

PETERS CHARLES E JR
Form 4
January 10, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
PETERS CHARLES E JR

(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)
01/09/2006

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, Chief Financial Officer

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 | 01/09/2006 | | M | | 60,000 | A | \$ 12.26 |
| Common Stock | 01/09/2006 | | S | | 5,000 | D | \$ 29.94 |
| Common Stock | 01/09/2006 | | S | | 10,000 | D | \$ 29.86 |
| Common Stock | 01/09/2006 | | S | | 10,000 | D | \$ 29.81 |
| Common Stock | 01/09/2006 | | S | | 5,000 | D | \$ 29.73 |

Edgar Filing: PETERS CHARLES E JR - Form 4

| | | | | | | | |
|--------------|------------|---|--------|---|----------|-----------------------|---|
| Common Stock | 01/09/2006 | S | 10,000 | D | \$ 29.65 | 56,750 ⁽²⁾ | D |
| Common Stock | 01/09/2006 | S | 5,000 | D | \$ 29.57 | 51,750 ⁽²⁾ | D |
| Common Stock | 01/09/2006 | S | 15,000 | D | \$ 29.5 | 36,750 ⁽²⁾ | 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.

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 of Number of Shares |
| Employee Stock Option NQSO (Right to Buy) | \$ 12.26 | 01/09/2006 | | M | 60,000 | ⁽¹⁾ 08/31/2009 | Common Stock | 350,000 | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| PETERS CHARLES E JR C/O RED HAT, INC. 1801 VARSITY DRIVE RALEIGH, NC 27606 | | | EVP, Chief Financial Officer | |

Signatures

Emily DeToro, Atty in Fact
UPOA

01/09/2006

**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 option is exercisable 25% on August 31, 2005 and 6.25% on the first day of each subsequent three-month period following August 31, 2005.
- (2) Includes 36,750 shares of restricted stock subject to repurchase by Red Hat, Inc. lapsing over four years (25% on the first anniversary date and 6.25% on the last day of each subsequent three-month period following the anniversary date).

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.