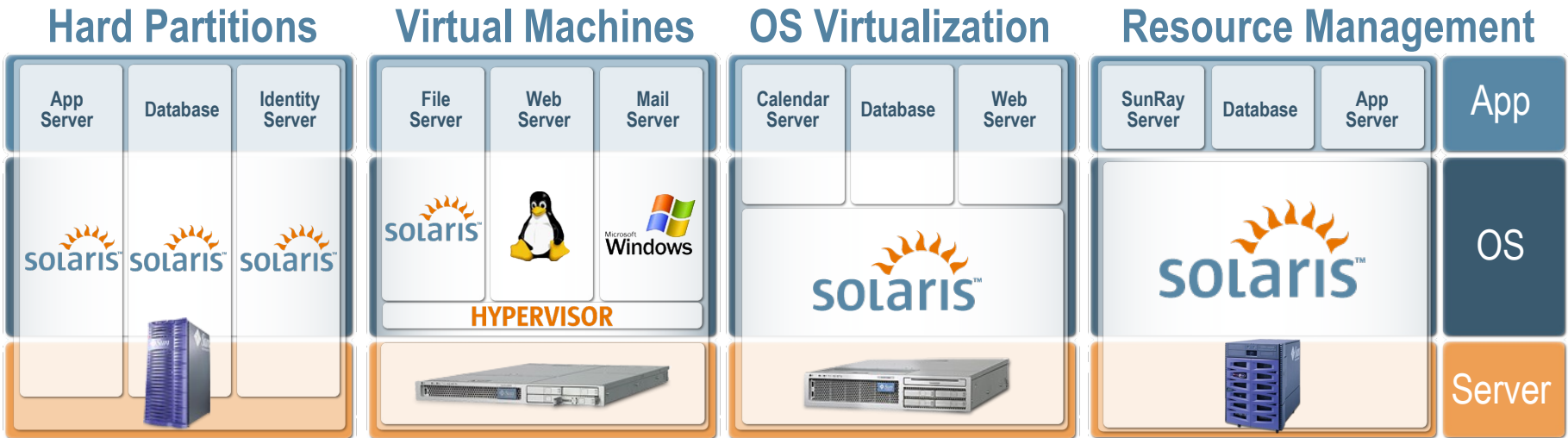
## Web Infrastructure

- Web 2.0
- Storage
- Service Providers

# Matching Systems to Market Needs

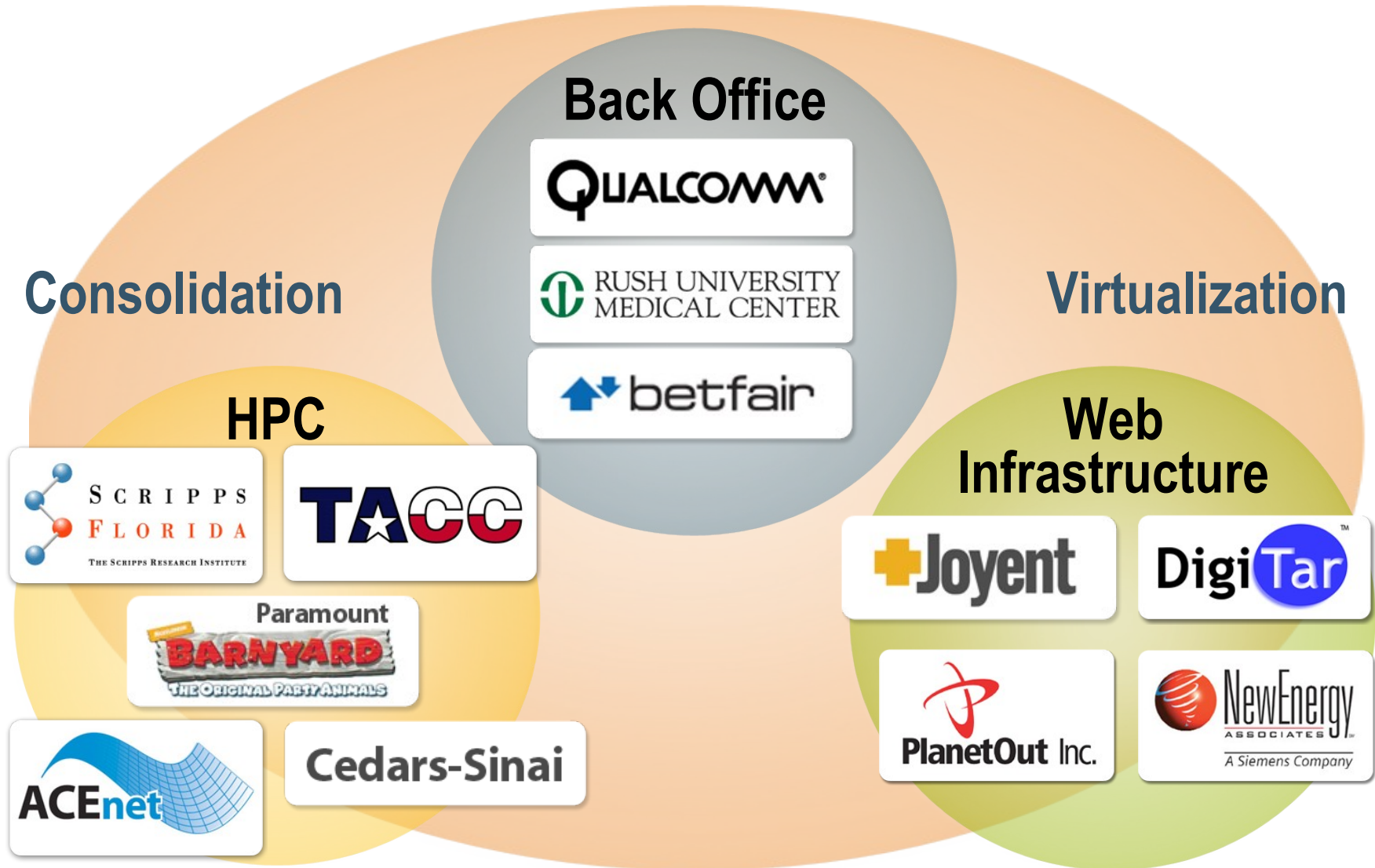


# Industry Leading End-to-End Virtualization





# Key Customer Wins



# Turning Investment into Innovation

Volume

Enterprise



