RED HAT, INC.
Quarterly Non-GAAP Consolidated Statement of Ops (excludes stock option expense and amortization)

(Unaudited)
(In thousands - except per share amounts)

	Q411 Quarter End 02/28/2011	Q112 Quarter End 05/31/2011	Q212 Quarter End 08/31/2011	Q312 Quarter End 11/30/2011	Q412 Quarter End 02/29/2012	Q113 Quarter End 05/31/2012	Q213 Quarter End 08/31/2012	Q313 Quarter End 11/30/2012	Q413 Quarter End 02/28/2013
Revenue:									
Subscriptions	$209,303	$225,533	$238,337	$246,538	$255,167	$272,571	$278,800	$294,186	$302,783
Training and services	35,493	39,213	42,983	43,488	41,844	42,160	43,795	49,420	45,101
Total subscription, training and services revenue	244,796	264,746	281,320	290,026	297,011	314,731	322,595	343,606	347,884
Cost of revenue:									
Subscriptions	13,042	13,537	14,593	15,182	15,795	16,311	16,670	18,589	18,484
Training and services	25,699	26,141	28,988	27,093	25,804	26,874	27,872	30,652	29,768
Total cost of subscription, training and services revenue	38,741	39,678	43,581	42,275	41,599	43,185	44,542	49,241	48,252
Total gross profit	206,055	225,068	237,739	247,751	255,412	271,546	278,053	294,365	299,632
Operating expense:									
Sales and marketing	80,686	89,795	91,671	98,447	106,314	111,432	113,732	122,841	125,226
Research and development	39,656	42,938	45,448	47,431	47,081	52,109	55,113	59,761	62,683
General and administrative	24,735	25,848	24,193	23,060	24,814	26,901	29,960	29,222	28,211
Total operating expense	145,077	158,581	161,312	168,938	178,209	190,442	198,805	211,824	216,120
Income from operations	60,978	66,487	76,427	78,813	77,203	81,104	79,248	82,541	83,512
Interest income	1,697	1,936	2,127	2,075	2,279	2,294	2,154	1,936	1,861
Other income (expense), net	(845)	(247)	365	(210)	(171)	1,903	(599)	(730)	(34)
Interest expense	(21)	(19)	(39)	(16)	16	(16)	(57)	-	-
Income before provision (benefit) for income taxes	61,809	68,157	78,880	80,661	79,327	85,285	80,746	83,747	85,339
Provision (benefit) for income taxes	10,437	21,129	22,387	25,005	22,082	27,291	25,839	26,799	15,213
Net income	$51,372	$47,028	$56,493	$55,656	$57,245	$57,994	$54,907	$56,948	$70,126
Net income per share:									
Basic	**$0.27**	**$0.24**	**$0.29**	**$0.29**	**$0.30**	**$0.30**	**$0.28**	**$0.29**	**$0.36**
Diluted	**$0.26**	**$0.24**	**$0.29**	**$0.28**	**$0.29**	**$0.30**	**$0.28**	**$0.29**	**$0.36**
Weighted average shares outstanding:									
Basic	192,996	193,155	192,937	193,393	193,117	192,947	193,064	193,374	193,207
Diluted	197,878	196,287	196,171	196,468	195,879	195,937	195,795	195,666	195,133

Note: certain prior year amounts have been reclassified to conform with current year presentation.

Note: Q212 included discrete tax benefit, please see below for provision for income tax breakout:

Non-GAAP adjusted net income before income tax provision	$78,880
Estimated annual effective tax rate	31%
Non-GAAP provision for income taxes before discrete tax benefit	$24,453
Discrete tax benefit	2,066
Provision for income taxes on Non-GAAP adjusted net income	$22,387

