

RED HAT INC  
Form DEF 14A  
June 25, 2012  
Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No.        )**

Filed by the Registrant:

Filed by a Party other than the Registrant:

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Table of Contents

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-12

## **RED HAT, INC.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: RED HAT INC - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



**Table of Contents**

June 25, 2012

Dear Red Hat Stockholders,

It is my pleasure to invite you to Red Hat's 2012 Annual Meeting of Stockholders. This year's meeting will be held on Thursday, August 9, 2012, at 9:00 a.m. local time, at our corporate headquarters, located at 1801 Varsity Drive, Raleigh, North Carolina 27606. I hope you will be able to attend. You will find details regarding the meeting and the business to be conducted in the accompanying Notice of 2012 Annual Meeting of Stockholders and Proxy Statement.

This year we are again pleased to furnish our proxy materials via the Internet. Providing our materials to stockholders electronically allows us to conserve natural resources and reduce our printing and mailing costs related to the distribution of the proxy materials. As a result, we are mailing to stockholders a Notice of Internet Availability of Proxy Materials for the 2012 Annual Meeting which contains instructions on how to access those documents over the Internet. Stockholders who wish to receive paper copies of the proxy materials may do so by following the instructions on the Notice of Internet Availability of Proxy Materials.

Your vote is important to us. Whether or not you plan to attend the 2012 Annual Meeting, we hope you will vote as soon as possible. You may vote in person, by telephone, over the Internet or, if you received paper copies of the proxy materials, by mail.

Thank you for your ongoing support of Red Hat.

Sincerely,

James M. Whitehurst

*President and Chief Executive Officer*

**Table of Contents**

**RED HAT, INC.**

**1801 Varsity Drive**

**Raleigh, North Carolina 27606**

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

- TIME AND DATE:** 9:00 a.m. local time on Thursday, August 9, 2012
- PLACE:** Red Hat's corporate headquarters located at 1801 Varsity Drive, Raleigh, North Carolina 27606
- ITEMS OF BUSINESS:**
1. To elect two members to the Board of Directors, each to serve for a three-year term as a Class I director
  2. To ratify the selection of PricewaterhouseCoopers LLP as Red Hat's independent registered public accounting firm for the fiscal year ending February 28, 2013
  3. To approve, on an advisory basis, a resolution relating to Red Hat's executive compensation
  4. To approve an amendment and restatement of Red Hat's 2004 Long-Term Incentive Plan
  5. To vote on a stockholder proposal described in the accompanying Proxy Statement, if properly presented at the Annual Meeting
  6. To transact such other business as may properly come before the 2012 Annual Meeting and any adjournments thereof
- ADJOURNMENTS** Any action on the items of business described above may be considered at the 2012 Annual Meeting or at any time and date to which the 2012 Annual Meeting may be properly adjourned or postponed.

**AND**

**POSTPONEMENTS:**

## Edgar Filing: RED HAT INC - Form DEF 14A

**RECORD DATE:** Stockholders of record at the close of business on June 15, 2012 are entitled to notice of, and to vote at, the 2012 Annual Meeting and at any adjournments or postponements thereof.

**INSPECTION OF LIST OF STOCKHOLDERS OF RECORD:** A list of stockholders of record will be available for inspection at our corporate headquarters located at 1801 Varsity Drive, Raleigh, North Carolina 27606, during ordinary business hours during the ten-day period before the 2012 Annual Meeting.

**VOTING:** Whether or not you plan to attend the 2012 Annual Meeting, we urge you to vote your shares via the toll-free telephone number or over the Internet as described in the proxy materials. If you received a copy of the proxy card by mail, you may sign, date and mail the proxy card in the pre-paid envelope provided.

By Order of the Board of Directors,

Michael R. Cunningham

*Secretary*

Raleigh, North Carolina

June 25, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012 ANNUAL MEETING TO BE HELD ON AUGUST 9, 2012: THIS PROXY STATEMENT, THE ACCOMPANYING PROXY CARD AND RED HAT'S ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT [WWW.PROXYVOTING.COM/RHT](http://WWW.PROXYVOTING.COM/RHT)**