# OpenSPARC

The Most Open Platform on the Planet

- 4,300 downloads to date
- 14 million lines of source code
- Community interest: 1 to 1000 core systems
- First derivative design: SimplyRISC S1 core



OpenSolaris + OpenSPARC = Only Truly Open Platform

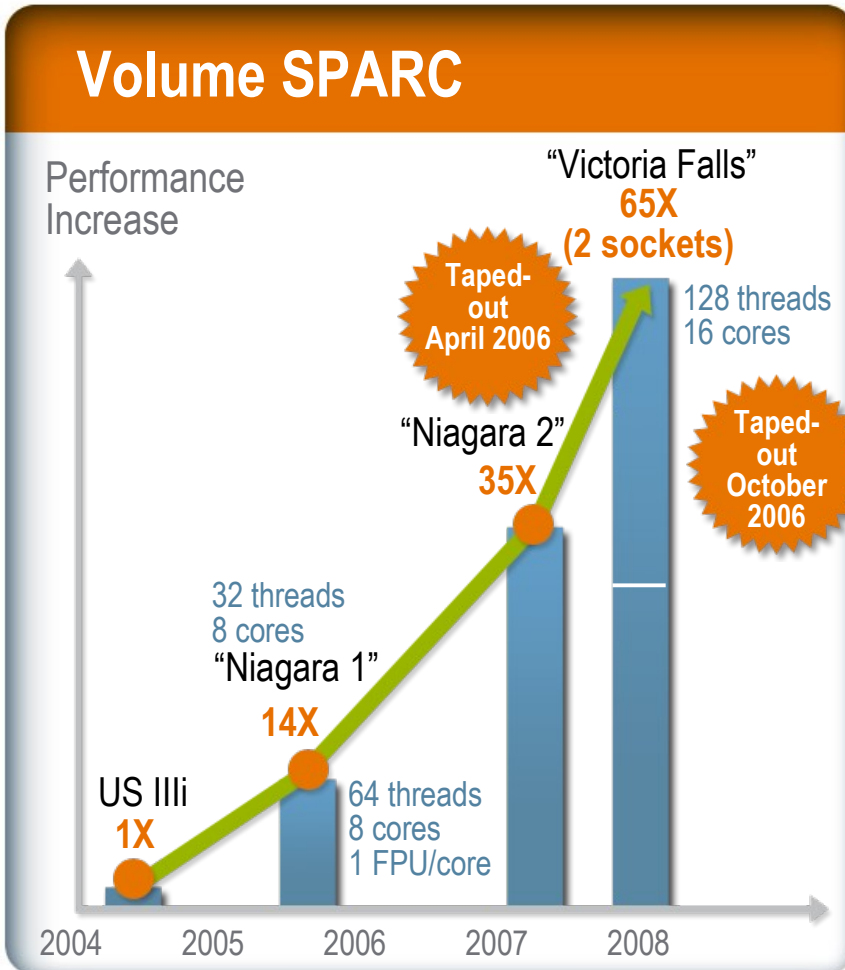
[www.opensparc.net](http://www.opensparc.net)