Red Hat GAAP to Non-GAAP Reconciliation – Quarterly

	Q411 Quarter End 02/28/2011	Q112 Quarter End 05/31/2011	Q212 Quarter End 08/31/2011	Q312 Quarter End 11/30/2011	Q412 Quarter End 02/29/2012	Q113 Quarter End 05/31/2012	Q213 Quarter End 08/31/2012	Q313 Quarter End 11/30/2012	Q413 Quarter End 02/28/2013
Revenue	**$244,796**	**$264,746**	**$281,320**	**$290,026**	**$297,011**	**$314,731**	**$322,595**	**$343,606**	**$347,884**
GAAP Gross Profit as reported	**$203,192**	**$222,299**	**$234,681**	**$244,837**	**$252,739**	**$268,712**	**$274,737**	**$290,488**	**$294,281**
Add: Non-cash share-based compensation expense	1,884	1,790	1,842	2,245	2,003	2,165	2,167	2,444	2,656
Add: Amortization of intangible assets	979	979	1,216	669	670	669	1,149	1,433	2,695
Non-GAAP Gross Profit	**$206,055**	**$225,068**	**$237,739**	**$247,751**	**$255,412**	**$271,546**	**$278,053**	**$294,365**	**$299,632**
GAAP Operating Income as reported	**$39,410**	**$45,359**	**$52,478**	**$53,572**	**$48,505**	**$50,908**	**$49,980**	**$49,919**	**$50,232**
Add: Non-cash share-based compensation expense – Cost of Revenue	1,884	1,790	1,842	2,245	2,003	2,165	2,167	2,444	2,656
Add: Non-cash share-based compensation expense – S&M	5,502	5,571	6,101	7,157	6,231	7,362	7,726	8,875	8,944
Add: Non-cash share-based compensation expense – R&D	4,244	4,193	4,883	5,368	7,126	6,812	7,294	7,935	7,606
Add: Non-cash share-based compensation expense – G&A	4,778	4,633	5,927	6,000	8,197	5,867	6,672	7,424	6,748
Total Non-cash share-based compensation expense	**16,408**	**16,187**	**18,753**	**20,770**	**23,557**	**22,206**	**23,859**	**26,678**	**25,954**
Add: Amortization of intangible assets – Cost of Revenue	979	979	1,216	669	670	669	1,149	1,433	2,695
Add: Amortization of intangible assets – S&M	2,085	1,959	1,958	1,957	2,473	2,076	2,120	2,076	2,144
Add: Amortization of intangible assets – R&D	1,250	1,157	1,157	940	940	959	959	959	959
Add: Amortization of intangible assets – G&A	846	846	865	905	1,058	1,144	1,181	1,476	1,528
Total Amortization of intangible assets	**5,160**	**4,941**	**5,196**	**4,471**	**5,141**	**4,848**	**5,409**	**5,944**	**7,326**
Add: Headquarters exit costs	0	0	0	0	0	3,142	0	0	0
Non-GAAP Operating Income	**$60,978**	**$66,487**	**$76,427**	**$78,813**	**$77,203**	**$81,104**	**$79,248**	**$82,541**	**$83,512**
GAAP Gross Margin as reported	**83.0%**	**84.0%**	**83.4%**	**84.4%**	**85.1%**	**85.4%**	**85.2%**	**84.5%**	**84.6%**
Non-GAAP Gross Margin	**84.2%**	**85.0%**	**84.5%**	**85.4%**	**86.0%**	**86.3%**	**86.2%**	**85.7%**	**86.1%**
GAAP Operating Margin as reported	**16.1%**	**17.1%**	**18.7%**	**18.5%**	**16.3%**	**16.2%**	**15.5%**	**14.5%**	**14.4%**
Non-GAAP Operating Margin	**24.9%**	**25.1%**	**27.2%**	**27.2%**	**26.0%**	**25.8%**	**24.6%**	**24.0%**	**24.0%**
GAAP Net Income as reported	$33,534	$32,450	$39,968	$38,240	$35,968	$37,461	$35,005	$34,765	$42,973
Provision for income taxes	6,707	14,579	14,963	17,180	14,661	17,628	16,473	16,360	9,086
GAAP Income before provision for income taxes	$40,241	$47,029	$54,931	$55,420	$50,629	$55,089	$51,478	$51,125	$52,059
Add: Non-cash share-based compensation expense	16,408	16,187	18,753	20,770	23,557	22,206	23,859	26,678	25,954
Add: Amortization of intangible assets	5,160	4,941	5,196	4,471	5,141	4,848	5,409	5,944	7,326
Add: Headquarters exit costs	0	0	0	0	0	3,142			
Non-GAAP adjusted income before provision for taxes	61,809	68,157	78,880	80,661	79,327	85,285	80,746	83,747	85,339
Provision for income taxes	10,437	21,129	22,387	25,005	22,082	27,291	25,839	26,799	15,213
Non-GAAP adjusted net income	$51,372	$47,028	$56,493	$55,656	$57,245	$57,994	$54,907	$56,948	$70,126
Non-GAAP adjusted net income per share:									
Basic	$0.27	$0.24	$0.29	$0.29	$0.30	$0.30	$0.28	$0.29	$0.36
Diluted	$0.26	$0.24	$0.29	$0.28	$0.29	$0.30	$0.28	$0.29	$0.36

Note: Certain prior year amounts have been reclassified to conform with current year presentation.

