

Profile:

Red Hat, the world's leading provider of open source solutions and an S&P 500 company, is headquartered in Raleigh, NC with 85 offices spanning the globe. Red Hat provides enterprise-strength, mission critical software and services in today's most important IT areas: Operating Systems, Virtualization, Middleware, Storage, and Cloud Computing. Red Hat's open source model supplies enterprise computing solutions across physical, virtual and cloud environments that can reduce costs and improve performance, reliability and security. Red Hat also offers support, training and consulting services to its customers worldwide and through top-tier partnerships.

Red Hat Sells Subscriptions

One subscription price covers everything:

- Technology
 - Product and documentation
 - Certifications
 - Large ecosystem with thousands of certified applications, hardware and ISV partners
 - Maintenance
 - Red Hat Network delivers updates, patches and bug fixes
 - Upgrades
 - Customers get new releases at no extra charge
 - Releases are supported for 3-10 years
 - Level 3 Support (e.g. Code changes)
 - Only Red Hat determines what goes into RHEL
- First Line Customer Support + Portal
- Up to 24x7 with 1 hour response

Unique to Red Hat

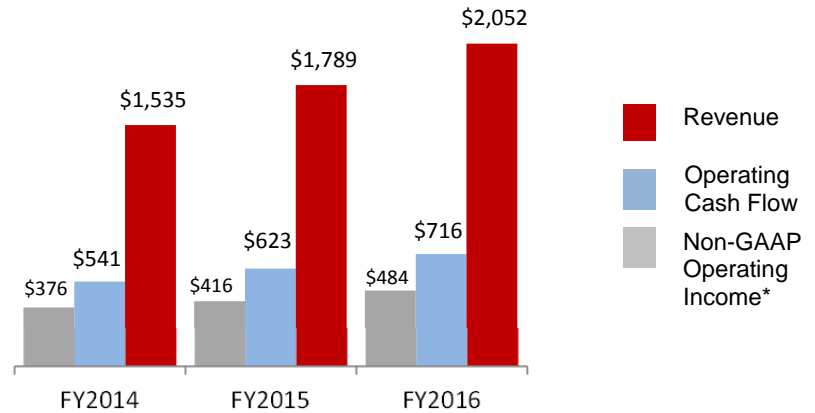
RHT or Partner

Basic Info:

Founded	1993
IPO	1999
Employees	~10,250
Headquarters	Raleigh, NC
President & CEO	James M. Whitehurst
Exec VP & CFO	Frank A. Calderoni
Market	NYSE
Ticker Symbol	RHT
Shares Outstanding (11/30/16)	
Basic	179 million
Diluted	183 million
Market Cap (11/30/16: \$79.11/share)	\$14B
Debt rating	'BBB'
Transfer agent	Computershare (888) 542-4427

Annual Metrics

(in thousands)



* GAAP Operating Income was \$232m, \$250m and \$288m in FY2014, FY2015 and FY2016, respectively. Please refer to next page for a GAAP to Non-GAAP reconciliation.



Q3 Financial Highlights⁽¹⁾

- Revenue \$615 million, up 18% y/y
- Subscription Revenue \$543 million, up 19% y/y
 - Infrastructure related: \$431 million, up 16% y/y
 - App dev related & emerging tech: \$112 million, up 33% y/y
- GAAP Operating Margin of 13.1% and Non-GAAP⁽²⁾ Operating Margin of 23.3%
- GAAP diluted EPS of \$0.37 and Non-GAAP⁽²⁾ diluted EPS of \$0.61, up 48% and 27% y/y, respectively
- Cash & Investments balance: \$2.0 billion
- Repurchased 1.6 million shares of common stock
- Deferred Revenue \$1.7 billion, up 15% y/y

