

Sun's Volume x64 Systems Advantage

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February 2, 2005

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the future results and performance of Sun Microsystems, Inc., including statements regarding Sun's focus on delivering 64-bit enterprise-class systems to the industry-standard market; statements regarding Sun's x64 Enterprise Advantage, in particular, superior system architecture and design, systemness approach, customer value; statements regarding Sun's next generation x64 systems; the market opportunity with regard to Sun's next generation x64 systems; statements regarding simplified management; that Project N1 Grid Controller and N1 software for managing rack-based x64 servers are coming soon; statements that Sun is delivering the whole system; the x64 opportunity; and what to expect this time next year, in particular, extensive industry-leading x64 enterprise-class product line, expanded customer base, continued price/performance leadership, great Solaris 10 attachment for x64 and complete partner ecosystem set. These forward-looking statements involve risks and uncertainties and actual results could differ materially from those predicted in any such forward-looking statements. Factors which could cause actual results to differ materially from those contained in our projections and forward-looking statements include: cancellation or delay in projects, in particular, our x64 systems and our N1 products; continued increased competition; pricing pressures; failure to rapidly and successfully develop, produce or sell new NSG products, technologies and services; delays in NSG product development, or customer acceptance and implementation of new NSG products; failure to execute on the market opportunity for NSG products; or quality issues with our hardware or software products. Please also refer to Sun's periodic reports that are filed from time to time with the Securities and Exchange Commission including our annual report on Form 10-K for the fiscal year ended June 30, 2004 and our quarterly report on Form 10-Q for the fiscal quarter ended September 26, 2004.

2004 Scorecard

REPORT CARD



Network Systems Group formed



Enormous momentum achieved in x64 market

- Penetration in **ALL** Sun vertical segments throughout 49 different countries
- Comprehensive line of x64 systems
- Leading supplier of grid solutions
- Dramatic customer, unit, and revenue growth



Nauticus acquisition/product launched



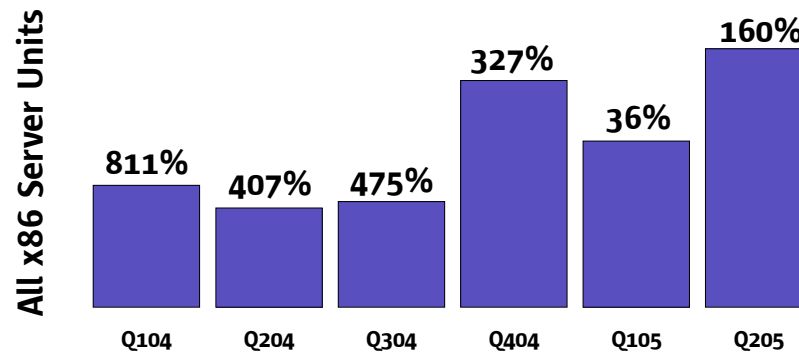
Kealia product line



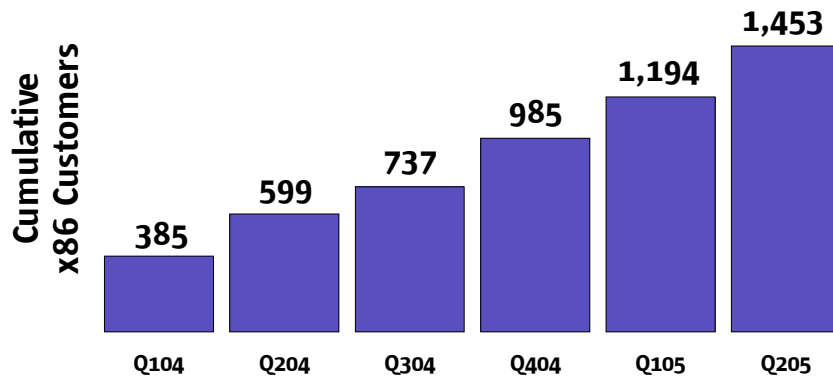
Microsoft collaboration framework developed

Since Last Year ...