# The Multi-core, Multi-thread Leader



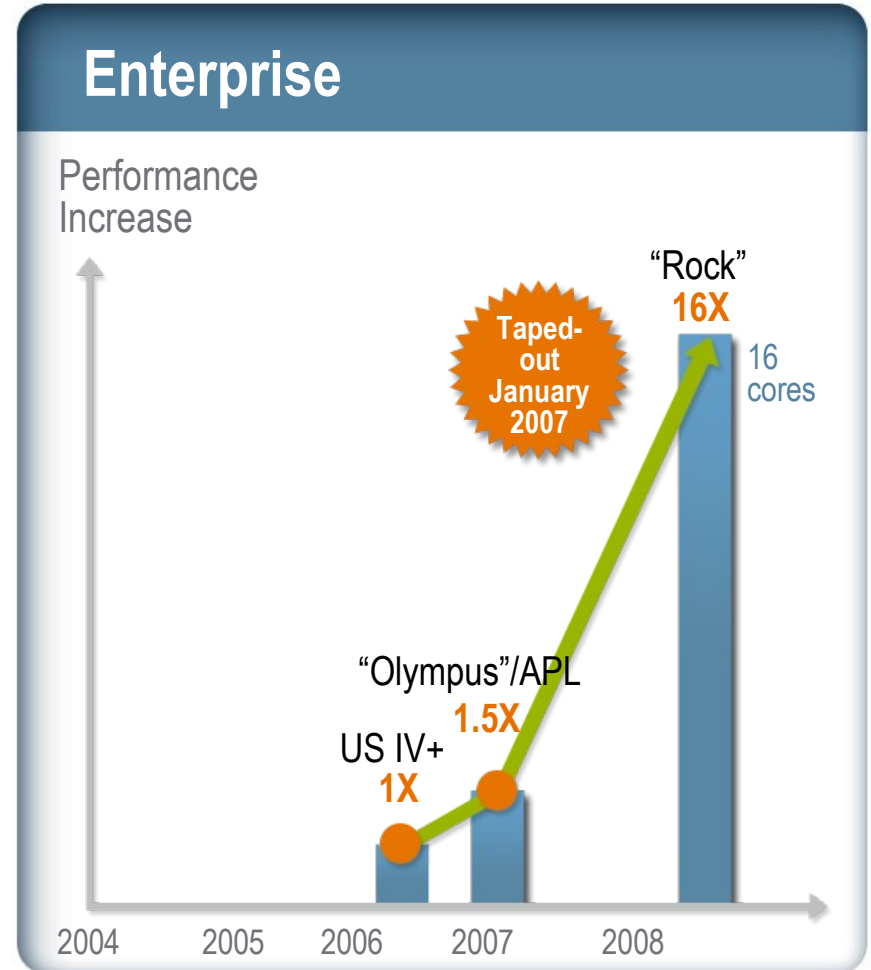
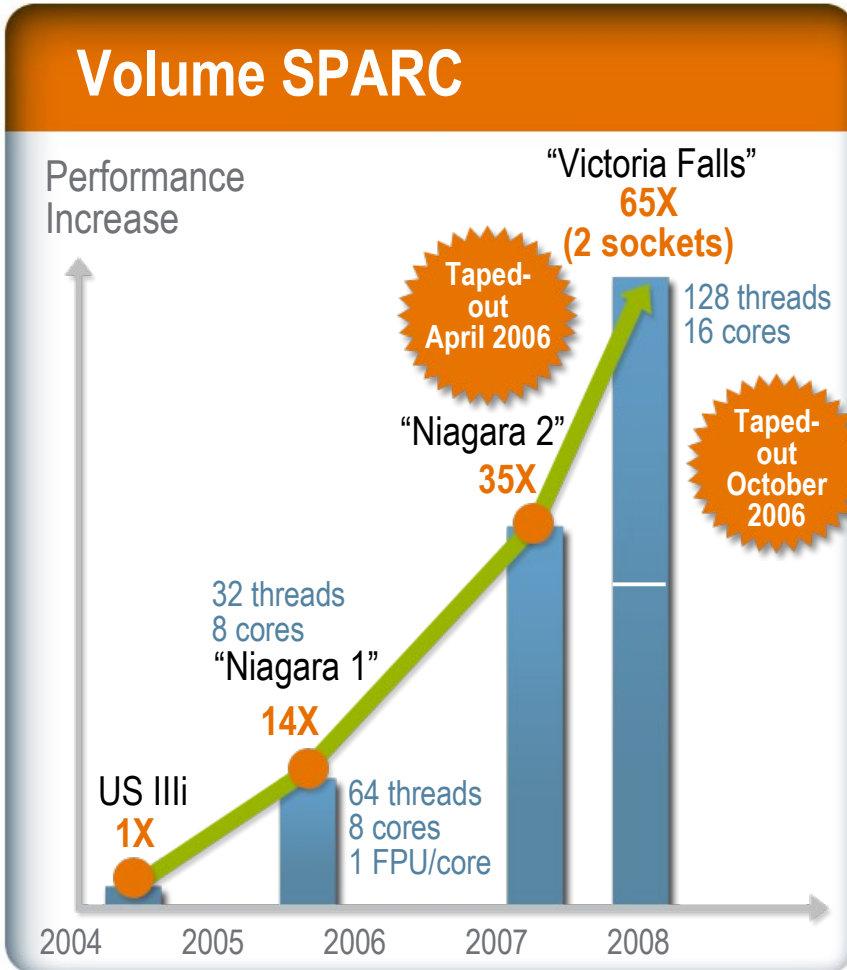
# Sun Processor Roadmap