RED HAT, INC.
Annual Non-GAAP Consolidated Statement of Ops (excludes stock option expense and amortization)

(Unaudited)

(In thousands - except per share amounts)	FY2009 Year End 02/28/2009	FY2010 Year End 02/28/2010	FY2011 Year End 02/28/2011	FY2012 Year End 02/29/2012	FY2013 Year End 02/28/2013
Revenue:					
Subscriptions	$541,210	$638,654	$773,404	$965,575	$1,148,341
Training and services	111,362	109,582	135,873	167,528	180,476
Total subscription, training and services revenue	652,572	748,236	909,277	1,133,103	1,328,817
Cost of revenue:					
Subscriptions	32,561	38,288	47,415	59,109	70,059
Training and services	66,997	68,265	93,545	108,026	115,165
Total cost of subscription, training and services revenue	99,558	106,553	140,960	167,135	185,224
Total gross profit	553,014	641,683	768,317	965,968	1,143,593
Operating expense:					
Sales and marketing	215,678	249,608	300,115	386,226	473,232
Research and development	114,147	131,044	151,589	182,898	229,667
General and administrative	74,746	83,995	91,379	97,915	114,293
Total operating expense	404,571	464,647	543,083	667,039	817,192
Income from operations	148,443	177,036	225,234	298,929	326,401
Interest income	36,473	10,381	6,743	8,418	8,245
Other income (expense), net	7,336	10,936	1,355	(262)	469
Interest expense	(4,798)	(164)	(80)	(60)	
Income before provision (benefit) for income taxes	187,454	198,189	233,252	307,025	335,115
Provision (benefit) for income taxes (GAAP tax rate)[1]	65,984	60,065	70,442	90,603	95,139
Net income	$121,470	$138,124	$162,810	$216,422	$239,976
Net income-diluted	$124,346	$138,124	$162,810	$216,422	$239,976
Net income per share at GAAP tax rate:					
Basic	**$0.64**	**$0.74**	**$0.86**	**$1.12**	**$1.24**
Diluted	**$0.59**	**$0.71**	**$0.83**	**$1.10**	**$1.23**
Weighted average shares outstanding:					
Basic	190,772	187,845	190,294	193,151	193,147
Diluted	211,344	193,546	196,353	196,451	195,804
Diluted net income per share computation:					
Non GAAP Net income, basic	$121,470	$138,124	$162,810	$216,422	$239,976
Interest expense on convertible debentures, net of related GAAP tax effects	1,413	0	0	0	0
Amortization of debt issuance costs, net of related GAAP tax effects	1,463	0	0	0	0
Non-GAAP Net income, diluted	$124,346	$138,124	$162,810	$216,422	$239,976

Note: certain prior year amounts have been reclassified to conform with current year presentation.

GAAP Tax Rate	**35.2%**	**34.0%**	**30.2%**	**29.5%**	**28.4%**

1Note Q210 & Q212 included discrete tax benefit, please see below for provision for income tax breakout:

Non-GAAP adjusted net income before income tax provision	$198,189	$307,025
Estimated annual effective tax rate	34%	31%
Non-GAAP provision for income taxes before discrete tax benefit	$67,384	$92,668
Discrete tax benefit	7,319	2,066
Provision for income taxes on Non-GAAP adjusted net income	$60,065	$90,602

