

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA

_____	X
In re RED HAT, INC. SECURITIES	: Master File. No. 5:04-CV-473-BR(3)
LITIGATION	: :
_____	: <u>CLASS ACTION</u>
	: :
This Document Relates To:	: :
	: :
ALL ACTIONS.	: :
_____	X

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

Statement of Plaintiff Recovery

As further detailed below at page 4, Defendants have agreed to pay or cause to be paid \$20,000,000 in cash.

Statement of Potential outcome of case

As further detailed below at page 4, the estimated average distribution per share depends on that claimant's recognized claim as compared to the total recognized claims of all Class Members who submit valid Proof of Claim and Release forms. Depending on when such claimant's shares were purchased and whether and when such shares were sold, the estimated average distribution per share can range between \$0 and \$9.15 per share.

Statement of attorneys' fees or costs sought

As further detailed below at page 7, Lead Counsel will request the Court to award attorneys' fees of up to 30% or \$6 million of the Settlement Fund and for expenses up to \$350,000, which were incurred in connection with the Litigation. In addition, Lead Plaintiff Charles Gilbert may request an award up to \$15,000 to compensate him for the time spent representing the Class.

Identification of lawyers' representatives

If you need more information about the settlement, you can call 1-800-449-4900 or write to a representative of Lead Plaintiff's counsel, Rick Nelson, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the Claims Administrator's website at www.claimsinformation.com. *Please do not call the Court or the Clerk of the Court for additional information about the settlement.*

Reasons for settlement

Avoids the costs and risks associated with continued litigation, including the danger of no recovery.

If you purchased Red Hat, Inc. (“Red Hat” or the “Company”)¹ common stock during the period from December 17, 2002 and July 12, 2004, inclusive (the “Class Period”) and are not otherwise excluded from the Class (see Question 6 below), you could get a payment from a class action settlement.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Security and Time Period: Red Hat common stock (symbol “RHT”) purchased between December 17, 2002 and July 12, 2004, inclusive.

Settlement Fund: \$20,000,000 in cash plus any interest earned. Your recovery will depend on the timing of your purchases and any sales of Red Hat common stock during the Class Period. Based on the information currently available to Lead Plaintiff and the analysis performed by their damage consultants, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution under the Plan of Allocation (described below), the estimated average distribution per share will be approximately \$0.178 before deduction of Court-approved fees and expenses, including the cost of notifying members of the Class and settlement administration. Historically, actual claims rates are less than 100%, which result in higher distributions per share. A Class Member’s actual recovery will be a proportion of the Net Settlement Fund determined by that claimant’s recognized claim as compared to the total recognized claims of all Class Members who submit valid Proof of Claim and Release forms (“Proof of Claim”).

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery.

If the Case Had Not Settled: Continuing with the case could have resulted in loss at summary judgment, trial or on appeal. The two sides vigorously disagree on both liability and the amount of money that could have been won if Lead Plaintiff prevailed at trial. The parties disagree about: (1) the method for determining whether the price of Red Hat common stock was artificially inflated during the relevant period; (2) the amount of any such alleged inflation; (3) whether there was any wrongdoing on the part of Defendants, including whether Defendants acted recklessly or intentionally in reporting Red Hat’s financial results during the relevant period; (4) the extent that various facts alleged by Lead Plaintiff influenced the trading price of Red Hat common stock during the Class Period; and (5) whether the facts alleged were material, false, misleading or otherwise actionable under the federal securities laws.

Attorneys’ Fees and Expenses: Lead Plaintiff’s counsel will request the Court to award attorneys’ fees of up to 30% or \$6 million of the Settlement Fund and for expenses up to \$350,000, which were incurred in connection with the Litigation. In addition, Lead Plaintiff Charles Gilbert may request an award up to \$15,000 to compensate him for the time spent representing the Class. This compensation will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. To date, Lead Plaintiff’s counsel has not received any payment for services in conducting this Litigation on behalf of the Lead Plaintiff and the Class or been paid for their expenses. The fee requested will compensate Lead Plaintiff’s counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

Deadlines:

Submit Claim: October 20, 2010
Request Exclusion: November 5, 2010
File Objection: November 5, 2010

Court Hearing on Fairness of Settlement: December 7, 2010

More Information: www.claimsinformation.com or

Claims Administrator:
Red Hat Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1607
Blue Bell, PA 19422
1-800-222-2760

Representative of Lead Plaintiff’s counsel:
Rick Nelson
Shareholder Relations
Robbins Geller Rudman & Dowd LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
1-800-449-4900

- Your legal rights are affected whether you act, or do not act. Read this Notice carefully.