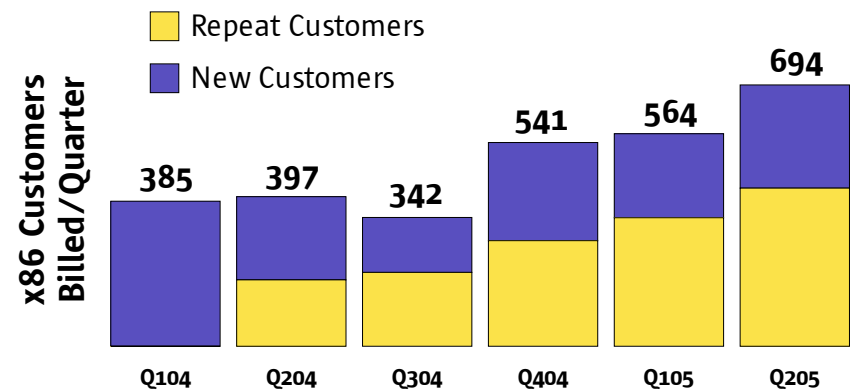
160% Y-Y x86 Server Unit Growth



31% Average Enterprise Customer Growth/Quarter



55% Repeat Business



Customers Embrace x64 Systems



EDS— Sun's Sun Fire™ V20z and V40z servers allow deployment of a variety of operating systems including Solaris™, Linux, and Windows.



Yahoo/Overture— Overture selected more than 400 Sun Fire V20z servers for a global deployment to support ongoing organic growth and SPARC servers for back-end revenue processing.



Department of Energy/Idaho National Laboratory— Nuclear reactor research project— Sun Fire v20z servers, Solaris 10™ OS, Sun StorEdge™ software, Sun Java™ Enterprise System, StarOffice™ software.



SunGard— uses the Sun Fire V20z servers for an ASP environment serving approximately 70-80 users running the Universal Market Access (UMA) application.



ABN Amro— has selected Singapore-based DSSS two factor authentication solution running on Sun Fire V20z servers based on the AMD Opteron™ processor using Solaris 10 Operating System.



E Networks— Sun's price/performance makes an enterprise-class data warehouse solution possible.



Dygra Films— Film studio migrates its grid farms computing solution from a Wintel/.Net environment to a UNIX-Linux/Java environment and doubles rendering production.