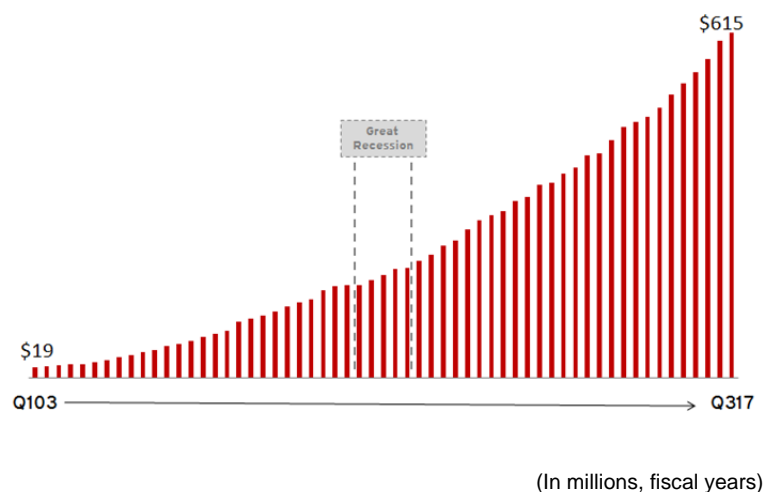
⁽¹⁾ This should be read in conjunction with Red Hat's earnings press release issued on December 21, 2016 as well as Red Hat's SEC filings found on <http://investors.redhat.com>

⁽²⁾ Please refer to table below for GAAP to Non-GAAP reconciliation.

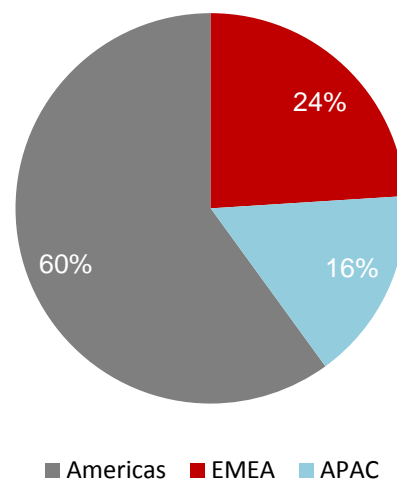
Q3 Operational Highlights

- Announced a broad alliance with Ericsson to drive innovation and new product offerings based on OpenStack, containers, NFV infrastructure, SDN and SDI.
- Red Hat Enterprise Linux 7.1 was awarded the Common Criteria Certification at Evaluation Assurance Level 4+; the first operating system with support for Linux container technology to receive the certification.
- Red Hat Ceph Storage and Red Hat Gluster Storage were positioned by Gartner, Inc. in the "Visionaries" quadrant of the October 2016 Distributed File Systems and Object Storage Magic Quadrant.
- Red Hat 3scale API Management Platform was positioned by Gartner, Inc. in the "Leaders" quadrant of the October 2016 Full Life Cycle API Management Magic Quadrant.
- Launched OpenShift Dedicated on Google Cloud Platform.

59 Quarters of Revenue Growth



FY2016 Bookings By Geography



Reconciliation of Selected GAAP Measures to Non-GAAP Measures

(amounts in thousands, except per share data)

Q317 Results - Three Months Ended November 30, 2016

	GAAP	Non-cash share-based comp	Amortization of intangible assets	Business combinations	Facility exit costs	Non-cash interest expense: debt discount	Dilution offset from note hedges	Non-GAAP, as adjusted
Operating Income	\$ 80,773	54,741	7,652					\$143,166
Operating margin	13.1%							23.3%
Income before tax	\$ 76,718	54,741	7,652			4,800		\$143,911
Provision for income taxes ⁽¹⁾	\$ 8,775							\$33,160
Net Income	\$ 67,943							\$110,751
Diluted WASO	182,682						(514)	182,168
Diluted Earnings Per Share	\$ 0.37							\$0.61

Full Year Results - Fiscal Year ends last day of February

	GAAP	Non-cash share-based comp	Amortization of intangible assets	Business combinations	Facility exit costs	Non-cash interest expense: debt discount	Dilution offset from note hedges	Non-GAAP, as adjusted
FY2016 Operating Income	\$288,048	166,234	25,803	3,884				\$483,969
Operating margin	14.0%							23.6%
FY2015 Operating Income	\$249,994	135,232	26,885	4,001				\$416,112
Operating margin	14.0%							23.3%
FY 2014 Operating Income	\$232,289	113,774	28,204		2,171			\$376,438
Operating margin	15.1%							24.5%

⁽¹⁾ GAAP provision for income taxes is calculated at an annual effective tax rate of 27% less discrete tax benefits from share-based compensation of \$6,243 and other discrete tax benefits of \$5,696. Non-GAAP provision for income taxes is calculated at an annual effective tax rate of 27%, less other discrete tax benefits of \$5,696.