CMT Delivers Performance Gains, Outstanding Energy Efficiency

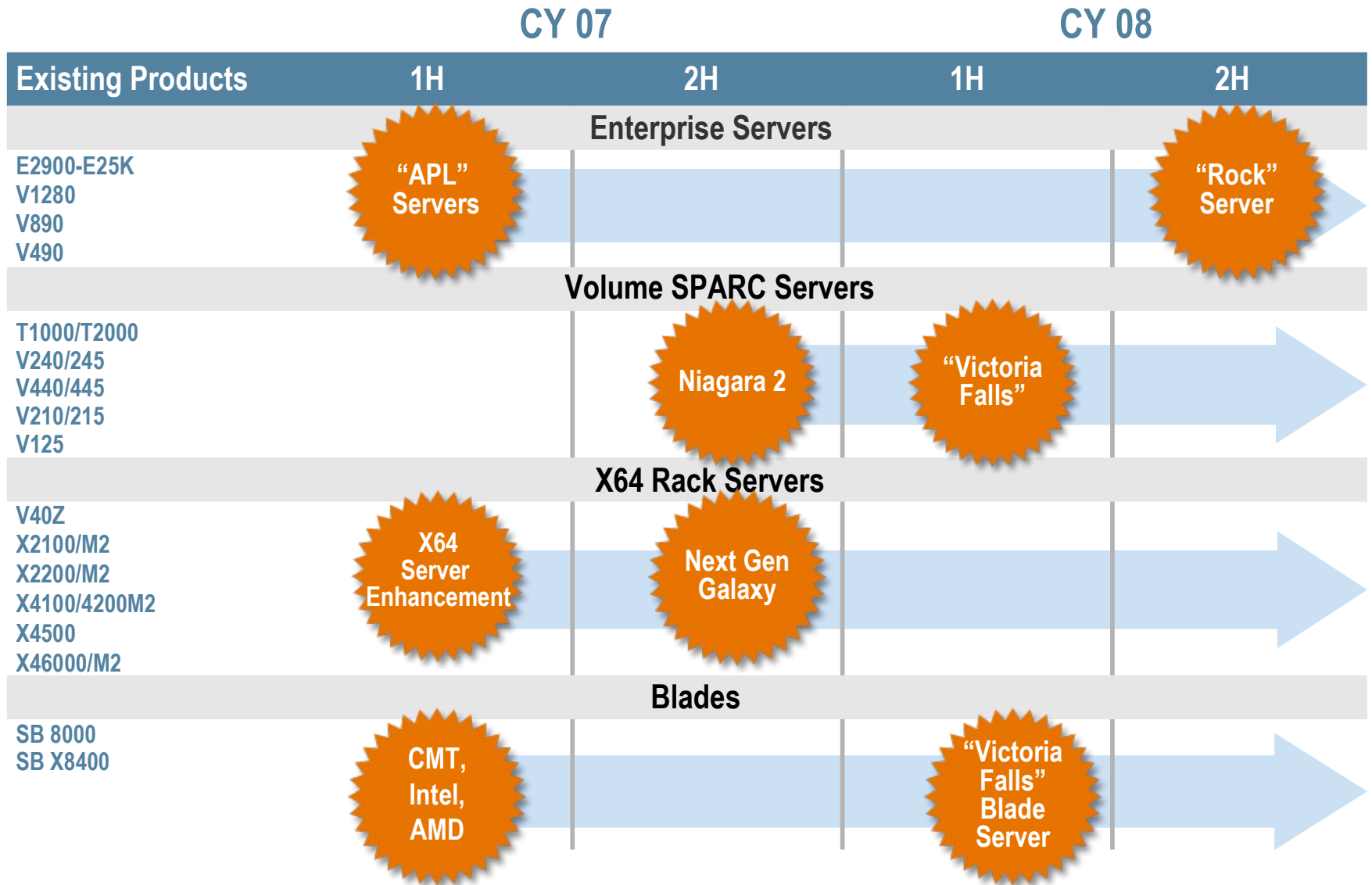


# Sun Processor Roadmap

CMT Delivers Performance Gains, Outstanding Energy Efficiency



# Systems Roadmap



## PlanetOut Inc.

**Tom Cignarella**  
Senior Director of  
Technical Operations



PlanetOut Inc.

## DigiTar

**Dale Williams**  
CEO



DigiTar