Red Hat GAAP to Non-GAAP Reconciliation – Annual

	FY09 Year End 02/28/2009	FY10 Year End 02/28/2010	FY11 Year End 02/28/2011	FY12 Year End 02/29/2012	FY13 Year End 02/28/2013
Revenue	**$652,572**	**$748,236**	**$909,277**	**$1,133,103**	**$1,328,817**
GAAP Gross Profit as reported	**$546,446**	**$634,391**	**$758,990**	**$954,555**	**$1,128,217**
Add: Non-cash share-based compensation expense	3,065	3,630	6,053	7,880	9,433
Add: Amortization of intangible assets	3,503	3,662	3,274	3,533	5,943
Non-GAAP Gross Profit	**$553,014**	**$641,683**	**$768,317**	**$965,968**	**$1,143,593**
GAAP Operating Income as reported	**$82,521**	**$100,349**	**$145,677**	**$199,913**	**$201,038**
Add: Non-cash share-based compensation expense – Cost of Revenue	3,065	3,630	6,053	7,880	9,433
Add: Non-cash share-based compensation expense – S&M	13,826	14,041	18,971	25,060	32,906
Add: Non-cash share-based compensation expense – R&D	14,027	13,614	15,639	21,570	29,647
Add: Non-cash share-based compensation expense – G&A	17,397	17,004	19,934	24,757	26,712
Total Non-cash share-based compensation expense	**48,315**	**48,289**	**60,597**	**79,267**	**98,698**
Add: Amortization of intangible assets – Cost of Revenue	3,503	3,662	3,274	3,533	5,943
Add: Amortization of intangible assets – S&M	9,048	9,056	8,322	8,348	8,416
Add: Amortization of intangible assets – R&D	2,003	3,702	4,025	4,194	3,836
Add: Amortization of intangible assets – G&A	3,053	3,228	3,340	3,674	5,328
Total Amortization of intangible assets	**17,607**	**19,648**	**18,961**	**19,749**	**23,523**
Add: Litigation Settlement	**0**	**8,750**	**0**	**0**	**0**
Add: Facility exit costs	**0**	**0**	**0**	**0**	**3,142**
Non-GAAP Operating Income	**$148,443**	**$168,286**	**$225,235**	**$298,929**	**$326,401**
GAAP Gross Margin as reported	**83.7%**	**84.8%**	**83.5%**	**84.2%**	**84.9%**
Non-GAAP Gross Margin	**84.7%**	**85.8%**	**84.5%**	**85.2%**	**86.1%**
GAAP Operating Margin as reported	**12.6%**	**13.4%**	**16.0%**	**17.6%**	**15.1%**
Non-GAAP Operating Margin	**22.7%**	**22.5%**	**24.8%**	**26.4%**	**24.6%**
GAAP Net Income as reported	$78,721	$87,253	$107,278	$146,626	$150,204
Provision for income taxes	42,811	34,249	46,416	61,383	59,548
GAAP Income before provision for income taxes	$121,532	$121,502	$153,694	$208,009	$209,752
Add: Non-cash share-based compensation expense per FAS 123R	48,315	48,289	60,597	79,267	98,698
Add: Amortization of intangible assets	17,607	19,648	18,961	19,749	23,523
Add: Litigation Settlement	0	0	0	0	3,142
Non-GAAP adjusted income before provision for taxes	187,454	189,439	233,252	307,025	335,115
Provision for income taxes	65,984	60,065	70,442	90,603	95,139
Non-GAAP adjusted net income	$121,470	$129,374	$162,810	$216,422	$239,976
Non-GAAP adjusted net income-diluted	$124,346	$129,374	$162,810	$216,422	$239,976
Non-GAAP adjusted net income per share **(GAAP Tax Rate):**					
Basic	$0.64	$0.69	$0.86	$1.12	$1.24
Diluted	$0.59	$0.67	$0.83	$1.10	$1.23
Non-GAAP diluted net income per share computation:					
Non-GAAP adjusted net income	$121,470	$129,374	$162,810	$216,422	$239,976
Interest expense on convertible debentures, net of related GAAP tax effects	1,413	0	0	0	0
Amortization of debt issuance costs, net of related GAAP tax effects	1,463	0	0	0	0
Non-GAAP adjusted net income-diluted	$124,346	$129,374	$162,810	$216,422	$239,976

Note: Certain prior year amounts have been reclassified to conform with current year presentation.

1Note Q210 & Q212 included discrete tax benefit, please see below for provision for income tax breakout:

Non-GAAP adjusted net income before income tax provision	$198,189	$307,025
Estimated annual effective tax rate	34%	31%
Non-GAAP provision for income taxes before discrete tax benefit	$67,384	$92,668
Discrete tax benefit	7,319	2,066
Provision for income taxes on Non-GAAP adjusted net income	$60,065	$90,602