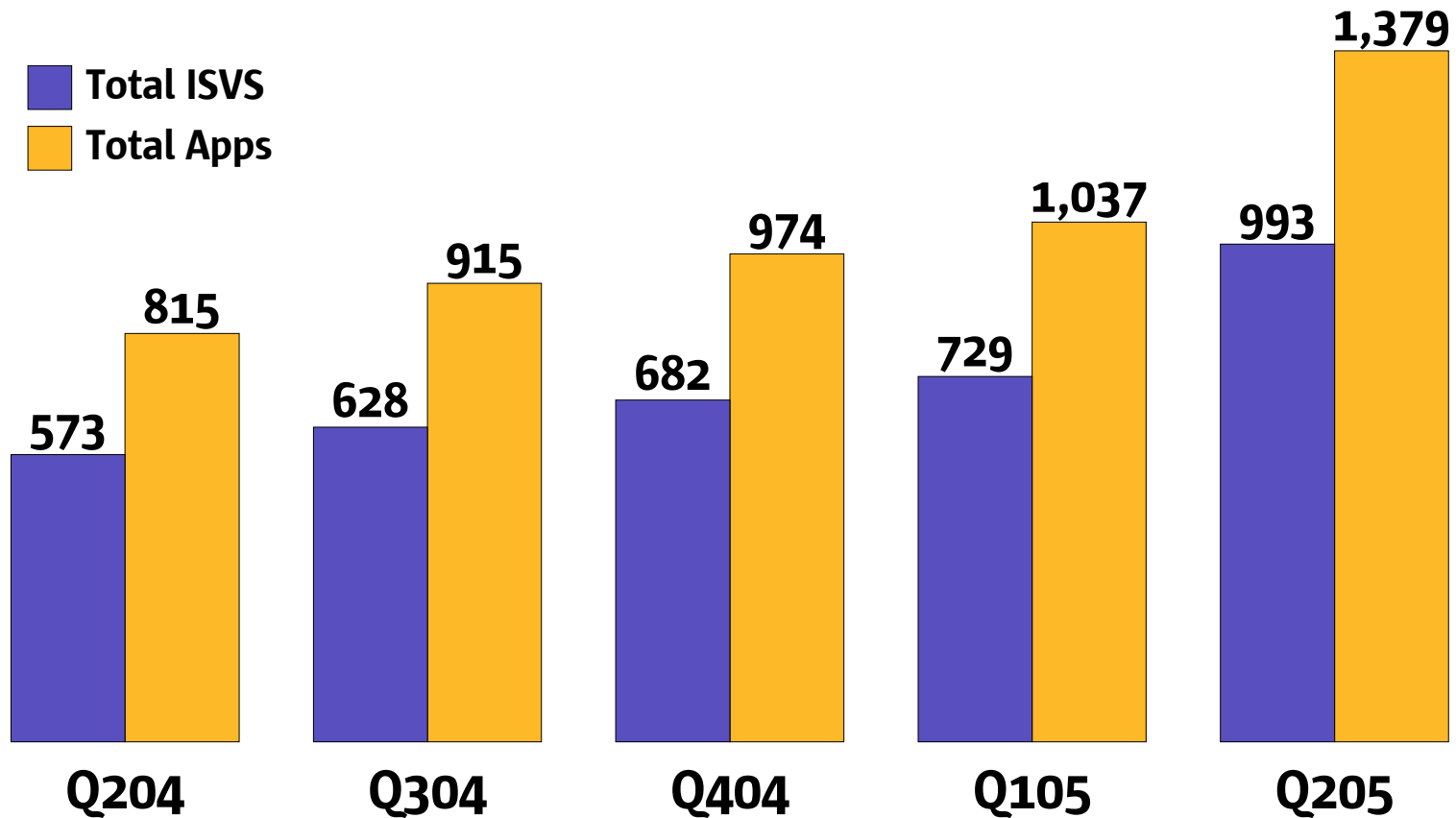


Stanford Linear Accelerator Center— SLAC purchased 296 Sun Fire V20z servers for use in advanced research projects funded by the U.S. Department of Energy.



University of Leicester (England)— Sun's Sun Fire V40z-based grid delivers more than 2 Teraflops of compute performance.

Solaris on x64 ISV Growth



Partner Milestones

AMD

- Full product family
- Dual core roadmap
- Strategic marketing and engineering alliance

Microsoft

- Engineering agreement
- Windows certifications
- Windows drivers on sun.com



- Sun is preferred partner for EDS Agile Enterprise Platform
- EDS/Sun data centers maintain over 1,700 servers worldwide



