

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.

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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.