¹ This Notice incorporates by reference the definitions in the Stipulation of Settlement dated February 26, 2010, and all capitalized terms used, but not defined herein, shall have the same meanings as in the Stipulation of Settlement. The Stipulation is posted on the Claims Administrator’s website at www.claimsinformation.com.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a payment.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to participate in another lawsuit against the Defendants for the legal claims in this case.
OBJECT	You may write to the Court if you do not like this settlement, the request for attorneys' fees and expenses, the award to Lead Plaintiff or the Plan of Allocation.
GO TO A HEARING	You may ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up your rights.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement and, if there are any appeals, after the appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased Red Hat common stock between December 17, 2002 and July 12, 2004, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after any objections or appeals (if there are any) are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Eastern District of North Carolina, and the case is known as *In re Red Hat, Inc. Securities Litigation*, Master File. No. 5:04-CV-473-BR(3). The person who leads the Litigation, Charles Gilbert, is called Lead Plaintiff, and the company and the individuals he sued are called Defendants.

2. What is this lawsuit about?

This Litigation alleges that Red Hat and its former Chief Executive Officer and Chief Financial Officer violated the federal securities laws in connection with their publication of financial statements that the Company later corrected. Lead Plaintiff alleges that when Defendants disclosed the Company's true financial condition, Class Members suffered damages as a result of the decline in the price of Red Hat common stock.

Defendants deny all Lead Plaintiff's allegations and further deny that they did anything wrong. Defendants also deny that the Lead Plaintiff or the Class suffered damages or that the price of Red Hat common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case, the Court-appointed Lead Plaintiff, Charles Gilbert) sue on behalf of people who have similar claims. All of these people and/or entities are called a class or class members. One judge – in this case, Senior United States District Court Judge W. Earl Britt – resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

The Court did not decide in favor of the Lead Plaintiff or Defendants. Instead, the lawyers for both sides of the lawsuit have negotiated a settlement, with the assistance of a highly respected mediator, the Honorable Nicholas H. Politan (Ret.), that they believe is in the best interests of their respective clients. The settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation and the uncertainty of a trial and appeals, and permits Class Members to be compensated without further delay. Lead Plaintiff and his attorneys think the settlement is best for all Class Members.

WHO GETS MONEY FROM THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine if you are a Class Member.

5. How do I know if I am part of the settlement?

The Class includes *all Persons who purchased the common stock of Red Hat between December 17, 2002 and July 12, 2004, inclusive.*

6. Are there exceptions to being included in the Class?

Yes. Excluded from the Class are Red Hat, Inc., Matthew J. Szulik, Kevin B. Thompson, any entity in which any excluded person has or had a controlling interest, the officers and directors of Red Hat, Inc., and the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors-in-interest or assigns of any such excluded party. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to this Notice.

7. I'm still not sure if I am included.

If you still are not sure whether you are included, you can ask for free help. You can call 1-800-222-2760 or visit www.claimsinformation.com for more information; or, you can call Rick Nelson at 1-800-449-4900 for more information; or you can fill out and return the claim form described in Question 10 to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the settlement provide?

Defendants have agreed to pay or cause to be paid \$20,000,000 in cash (the "Settlement Fund"). The Settlement Fund, plus interest earned from the date it is established, less costs, fees and expenses (the "Net Settlement Fund"), will be divided among all eligible Class Members who send in valid claim forms ("Authorized Claimants"). Costs, fees and expenses include Court-approved attorneys' fees and expenses, the costs of notifying Class Members, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice, and the costs of claims administration.

9. How much will my payment be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in and how many shares of stock you purchased during the relevant period and when you bought and sold them.