Sun's x64 Enterprise Advantage

Superior System Architecture and Design



x64 System Innovation, Management Solutions, and Optimized Performance

Systemness Approach



Compute, Network, Storage and Software Designed to Work Together, Seamlessly

Customer Value



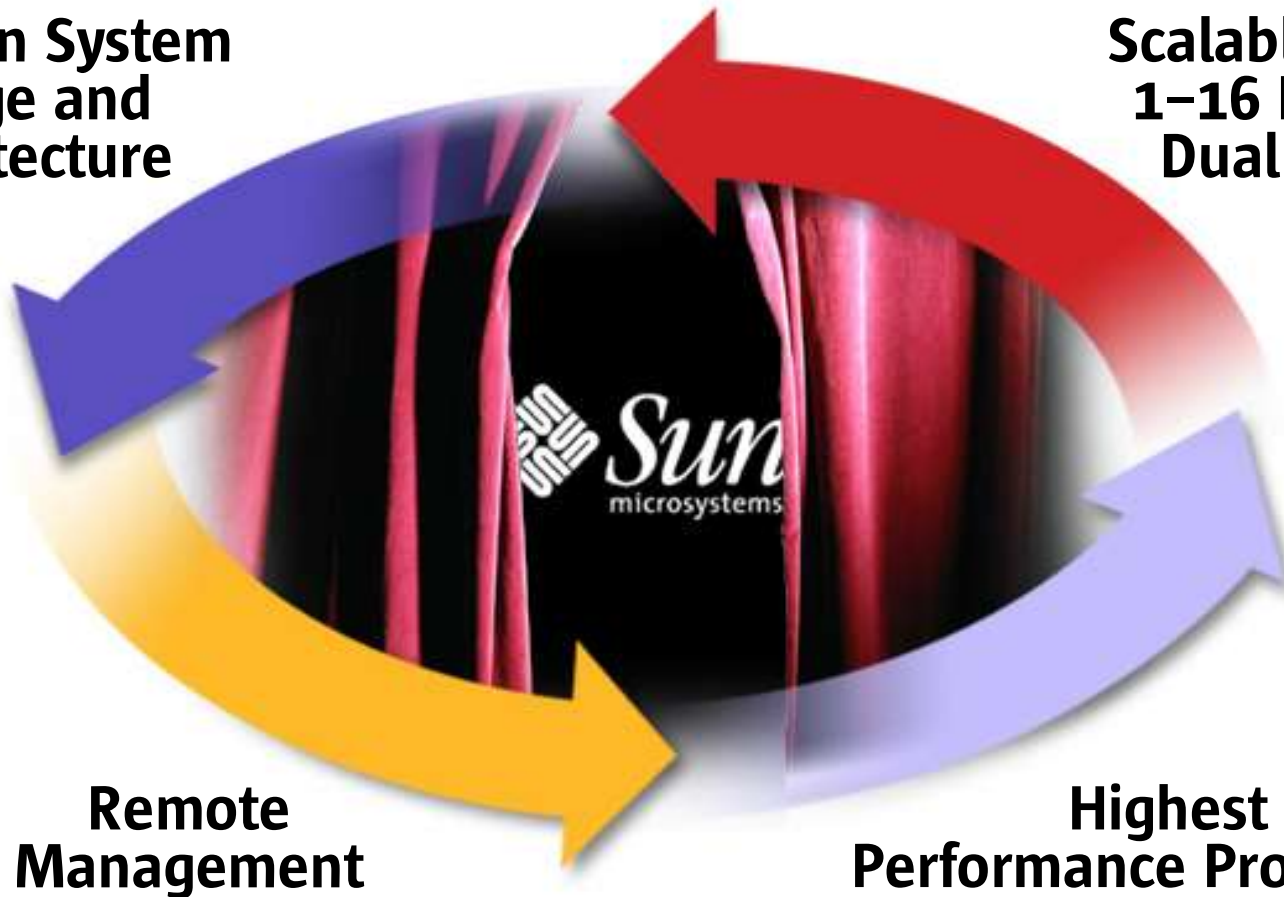
Sun Grid, Practices, Client Solutions and Strategic Partnerships

Sun's Next-Gen x64 Systems

**Next Generation
Design**

**Common System
Image and
Architecture**

**Scalable from
1-16 P with
Dual Core**



**Remote
Management**

**Highest
Performance Processors**

Sun's Next-Gen x64 Systems

Full Product Line

End-user Spending CY2004			End-user Spending CY2008
Market Opportunity	\$4,033M	Rack-Optimized Server	\$4,272M
	v20z v40z	Next Generation 2-8 Sockets, AMD Dual Core	
	\$590M	Sun Secure Application Switch	\$790M
	N2000	Entry-Level Secure Application Switch	
	\$3,697M	Workstations	\$3,257M
	W1100z W2100z	Low-Cost AMD Dual Core-Ready	
	\$499M	Blade Servers	\$2,255M
	B100x B200x	2-4 Socket AMD Opteron-Based Blades	
Management Solutions and Services			

Sources: IDC Quarterly Worldwide Server Forecast, December 9, 2004, sub \$250K Non-Windows, x86 rack-optimized market
 IDC Worldwide Layer 4-7 Switch 2004-2008 Forecast, March 2004 (including IDC estimate for March 2005 report)
 IDC Worldwide Workstation 2004-2008 Forecast and Analysis (includes Windows market share), November 2004, PWS

Sun's Next-Gen x64 Systems

Simplified Management

N1 Grid Service Provisioning System
Sun Java Availability Suite/Sun Cluster
Solaris/N2000 Containers

Predictive Self-Healing
Virtual Hardware Allocation
Load Balancing

Coming Soon ...
Project N1 Grid Controller
N1 software for managing
rack-based x64 servers