# Our Strategy – Driving Growth

Eco Leadership

Virtualization  
Technology

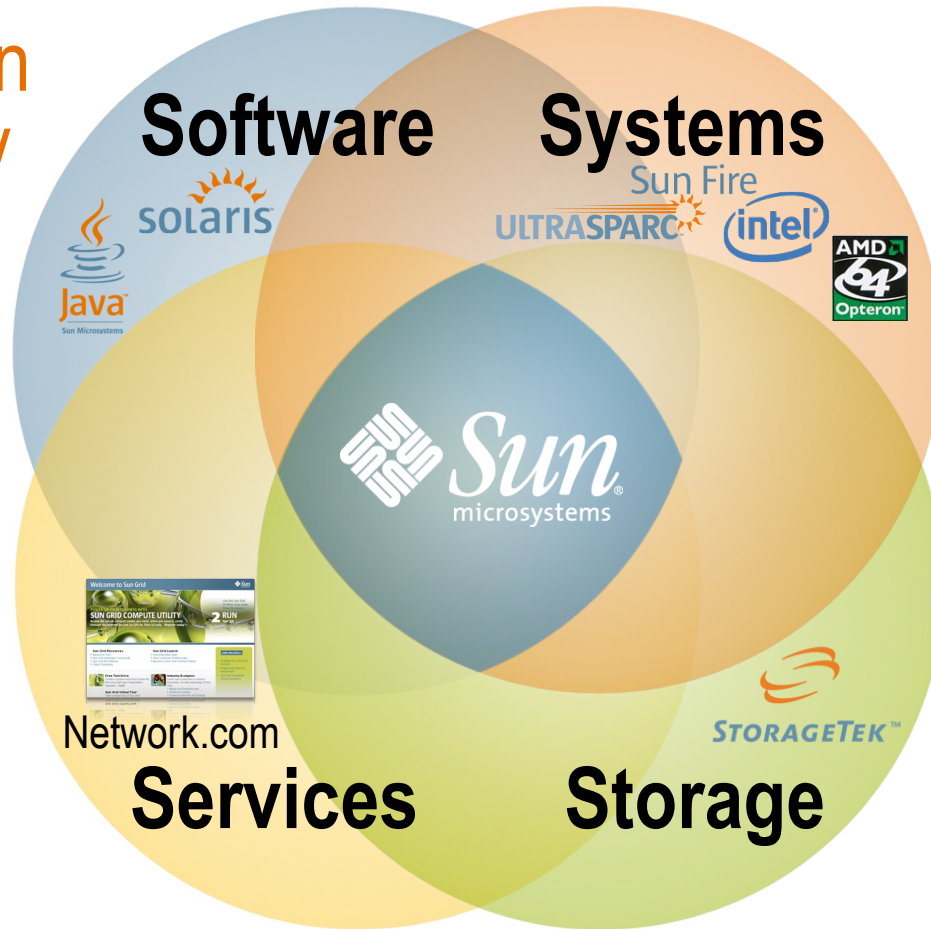
Product  
Innovation

Partner with  
Leaders

Expanded  
Product  
Portfolio

Focus on  
Startups

Open  
Sourcing





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# Thank You.

The Network is the Computer.™

**John Fowler**

Executive Vice President

Systems