**Table of Contents**

**PROXY STATEMENT  
FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS  
ON AUGUST 9, 2012**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b><u>INTRODUCTION</u></b>	1
<b><u>GENERAL INFORMATION CONCERNING THE ANNUAL MEETING</u></b>	1
<b><u>ITEM NO. 1 ELECTION OF DIRECTORS</u></b>	6
<u>Criteria for Evaluating Candidates for Service on Our Board</u>	6
<u>Nominees for Election to the Board of Directors</u>	7
<u>Members of the Board Continuing to Serve</u>	8
<b><u>ITEM NO. 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	11
<u>Independent Registered Public Accounting Firm's Fees</u>	11
<u>Pre-Approval Policies and Procedures</u>	12
<b><u>ITEM NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	13
<b><u>ITEM NO. 4 AMENDMENT AND RESTATEMENT OF THE COMPANY'S 2004 LONG-TERM INCENTIVE PLAN</u></b>	14
<u>Purpose</u>	17
<u>Key Provisions</u>	17
<u>Grant History</u>	19
<u>Awards</u>	19
<u>Adjustments</u>	20
<u>Stock Options</u>	20
<u>Stock Appreciation Rights</u>	20
<u>Restricted Stock and Restricted Stock Unit Awards</u>	20
<u>Performance Awards and Other Stock-Based Awards</u>	20
<u>Transferability</u>	20
<u>Change in Control</u>	21
<u>Termination of Employment</u>	21
<u>Administration</u>	21
<u>Amendments</u>	21
<u>Federal Income Tax Consequences</u>	22
<b><u>ITEM NO. 5 STOCKHOLDER PROPOSAL TO REPEAL CLASSIFIED BOARD</u></b>	24
<u>Resolution Proposed by Stockholder</u>	24
<u>Stockholder's Supporting Statement</u>	24
<u>Statement of the Board of Directors in Opposition to Stockholder Proposal</u>	24
<u>Procedural Matters</u>	27
<b><u>BENEFICIAL OWNERSHIP OF OUR COMMON STOCK</u></b>	28
<u>Ownership by Our Directors and Executive Officers</u>	28
<u>Ownership of More than 5% of Our Common Stock</u>	30
<b><u>CORPORATE GOVERNANCE AND BOARD OF DIRECTORS INFORMATION</u></b>	32
<u>Key Governance Policies</u>	32
<u>Board Independence</u>	34
<u>Key Board Practices</u>	35
<u>Election of Directors</u>	35
<u>Risk Oversight</u>	35
<u>Leadership Structure</u>	35
<u>Process for Nominating Candidates for Service on Our Board</u>	36
<u>Communicating with Directors</u>	36



<u>Committees of the Board</u>	37
<u>Audit Committee Report</u>	39
<u>Compensation of Directors</u>	41
<u>Compensation Committee Interlocks and Insider Participation</u>	45

**Table of Contents**

	<b>PAGE</b>
<b><u>COMPENSATION AND OTHER INFORMATION CONCERNING EXECUTIVE OFFICERS</u></b>	46
<u>Executive Officers</u>	46
<u>Executive Summary of Compensation Discussion and Analysis</u>	47
<u>Compensation Discussion and Analysis</u>	49
<u>Compensation Committee Report</u>	61
<u>Summary Compensation Table</u>	62
<u>Employment and Indemnification Arrangements with Named Officers</u>	63
<u>Employment Arrangements with New Executive Officer</u>	64
<u>Grants of Plan-Based Awards in Fiscal 2012</u>	65
<u>Outstanding Equity Awards at End of Fiscal 2012</u>	66
<u>Option Exercises and Stock Vested in Fiscal 2012</u>	67
<u>Potential Payments Upon Termination or Change in Control</u>	67
<u>Potential Payments Upon Termination or Change in Control Table</u>	70
<u>Equity Compensation Plan Information</u>	72
<u>Other Stock Plans</u>	73
<u>Compensation Program Risk Assessment</u>	74
<b><u>OTHER MATTERS</u></b>	75
<u>Stockholder Proposals</u>	75
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	75
<b><u>APPENDIX A: Red Hat, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated</u></b>	A-1

**Table of Contents**

**PROXY STATEMENT**  
**FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS**  
**ON AUGUST 9, 2012**

**INTRODUCTION**

This Proxy Statement for Red Hat's 2012 Annual Meeting of Stockholders ( Proxy Statement ) is furnished in connection with a solicitation of proxies by the Board of Directors ( Board ) of Red Hat, Inc., to be used at our 2012 Annual Meeting of Stockholders ( Annual Meeting ) to be held at the corporate headquarters of Red Hat, Inc. located at 1801 Varsity Drive, Raleigh, North Carolina 27606 on Thursday, August 9, 2012, at 9:00 a.m. local time, and at any adjournments or postponements thereof. This Proxy Statement and the accompanying materials (or a Notice of Internet Availability of Proxy Materials) are being mailed on or about June 29, 2012 to stockholders of record as of the close of business on June 15, 2012.

When we use the terms Red Hat, the Company, we, us, and our, we mean Red Hat, Inc., a Delaware corporation, and its subsidiaries, where applicable.