Paris



Geneva



Rome



Berlin



Delivering the Whole System

NSG Products



Solutions

**Business Intelligence/
Datawarehousing**



Grid Fabric



**Secure Network
Access Platform**



Grid Utility Service



Business Continuity



Practices

**Identity
Management**



**Service-oriented
Architecture**



**Compliance
and Content
Management**



**Enterprise
Consolidation
and Migration**



**Optimizing
Operations
Management**



Storage
and Data
Management

Desktop
and
Mobility

Identity
Management

Enterprise
Web Services

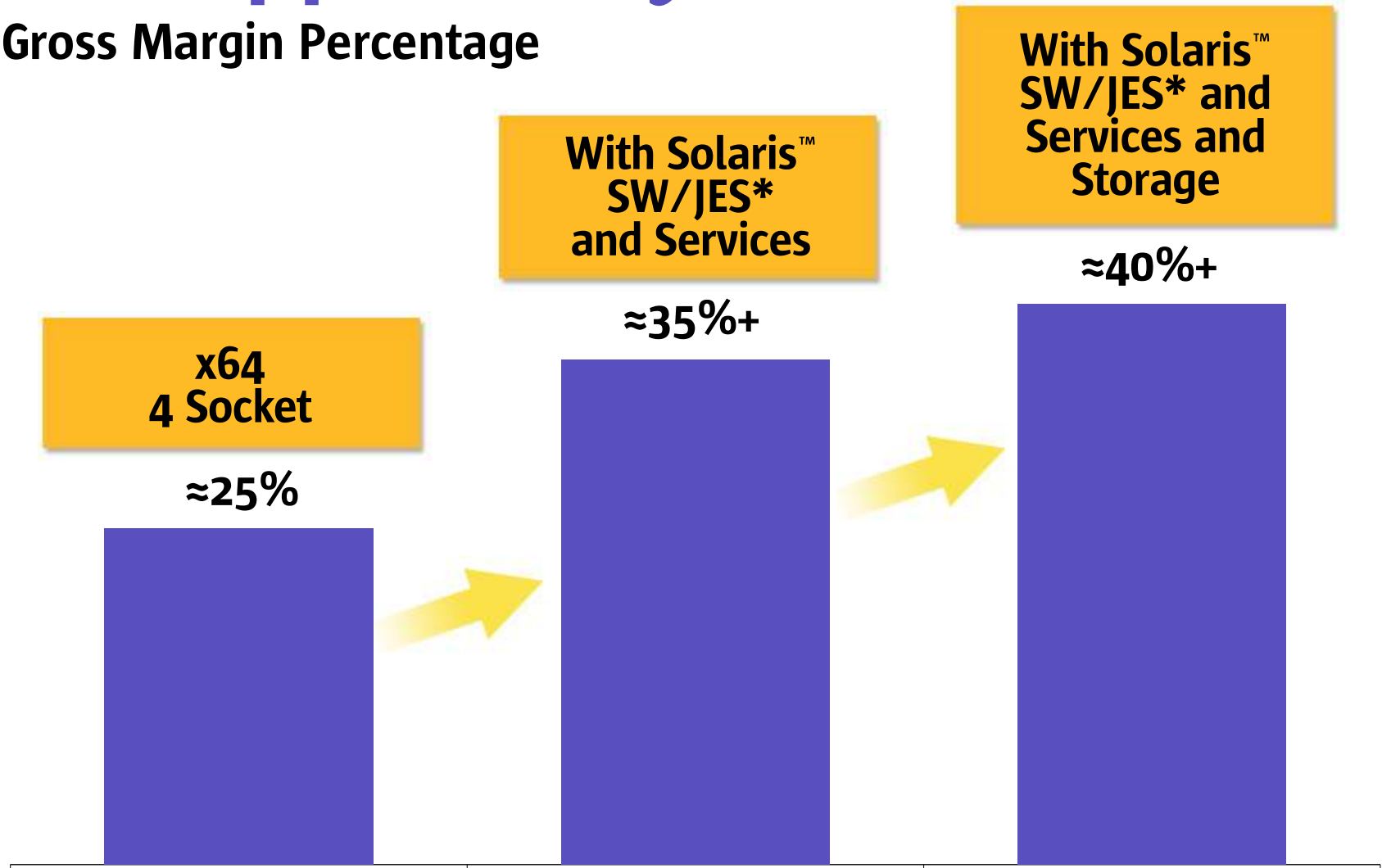
Data
Center

Manageability
Services

Customers

x64 Opportunity

Gross Margin Percentage



*Java™ Enterprise

This Time Next Year

- Extensive industry-leading x64 enterprise-class product line
- Expanded customer base
- Continued price/performance leadership
- Greater Solaris 10 attachment for x64
- Complete partner ecosystem set

Welcome ...

