

RED HAT INC  
Form 4  
August 18, 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 \*  
PINCHEV ALEX

(Last) (First) (Middle)

C/O RED HAT, INC., 1801  
VARSITY DRIVE

(Street)

RALEIGH, NC 27606

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
RED HAT INC [RHAT]

3. Date of Earliest Transaction (Month/Day/Year)  
08/17/2006

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)

EVP Worldwide Sales

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                                      |
| Common Stock                    | 08/17/2006                           |  | M                              |   | 21,875  | A  | \$ 15.34                                   |
| Common Stock                    | 08/17/2006                           |  | M                              |   | 21,875  | A  | \$ 13.53                                   |
| Common Stock                    | 08/17/2006                           |  | S <sup>(1)</sup>               |   | 3,875   | D  | \$ 25.35                                   |
| Common Stock                    | 08/17/2006                           |  | S <sup>(1)</sup>               |   | 8,000   | D  | \$ 25.34                                   |
| Common Stock                    | 08/17/2006                           |  | S <sup>(1)</sup>               |   | 1,000   | D  | \$ 25.4                                    |

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|              |            |                  |       |   |          |        |   |
|--------------|------------|------------------|-------|---|----------|--------|---|
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 2,000 | D | \$ 25.41 | 56,270 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 2,000 | D | \$ 25.46 | 54,270 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 5,000 | D | \$ 25.47 | 49,270 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 1,875 | D | \$ 23.53 | 47,395 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 5,500 | D | \$ 23.53 | 41,895 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 4,500 | D | \$ 23.56 | 37,395 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 5,000 | D | \$ 23.65 | 32,395 | D |
| Common Stock | 08/17/2006 | S <sup>(1)</sup> | 5,000 | D | \$ 23.76 | 27,395 | D |

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

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SEC 1474  
(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 Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable Expiration Date                         | Title Amount or Number of Shares                              |
| Non Qualified Stock Option                 | \$ 15.34   | 08/17/2006                           |  | M                              | 21,875  | <sup>(2)</sup> 07/25/2015                                | Common Stock 21,875   |
| Non Qualified Stock Option                 | \$ 13.53   | 08/17/2006                           |  | M                              | 21,875  | <sup>(2)</sup> 11/07/2013                                | Common Stock 21,875   |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                     |       |
|--|---------------|-----------|---------------------|-------|
|  | Director      | 10% Owner | Officer             | Other |
| PINCHEV ALEX<br>C/O RED HAT, INC.<br>1801 VARSITY DRIVE<br>RALEIGH, NC 27606 |               |           | EVP Worldwide Sales |       |

## Signatures

Emily DelToro, Atty in Fact  
UPOA

08/18/2006

\_\_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) This stock sale was effected pursuant to a Rule 10(b)5-1 trading plan dated December 27, 2005.

(2) This option is exercisable 25% on the first anniversary date and 6.25% on the first day of each subsequent three month period following one year from the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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