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A "Claim" will be calculated as follows:

I. For shares of Red Hat, Inc. common stock purchased or acquired on or between December 17, 2002 and June 14, 2004, the claim per share shall be as follows:

- a) If sold prior to June 15, 2004, the claim per share is zero.
- b) If sold on or between June 15, 2004 and June 17, 2004, the claim per share shall be the lesser of (i) \$2.50 (June 15, 2004), or (ii) the difference between the purchase price and the selling price;
- c) If sold on or between June 18, 2004 and July 12, 2004, the claim per share shall be the lesser of (i) \$4.88 (June 15, 2004 and June 18, 2004), or (ii) the difference between the purchase price and the selling price;
- d) If retained at the end of July 12, 2004 and sold before October 8, 2004, the claim per share shall be the lesser of (i) \$9.39 (June 15, 2004, June 18, 2004 and July 13, 2004); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- e) If retained, or sold, on or after October 8, 2004, the claim per share shall be the lesser of: (i) \$9.39 (June 15, 2004, June 18, 2004 and July 13, 2004), or (ii) the difference between the purchase price per share and \$14.34 per share.

II. For shares of Red Hat, Inc. common stock purchased or acquired on or between June 15, 2004 and June 17, 2004, the claim per share shall be as follows:

a) If sold prior to June 18, 2004, the claim per share is zero.

b) If sold on or between June 18, 2004 and July 12, 2004, the claim per share shall be the lesser of (i) \$2.38 (June 18, 2004), or (ii) the difference between the purchase price and the selling price;

c) If retained at the end of July 12, 2004 and sold before October 8, 2004, the claim per share shall be the lesser of (i) \$6.89 (June 18, 2004 and July 13, 2004); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

d) If retained or sold on or after October 8, 2004, the claim per share shall be the lesser of: (i) \$6.89 (June 18, 2004 and July 13, 2004), or (ii) the difference between the purchase price per share and \$14.34 per share.

III. For shares of Red Hat, Inc. common stock purchased or acquired on or between June 18, 2004 and July 12, 2004, the claim per share shall be as follows:

a) If sold prior to July 13, 2004, the claim per share is zero.

b) If retained at the end of July 12, 2004 and sold before October 8, 2004, the claim per share shall be the lesser of (i) \$4.51 (July 13, 2004); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

c) If retained or sold on or after October 8, 2004, the claim per share shall be the lesser of: (i) \$4.51 (July 13, 2004), or (ii) the difference between the purchase price per share and \$14.34 per share.

Date	Closing Price	Average Closing Price	Date	Closing Price	Average Closing Price
7/13/2004	\$15.73	\$15.73	8/26/2004	\$12.75	\$15.08
7/14/2004	\$15.05	\$15.39	8/27/2004	\$13.20	\$15.03
7/15/2004	\$15.53	\$15.44	8/30/2004	\$12.79	\$14.96
7/16/2004	\$15.15	\$15.37	8/31/2004	\$12.26	\$14.89
7/19/2004	\$14.90	\$15.27	9/1/2004	\$12.55	\$14.83
7/20/2004	\$16.15	\$15.42	9/2/2004	\$13.32	\$14.79
7/21/2004	\$15.89	\$15.49	9/3/2004	\$12.94	\$14.74
7/22/2004	\$16.28	\$15.59	9/7/2004	\$13.26	\$14.70
7/23/2004	\$16.01	\$15.63	9/8/2004	\$13.04	\$14.66
7/26/2004	\$15.55	\$15.62	9/9/2004	\$13.55	\$14.63
7/27/2004	\$16.06	\$15.66	9/10/2004	\$14.29	\$14.63
7/28/2004	\$16.05	\$15.70	9/13/2004	\$14.80	\$14.63
7/29/2004	\$16.72	\$15.77	9/14/2004	\$15.23	\$14.64
7/30/2004	\$17.12	\$15.87	9/15/2004	\$15.04	\$14.65
8/2/2004	\$17.45	\$15.98	9/16/2004	\$15.18	\$14.66
8/3/2004	\$16.80	\$16.03	9/17/2004	\$15.23	\$14.68
8/4/2004	\$15.90	\$16.02	9/20/2004	\$15.10	\$14.68
8/5/2004	\$16.59	\$16.05	9/21/2004	\$13.23	\$14.65
8/6/2004	\$15.30	\$16.01	9/22/2004	\$12.88	\$14.62
8/9/2004	\$15.04	\$15.96	9/23/2004	\$12.55	\$14.58
8/10/2004	\$15.55	\$15.94	9/24/2004	\$12.62	\$14.54
8/11/2004	\$14.73	\$15.89	9/27/2004	\$12.61	\$14.51
8/12/2004	\$14.08	\$15.81	9/28/2004	\$12.43	\$14.47
8/13/2004	\$14.04	\$15.74	9/29/2004	\$12.73	\$14.44
8/16/2004	\$14.15	\$15.67	9/30/2004	\$12.23	\$14.40
8/17/2004	\$14.42	\$15.62	10/1/2004	\$13.75	\$14.39
8/18/2004	\$14.63	\$15.59	10/4/2004	\$14.10	\$14.38
8/19/2004	\$12.99	\$15.50	10/5/2004	\$13.77	\$14.37
8/20/2004	\$12.45	\$15.39	10/6/2004	\$13.87	\$14.37
8/23/2004	\$12.99	\$15.31	10/7/2004	\$13.60	\$14.35
8/24/2004	\$12.87	\$15.23	10/8/2004	\$13.26	\$14.34
8/25/2004	\$12.81	\$15.16			