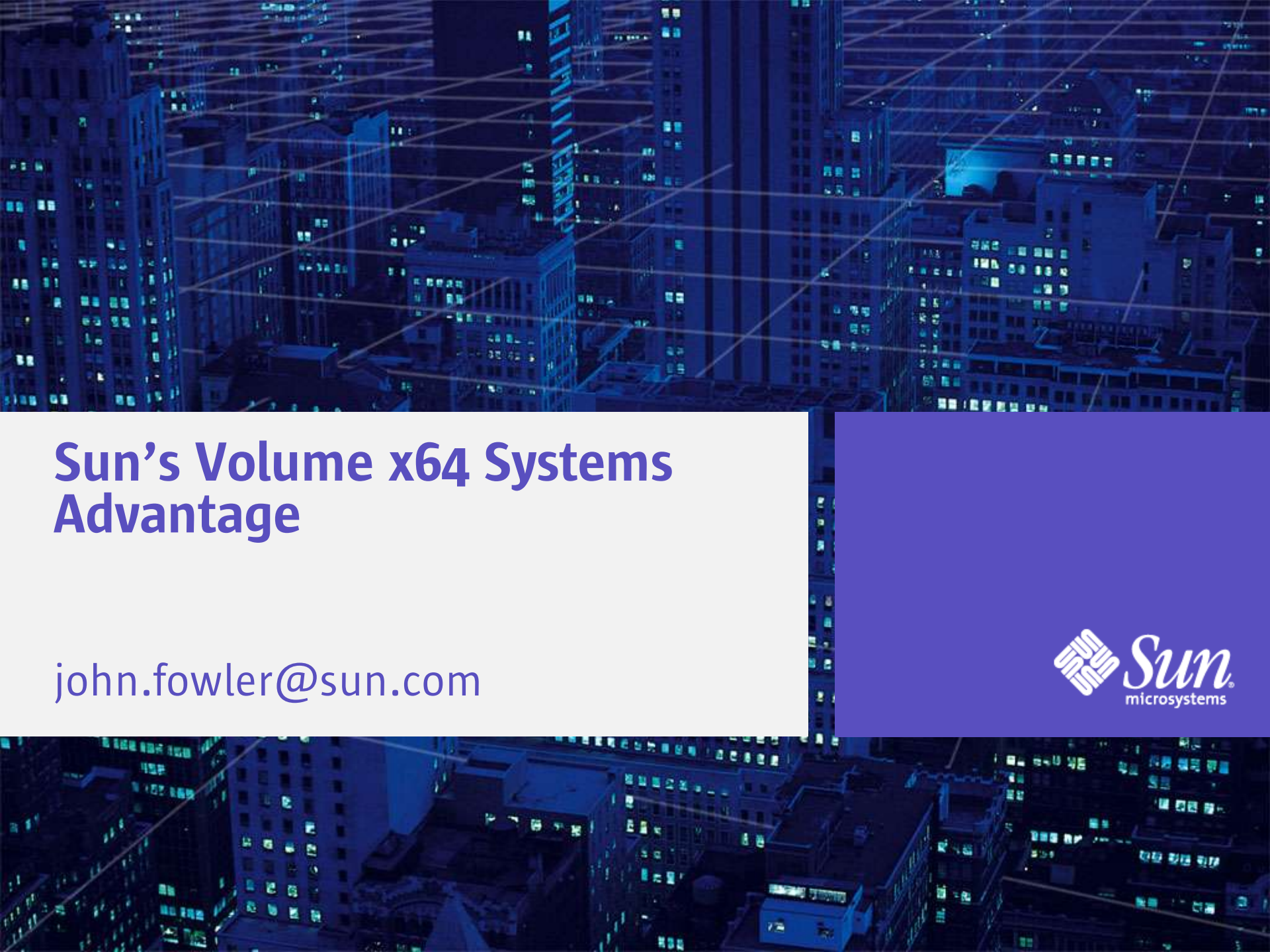


Larry Lozon
Vice President,
EDS Hosting Services

overture
a **YAHOO!** Company



Kim Wallace
Director of
Production Operations

An aerial night view of a city with a blue grid overlay. The grid lines are white and form a perspective grid across the cityscape. The buildings are illuminated with various lights, and the overall color scheme is dominated by blue and white.

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