


<b>MEETING DATE</b>	Thu, 06 Aug 2015 9:00 am	<b>TYPE</b>	AGM	<b>ISSUE DATE</b>	Tue, 21 Jul 2015
<b>MEETING LOCATION</b>	Red Hat's corporate headquarters, 100 East Davie Street, Raleigh, North Carolina 27601				
<b>CURRENT INDICES</b>	S&P500				
<b>SECTOR</b>	Computer programming services				

<b>PROPOSALS</b>		<b>ADVICE</b>
<b>1.01</b>	<b>Elect Sohaib Abbasi</b> Independent Non-Executive Director	<b>For</b>
<b>1.02</b>	<b>Elect Charlene T. Begley</b> Independent Non-Executive Director	<b>For</b>
<b>1.03</b>	<b>Elect Narendra K. Gupta</b> Non-Executive Director. Not independent considered independent as in October 2011, the Company acquired Gluster, Inc. for approximately \$136.2 million in cash. Dr. Gupta was a director of Gluster and is the Managing Director of Nexus Venture Partners, a venture capital fund that was a principal investor in Gluster. There is insufficient independent representation on the Board. Triodos oppose this resolution.	<b>Oppose</b>
<b>1.04</b>	<b>Elect William S. Kaiser</b> Non-Executive Director. Not considered independent as he has been on the board for more than nine years. There is insufficient independent representation on the Board. Triodos oppose this resolution.	<b>Oppose</b>
<b>1.05</b>	<b>Elect Donald H. Livingstone</b> Independent Non-Executive Director	<b>For</b>
<b>1.06</b>	<b>Elect James M. Whitehurst</b> President and Chief Executive Officer	<b>For</b>
<b>2</b>	<b>Appoint the auditors</b> PwC LLP proposed. Non-audit fees represented 25.99% of audit fees during the year under review and 27% on a three-year aggregate basis. This level of non-audit fees raise concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos oppose this resolution.	<b>Oppose</b>

### 3 Advisory vote on executive compensation

Oppose

In fiscal 2015, annual cash incentives were based on the Company's achievement of financial goals and on the achievement of NEOs individual performance goals. Performance measures consisted of: total revenue (target range: \$1,715 – \$1,805 ), non-GAAP cash flow from operations (target range: \$590 – \$635), and non-GAAP operating margin (target range: 22.7% – 24.5%).

For fiscal 2015, the final payout for each NEO based on the aggregate achievement of corporate financial performance goals was 186% of target. In particular, adjusted Operating Cash Flow result was above target range. In addition, based on the individual goals, achievement was 168%. However, the achievement of individual performance goals was determined by the Compensation Committee's discretion. There are concerns that the vesting scale of PSUs is insufficiently broad to ensure superior awards reflect superior performance as executive may receive 100% payout for median performance. RSAs are subject to achievement of a revenue threshold and vest 25% one year from the grant date, and the remainder vest ratably on a quarterly basis over the subsequent three years.

The Company has a compensation 'claw back' policy and 'double trigger' change in control agreements.

The compensation rating is: BDA.

Based on the excessive awards available and the fact that RSAs vest 25% one year from the grant date, and the remainder vest ratably on a quarterly basis, Triodos opposes this resolution.

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## SUPPORTING INFORMATION FOR RESOLUTIONS

### Proposal 3 - Advisory vote on executive compensation

**Disclosure: B-** In fiscal 2015, annual cash incentives were based on the Company's achievement of financial goals and on the achievement of NEOs individual performance goals. Performance measures consisted of: total revenue (target range: \$1,715 – \$1,805 ), non-GAAP cash flow from operations (target range: \$590 – \$635), and non-GAAP operating margin (target range: 22.7% – 24.5%). In addition, individual performance goals focused on qualitative strategic and operational considerations. The Company awarded long term incentives in the form of Operating Performance Share Units (PSUs), Stock Performance Share Units (PSUs) and Restricted Stock Awards (RSAs). Operating PSUs were based on the Company's financial performance (revenue growth and operating income growth) relative to members of the applicable compensation peer group over a three-year performance period. Stock performance share unit awards are earned only if the Company's stock price achieves an average TSR of \$80.18 for a 90-calendar day period within the first three years of the award's term.

**Balance: D-** For fiscal 2015, the final payout for each NEO based on the aggregate achievement of corporate financial performance goals was 186% of target. In particular, adjusted Operating Cash Flow result was above target range. In addition, based on the individual goals, achievement was 168%. However, the achievement of individual performance goals was determined by the Compensation Committee's discretion. There are concerns that the vesting scale of PSUs is insufficiently broad to ensure superior awards reflect superior performance as executive may receive 100% payout for median performance. RSAs are subject to achievement of a revenue threshold and vest 25% one year from the grant date, and the remainder vest ratably on a quarterly basis over the subsequent three years.

**Contract: A-** The Company has a compensation 'claw back' policy and 'double trigger' change in control agreements.

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