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

For Class Members who held Red Hat common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of Red Hat common stock during the Class Period will be matched in chronological order first against the common stock held at the beginning of the Class Period. The remaining sales of stock during the Class Period will then be matched, in chronological order, against shares held during the Class Period.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in Red Hat common stock during the Class Period are subtracted from all losses. However, the proceeds from sales of stock which have been matched against stock held at the beginning of the Class Period will not be used in the calculation of such net loss.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiff, Plaintiffs’ Counsel, any claims administrator or other Person designated by Lead Plaintiff’s counsel or Defendants and/or the Related Parties and/or the Released Persons and/or their counsel based on distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. How will I get a payment?

To qualify for a payment, you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than October 20, 2010.

11. When would I get my payment?

The Court will hold a hearing on December 7, 2010, at 9 a.m., to decide whether to approve the settlement. If Judge Britt approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the claim forms to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Fund as early as nine months after the fairness hearing. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in this case or about issues that could have been asserted in this case. It also means that all of the Court’s orders will apply to you and legally bind you and you will release your Released Claims in this case against the Defendants. “Released Claims” means any and all claims (including “Unknown Claims” as defined below), that Lead Plaintiff or any member of the Class asserted or could have asserted arising out of, in connection with, or in any way related to, directly or indirectly to the purchase or sale of Red Hat common stock during the Class Period and the acts, facts, statements or omissions that were or could have been alleged or asserted in the Litigation.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. How do I get out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *In re Red Hat, Inc. Securities Litigation*, Master File. No. 5:04-CV-473-BR(3). You must include your name, address, tele-

phone number, your signature, and the number of shares of Red Hat common stock you purchased between December 17, 2002 and July 12, 2004, inclusive, and the dates and prices of such purchases. You must mail your exclusion request postmarked no later than November 5, 2010 to:

Red Hat Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1607
Blue Bell, PA 19422

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

14. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this settlement resolves. Remember, the exclusion deadline is November 5, 2010.

15. If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, do not send in a claim form to ask for any money. Once you exclude yourself, you will receive no cash payment even if you also submit a claim form.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm of Robbins Geller Rudman & Dowd LLP to represent you and other Class Members. These lawyers are called Lead Counsel. The Court also appointed McDaniel & Anderson, L.L.P. as Liaison Counsel. These lawyers will apply to the Court for payment from the Settlement Fund; you will not otherwise be charged for their work. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

At the fairness hearing, Lead Plaintiff's counsel will request the Court to award attorneys' fees of up to 30% of the Settlement Fund and for expenses up to \$350,000, which were incurred in connection with the Litigation. In addition, Lead Plaintiff Charles Gilbert may request an award up to \$15,000 to compensate him for the time spent representing the Class. This compensation will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. To date, Lead Plaintiff's counsel has not received any payment for services in conducting this Litigation on behalf of the Lead Plaintiff and the Class or been paid for their expenses. The fee requested will compensate Lead Plaintiff's counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. How do I tell the Court that I do not like the settlement?

