


MEETING DATE	Wed, 16 Jan 2019 9:00 am	TYPE	EGM	ISSUE DATE	Fri, 21 Dec 2018
MEETING LOCATION	100 East Davie Street, Raleigh, North Carolina 27601				
CURRENT INDICES	S&P500				
SECTOR	Computer programming services				

COMPANY OVERVIEW

Red Hat Inc. provides open source software solutions to enterprises, including a core enterprise operating system platform, Red Hat Enterprise Linux, their enterprise middleware platform, JBoss Enterprise Middleware, and their virtualization solutions and other Red Hat enterprise technologies. It employs an open source software development and licensing model that uses the collaborative input of an international community of contributors to develop and enhance software.

	PROPOSALS	ADVICE
1	<p>Approve Merger</p> <p>The Board is seeking approval of the merger in which Socrate Acquisition Corp., a wholly-owned subsidiary of IBM, shall be merged with and into the Company. After the procedure, Red Hat Inc will continue on as the surviving corporation and a wholly owned subsidiary of IBM.</p> <p>Voting recommendations on corporate actions, such as merger decisions, are based on the information presented and on the view of the overall independence of the Board and shareholder rights post-merger. It is noted that, over the time that the Merger Agreement was approved and until now, none of the directors had a connection to the merger. Excluding length of tenure in office, six out of eight directors in this period were considered independent. This provides some assurance that the transaction received the appropriate level of objective scrutiny.</p> <p>Triodos supports this resolution.</p>	For
2	<p>Advisory Vote on Merger-Related Compensation</p> <p>The Board is seeking shareholders' approval of the compensation payable to the Company's Named Executive Officers (NEOs) in connection with the Merger. It is considered that payments relating to merger and acquisition transactions have the potential to interfere with the exercise of objective judgement by the board responsible for making the decision in the best interests of shareholders. This is particularly the case where board members include NEOs who will receive such payments; but even where this is not the case the quantum of such payments can represent a conflict of interest in board deliberations of the relevant transaction. In considering whether NEO payments related to the Merger are appropriate, it is sought to identify whether amounts normally payable to NEOs are enhanced as a result of the change in control and include elements that are not pro-rated against performance or earned by service prior to payment.</p>	Oppose
3	<p>Allow Proxy Solicitation</p> <p>The Board requests authority to adjourn the special meeting until a later date or dates, if necessary, in order to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger. Triodos recommends to oppose to any adjournment or postponement of meetings if a sufficient number of votes are present to constitute a quorum. It is considered that where a quorum is present, the vote outcome should be considered representative of shareholder opinion.</p>	Oppose

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 1 - Approve Merger

Merger Consideration Once the merger is completed, each share of Red Hat common stock issued and outstanding immediately prior to the effective time will be converted into the right to receive USD 190.00 per share in cash, without interest. This amount represents a premium of (i) approximately 62.8% to Red Hat's closing stock price on October 26, 2018, the last trading day prior to the announcement of the merger, (ii) approximately 51.7% to the volume weighted average stock price of Red Hat common stock during the 30 days ended October 26, 2018 and (iii) approximately 7.8% to the highest closing stock price of Red Hat common stock during the 52-week period ended October 26, 2018. After the merger is completed, under the terms of the merger agreement, shareholders will have the right to receive the merger consideration, but will no longer have any rights as a Red Hat stockholder as a result of the merger

Rationale In consideration of the merger, the Board of Directors looked at a number of potentially positive factors, including, but not limited to, the following: Premium to Market Price; Form of Consideration; Opinion of the financial advisors; Fair Value; and Review of Strategic Alternatives. Taking into account all of the factors considered, as well as others, the Board concluded that the risks, uncertainties, restrictions and potentially negative factors associated with the merger were outweighed by the potential benefits of the merger to the shareholders.

External Advisors Red Hat retained Guggenheim Securities and Morgan Stanley as its lead financial advisor in connection with the merger. Guggenheim Securities, dated October 28, 2018, to the Red Hat Board of Directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to the holders of Red Hat common stock, which opinion was based on and subject to the matters considered, the procedures followed, the assumptions made and various limitations of and qualifications to the review undertaken. As of the opinion given by the financial advisors, the merger consideration to be received by Red Hat stockholders pursuant to the merger agreement was fair from a financial point of view to such Red Hat stockholders

Board Structure The directors of Socrate Acquisition Corp. immediately prior to the effective time will be the initial directors of the surviving corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified.

BOARD AND COMMITTEE COMPOSITION (post-Meeting)

DIRECTOR	GENDER	INDEPENDENT BY			BOARD	AC	RC	NC	SC	TENURE
		PIRC	COMPANY							
Sohaib Abbasi	M	Yes	Yes		NED	M	C	-	-	7
W. Steve Albrecht	M	No	Yes		NED	C	-	M	-	15
Charlene T. Begley	F	Yes	Yes		NED	M	-	M	-	4
Narendra K. Gupta	M	No	Yes		Ch	-	M	-	-	13
Kimberly L. Hammonds	F	Yes	Yes		NED	-	M	M	-	3
William S. Kaiser	M	No	Yes		NED	-	-	C	-	20
James M. Whitehurst	M	No	No		CEO	-	-	-	-	11
Alfred W. Zollar	M	Yes	Yes		NED	-	-	-	-	<1
Number of Meetings					-	-	-	-	-	
Number of NED only Meetings					-					

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, SC = Sustainability Committee, C = Chairperson of Committee, M = Member of Committee.

