

SHEERAN DANIEL C
 Form 4
 May 04, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SHEERAN DANIEL C

(Last) (First) (Middle)

2601 ELLIOTT AVENUE, #1000

(Street)

SEATTLE, WA 98121

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 REALNETWORKS INC [RNWK]

3. Date of Earliest Transaction (Month/Day/Year)
 05/03/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

Sr. VP, Music and Video

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 05/03/2006 | | M | 40,000 A \$ 3.76 | 40,000 | D | |
| Common Stock | 05/03/2006 | | S | 40,000 D \$ 10.16 | 0 | D | |
| Common Stock | 05/03/2006 | | M | 10,000 A \$ 4.86 | 10,000 | D | |
| Common Stock | 05/03/2006 | | S | 10,000 D \$ 10.09 | 0 | D | |
| Common Stock | 05/03/2006 | | M | 10,000 A \$ 4.98 | 10,000 | D | |

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| | | | | | | | |
|--------------|------------|---|--------|---|----------|--------|---|
| Common Stock | 05/03/2006 | S | 10,000 | D | \$ 10.06 | 0 | D |
| Common Stock | 05/03/2006 | M | 10,000 | A | \$ 4.98 | 10,000 | D |
| Common Stock | 05/03/2006 | S | 10,000 | D | \$ 10.04 | 0 | D |
| Common Stock | 05/03/2006 | M | 10,000 | A | \$ 4.98 | 10,000 | D |
| Common Stock | 05/03/2006 | S | 10,000 | D | \$ 10.09 | 0 | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 3.76 | 05/03/2006 | | M | 40,000 | 11/01/2002 ⁽¹⁾ | 08/05/2022 | Common Stock | 40,000 |
| Employee Stock Option (Right to Buy) | \$ 4.86 | 05/03/2006 | | M | 10,000 | 01/21/2006 ⁽²⁾ | 07/21/2012 | Common Stock | 10,000 |
| Employee Stock Option (Right to Buy) | \$ 4.98 | 05/03/2006 | | M | 10,000 | 08/01/2003 ⁽³⁾ | 04/22/2023 | Common Stock | 10,000 |
| | \$ 4.98 | 05/03/2006 | | M | 10,000 | 08/01/2003 ⁽³⁾ | 04/22/2023 | | 10,000 |

Employee
Stock
Option
(Right to
Buy)

Common
Stock

Employee
Stock
Option \$ 4.98 05/03/2006
(Right to
Buy)

M 10,000 08/01/2003⁽³⁾ 04/22/2023

Common
Stock 10,0

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| SHEERAN DANIEL C 2601 ELLIOTT AVENUE, #1000 SEATTLE, WA 98121 | | | Sr. VP, Music and Video | |

Signatures

/s/ Daniel C.
Sheeran 05/04/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 10% of the options vest on November 1, 2002, and an additional 10% of the options vest upon the completion of each successive six months of employment thereafter until the options are fully vested on May 1, 2007.
 - (2) 12.5% of the options vest on January 21, 2006, and an additional 12.5 % of the options vest upon the completion of each successive six months of employment thereafter until the options are fully vested on July 21, 2009.
 - (3) 10% of the options vest on August 1, 2003, and an additional 10% of the options vest upon the completion of each successive six months of employment thereafter until the options are fully vested on February 1, 2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.