If you are a Class Member (and you have not excluded yourself), you can object to the settlement, the request for attorneys' fees and expenses, the award to Lead Plaintiff or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the settlement, the request for attorneys' fees and expenses, the award to Lead Plaintiff or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed settlement in *In re Red Hat, Inc. Securities Litigation*, Master File No. 5:04-CV-473-BR(3). Be sure to include your name, address, telephone number, your signature, the number of shares of Red Hat common stock purchased between December 17, 2002 and July 12, 2004, inclusive, and the reasons you

object to the settlement, the requested attorneys' fees and expenses, the award to Lead Plaintiff or the Plan of Allocation. Any such objection must be mailed or delivered such that it is received by each of the following no later than November 5, 2010:

Court:

Clerk of the Court
Dennis P. Iavarone
United States District Court
Eastern District of North Carolina
P.O. Box 25670
Raleigh, NC 27611

Lead Counsel for Lead Plaintiff:

ROBBINS GELLER RUDMAN & DOWD LLP
JEFFREY D. LIGHT
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Defendants:

WILMER CUTLER PICKERING HALE AND DORR LLP
WILLIAM H. PAINE
60 State Street
Boston, MA 02109

19. What is the difference between objecting and excluding myself from the settlement?

Objecting is telling the Court that you do not like something about the proposed settlement. You can object *only* if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend, but you do not have to.

20. When and where will the Court decide whether to approve the settlement?

The Court will hold a hearing at 9 a.m., on December 7, 2010, at the United States District Court for the Eastern District of North Carolina, Terry Sanford Federal Building and Courthouse, 310 New Bern Avenue, Raleigh, NC 27601. At this hearing, the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court will also decide whether to approve the payment of fees and expenses to Lead Plaintiff's counsel, including the award to Lead Plaintiff and the Plan of Allocation. We do not know how long the hearing will take or whether the Court will make its decision on the day of the hearing or sometime later.

21. Do I have to come to the hearing?

No. Lead Plaintiff's counsel will answer questions Judge Britt may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but you are not required to do so.

22. May I speak at the hearing?

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in *In re Red Hat, Inc. Securities Litigation*, Master File. No. 5:04-CV-473-BR(3). Be sure to include your name, address, telephone number, your signature, and the number of shares of Red Hat common stock purchased between December 17, 2002 and July 12, 2004, inclusive. Your notice of intention to appear must be received no later than November 5, 2010 by the Clerk of the Court, Lead Plaintiff's counsel, and Defendants' counsel, at the addresses listed in Question 18. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same issues in this case.

GETTING MORE INFORMATION

24. Are there more details about the settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated February 26, 2010 (“Stipulation”), which has been filed with the Court. You can get a copy of the Stipulation from the Clerk’s office at the United States District Court, Eastern District of North Carolina, Clerk of the Court, Dennis P. Iavarone, United States District Court, Eastern District of North Carolina, P.O. Box 25670, Raleigh, NC 27611, during regular business hours, or at www.claimsinformation.com, or you may contact Lead Counsel at the number and address below.

25. How do I get more information?

You can call 1-800-449-4900 or write to a representative of Lead Plaintiff’s counsel, Rick Nelson, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the Claims Administrator’s website at www.claimsinformation.com. ***Please do not call the Court or the Clerk of the Court for additional information about the settlement.***

26. Special notice to nominees

If you hold any Red Hat common stock purchased between December 17, 2002 and July 12, 2004, inclusive as a nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Red Hat Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1607
Blue Bell, PA 19422

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: July 8, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA

4. “Stipulation” or “Stipulation of Settlement” is the Stipulation of Settlement dated as of February 26, 2010, entered into by the parties to the Litigation for the purpose of settling the Litigation.

III. CLAIMANT IDENTIFICATION

If you purchased Red Hat common stock and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased Red Hat common stock and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

Use Part I of this form entitled “Claimant Identification” to identify each purchaser of record (“nominee”), if different from the beneficial purchaser of Red Hat common stock which forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, OF THE RED HAT COMMON STOCK UPON WHICH THIS CLAIM IS BASED.**

All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

Use Part II of this form entitled “Schedule of Transactions in Red Hat Common Stock” to supply all required details of your transaction(s) in Red Hat common stock. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to *all* of your purchases of Red Hat common stock which took place at any time between December 17, 2002 and July 12, 2004, inclusive (the “Class Period”) and *all* of your sales of Red Hat common stock which took place at any time between December 17, 2002 and October 8, 2004, inclusive, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to *all* of the Red Hat common stock you held at the beginning of trading on December 17, 2002, and at the close of trading on October 8, 2004. Failure to report all such transactions may result in the rejection of your claim.

List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase of Red Hat common stock. The date of a “short sale” is deemed to be the date of sale of Red Hat common stock.