BOARD OF DIRECTORS (post-Meeting)

SOHAIB ABBASI		NON-EXECUTIVE DIRECTOR			
AGE	61	TENURE	7 Years	COMMITTEES	A,R*
OTHER POSITION	New Relic, Inc. [NED]; ex-Infomartica Corp [Ch, Pres & CEO]; ex-Oracle Corporation [SVP]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY			Y
W. STEVE ALBRECHT		NON-EXECUTIVE DIRECTOR			
AGE	71	TENURE	15 Years	COMMITTEES	A*,N
OTHER POSITION	Brigham Young University [Prof, Fellow]; Cypress Semiconductor Corp [Ch]; SkyWest, Inc [NED]; ex-Deloitte & Touche [Accountant]; ex-Sunpower Corp [Dir]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY			Y
COMMENT	Not considered independent owing to an aggregate tenure of over nine years as before having been re-appointed to the Board in March 2011, Mr. Albrecht served as a director from April 2003 to June 2009.				
CHARLENE T. BEGLEY		NON-EXECUTIVE DIRECTOR			
AGE	51	TENURE	4 Years	COMMITTEES	A,N
OTHER POSITION	Hilton Worldwide Holdings Inc. [NED]; NASDAQ, Inc. [NED]; ex-General Electric Company [SVP & CIO, Div Pres/CEO, CFO]; ex-WPP plc [Dir]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY			Y

NARENDRA K. GUPTA			CHAIR (NON EXECUTIVE)		
AGE	69	TENURE	13 Years	COMMITTEES	R
OTHER POSITION	Nexus Venture Partners [Co-Fnd, MD]; ex-Integrated Systems Inc. [Co-Fnd, Pres & CEO, Ch]; ex-Tibco Software Inc. [Dir]; ex-Wind River Systems, Inc. [VCh]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Chairman designate. Not considered independent owing to a tenure of over nine years. In October 2011, Red Hat 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. Nexus held approximately 36.4% percent of the shares of Gluster capital stock and vested options outstanding on the closing date and therefore received approximately \$49.5 million of the purchase consideration paid in the Gluster Acquisition.				
KIMBERLY L. HAMMONDS			NON-EXECUTIVE DIRECTOR		
AGE	51	TENURE	3 Years	COMMITTEES	R,N
OTHER POSITION	Cloudera, Inc. [NED]; ex-Dell Incorporated [Exec]; ex-Deutsche Bank AG [COO]; ex-The Boeing Company [CIO/VP]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
WILLIAM S. KAISER			NON-EXECUTIVE DIRECTOR		
AGE	62	TENURE	20 Years	COMMITTEES	N*
OTHER POSITION	Greylock Management Corporation [Exec]; Greylock Partners [Partner]; ex-Constant Contact, Inc. [Dir]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Not considered independent owing to a tenure of over nine years.				
JAMES M. WHITEHURST			CHIEF EXECUTIVE		
AGE	50	TENURE	11 Years	COMMITTEES	None
OTHER POSITION	SecureWorks Corp. [NED]; United Continental Holdings, Inc. [NED]; ex-Delta Air Lines, Inc. [COO, SVP]; ex-DigitalGlobe, Inc. [Dir]; ex-The Boston Consulting Group [Partner, MD]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		N	
COMMENT	President & Chief Executive Officer of the Company since January 2008.				
ALFRED W. ZOLLAR			NON-EXECUTIVE DIRECTOR		
AGE	64	TENURE	<1 Years	COMMITTEES	None
OTHER POSITION	Public Service Enterprise Group Incorporated [NED]; Siris Capital Group, LLC [Partner]; ex-Chubb Corporation [NED]; ex-International Business Machines Corporation [Exec]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

BOARD COMPOSITION

BOARD COMPOSITION FOLLOWING THE EGM

			S&P500 MEAN	
	Number	% of Board	Number	% of Board
Executive Director	1	12.5	1.3	12.2
Independent NEDs	4	50.0	5.0	45.9
Connected NEDs	3	37.5	4.5	41.6
Other	0	0.0	0	0

BOARD COMMITTEES FOLLOWING THE EGM

					S&P500 MEAN	
	Number of Members	% Women	% Independent by PIRC	% Independent by Company	Number of Members	% Independent by PIRC
Whole Board	8	25.0	50.0	87.5	10.8	46.0
Audit	3	33.33	66.67	100.0	4.3	56.9
Remuneration	3	33.33	66.67	100.0	4.0	49.4
Nomination	4	50.0	50.0	100.0	4.2	45.4

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