Copies of broker confirmations or other documentation of your transactions in Red Hat common stock should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA

In re Red Hat, Inc. Securities Litigation,
Master File. No. 5:04-CV-473-BR(3)

PROOF OF CLAIM AND RELEASE

Must Be Postmarked No Later Than:
October 20, 2010

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Name(s) of Beneficial Owner(s):

Street No. and Street

City State Zip Code -

Foreign Province Foreign Country

Taxpayer I.D. No.
or
Social Security No.

Claimant's Capacity: Individual Corporation Agent Partner
 Successor Other (specify) _____

Telephone Number: - (work)

Telephone Number: - (home)

Record Owner's Name (if different from Beneficial Owner listed above):

PART II SCHEDULE OF TRANSACTIONS IN RED HAT COMMON STOCK

A. Number of shares of Red Hat common stock held at the **beginning** of trading on December 17, 2002: _____

B. Purchases (December 17, 2002 – July 12, 2004, inclusive) of Red Hat common stock:

Trade Date Month/Day/Year	Number of Shares Purchased	Price Per Share	Total Purchase Price
1. [] [] - [] [] - [] []	1. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	1. \$ [] [] [] [] [] [] . [] []
2. [] [] - [] [] - [] []	2. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	2. \$ [] [] [] [] [] [] . [] []
3. [] [] - [] [] - [] []	3. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	3. \$ [] [] [] [] [] [] . [] []
4. [] [] - [] [] - [] []	4. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	4. \$ [] [] [] [] [] [] . [] []
5. [] [] - [] [] - [] []	5. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	5. \$ [] [] [] [] [] [] . [] []

IMPORTANT: Identify by number listed above all purchases in which you covered a “short sale”:

C. Sales (December 17, 2002 – October 8, 2004, inclusive) of Red Hat common stock:

Trade Date Month/Day/Year	Number of Shares Sold	Price Per Share	Total Sales Price
1. [] [] - [] [] - [] []	1. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	1. \$ [] [] [] [] [] [] . [] []
2. [] [] - [] [] - [] []	2. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	2. \$ [] [] [] [] [] [] . [] []
3. [] [] - [] [] - [] []	3. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	3. \$ [] [] [] [] [] [] . [] []
4. [] [] - [] [] - [] []	4. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	4. \$ [] [] [] [] [] [] . [] []
5. [] [] - [] [] - [] []	5. [] [] [] [] [] [] [] []	\$ [] [] [] [] [] [] . [] []	5. \$ [] [] [] [] [] [] . [] []

D. Number of shares of Red Hat common stock held at the **close** of trading on October 8, 2004:

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ THE RELEASE. YOUR SIGNATURE ON PAGE 15 WILL CONSTITUTE YOUR ACKNOWLEDGMENT OF THE RELEASE.

V. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Eastern District of North Carolina, with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I (we) am bound by and subject to the terms of any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases or sales of Red Hat common stock during the Class Period and know of no other person having done so on my (our) behalf.

VI. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the "Released Persons," defined as each and all of Defendants and each and all of their Related Parties.

2. "Released Claims" means any and all claims (including "Unknown Claims" as defined below), that Lead Plaintiff or any member of the Class asserted or could have asserted arising out of, in connection with, or in any way related to, directly or indirectly to both the purchase of Red Hat common stock during the Class Period and the acts, facts, statements or omissions that were or could have been alleged or asserted in the Litigation.

3. "Unknown Claims" means any Released Claims which the Lead Plaintiff or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiff shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

4. This release shall be of no force or effect unless and until the Court approves the Stipulation and it becomes effective on the Effective Date (as defined in the Stipulation).

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in Red Hat common stock which occurred during the Class Period as well as the number of shares of Red Hat common stock held by me (us) at the beginning of trading on December 17, 2002, and at the close of trading on October 8, 2004.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____ in _____
(Month/Year) (City) (State/Country)

(Sign your name here)

(Type or print your name here)

(Capacity of person(s) signing, *e.g.*, Beneficial Purchaser, Executor or Administrator)

(Sign your name here)

(Type or print your name here)

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.

Red Hat Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1607
Blue Bell, PA 19422

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
PEARL PRESSMAN LIBERTY
COMMUNICATIONS GROUP

IMPORTANT LEGAL INFORMATION