**GENERAL INFORMATION CONCERNING THE ANNUAL MEETING**

**Why am I receiving these materials?**

We have made these proxy materials available to you over the Internet, or have delivered paper copies of these materials to you by mail, in connection with the solicitation of proxies for our Annual Meeting. These materials include information that we are required to provide to you under the rules of the U.S. Securities and Exchange Commission ( SEC ) and are designed to assist you in voting on the matters presented at the Annual Meeting. Stockholders of record as of the close of business on June 15, 2012 may attend the Annual Meeting and are entitled and requested to vote on the proposals described in this Proxy Statement.

**What is included in the proxy materials?**

The proxy materials include our Proxy Statement for the Annual Meeting, our 2012 Annual Report which includes our Annual Report on Form 10-K for the fiscal year ended February 29, 2012 ( Fiscal 2012 ) and, if you receive a paper copy of these materials, a proxy card or voting instruction card.

**Why did I receive a Notice of Internet Availability of Proxy Materials instead of a paper copy of the proxy materials?**

You may receive a Notice of Internet Availability of Proxy Materials ( Notice of Internet Availability ) instead of a paper copy of the proxy materials. The Notice of Internet Availability describes how to access the proxy materials over the Internet and request paper copies of the proxy materials via mail. We will begin mailing the Notices of Internet Availability on or about June 29, 2012 to stockholders who are eligible to vote at the Annual Meeting.

**Who is eligible to vote at the Annual Meeting?**

If your shares of Red Hat common stock are registered in your name in the records of our transfer agent, Computershare Limited ( Computershare ), as of the close of business on June 15, 2012, you are a stockholder of record for purposes of the Annual Meeting and are eligible to attend and vote. If you hold shares of our common stock indirectly through a broker, bank or similar institution, you are not a stockholder of record, but instead hold your shares in street name and the record owner of your shares is your broker, bank or similar institution. Instructions on how to vote shares held in street name are described under How do I vote my shares? below.

## **Table of Contents**

### **How many votes do I have?**

You will have one vote for each share of our common stock owned by you, as a stockholder of record or in street name, as of the close of business on June 15, 2012.

### **What am I being asked to vote on at the Annual Meeting?**

You are being asked to vote on:

**Item 1:** the election of two members to the Board, each to serve for a three-year term as a Class I director;

**Item 2:** the ratification of the selection of PricewaterhouseCoopers LLP as Red Hat's independent registered public accounting firm for the fiscal year ending February 28, 2013 ( Fiscal 2013 );

**Item 3:** the approval, on an advisory basis, of a resolution relating to Red Hat's executive compensation;

**Item 4:** the approval of an amendment and restatement of the Company's 2004 Long-Term Incentive Plan; and

**Item 5:** the stockholder proposal described in this Proxy Statement, if properly presented at the Annual Meeting.

### **How does the Board recommend that I vote?**

The Board recommends that you vote:

**FOR** the election of the two nominees named in this Proxy Statement to the Board, each to serve for a three-year term as a Class I director;

**FOR** the ratification of the selection of PricewaterhouseCoopers LLP as Red Hat's independent registered public accounting firm for Fiscal 2013;

**FOR** the approval, on an advisory basis, of the resolution relating to Red Hat's executive compensation;

**FOR** the approval of an amendment and restatement of Red Hat's 2004 Long-Term Incentive Plan; and

## Edgar Filing: RED HAT INC - Form DEF 14A

**AGAINST** the stockholder proposal described in this Proxy Statement, if properly presented at the Annual Meeting.

### **Other than the items listed in the Proxy Statement, what other business will be addressed at the Annual Meeting?**

We currently know of no other matters to be properly presented at the Annual Meeting. However, by giving your proxy you appoint the persons named as proxies as your representatives at the Annual Meeting. If other matters are properly presented at the Annual Meeting, the proxy holders are authorized to vote your shares in their discretion.

### **How do I vote my shares?**

*For stockholders of record:* If you are eligible to vote at the Annual Meeting and are a stockholder of record, you may submit your proxy or cast your vote in any of four ways:

**By Internet** If you have Internet access, you may submit your proxy by following the instructions provided in the Notice of Internet Availability, or if you requested printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card.

## **Table of Contents**

**By Telephone** You can also submit your proxy by telephone by following the instructions provided in the Notice of Internet Availability, or if you requested printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card.

**By Mail** If you received your proxy materials by mail, you may submit your proxy by completing the proxy card enclosed with those materials, signing and dating it and returning it in the pre-paid envelope we have provided.

**In Person at our Annual Meeting** You can vote in person at our Annual Meeting. In order to gain admittance, you must present a valid government-issued photo identification such as a driver's license or passport.

*For holders in street name:* If you hold your shares in street name and, therefore, are not a stockholder of record, you will need to follow the specific voting instructions provided to you by your broker, bank or other similar institution. If you wish to vote your shares in person at our Annual Meeting, you must obtain a valid proxy from your broker, bank or similar institution, granting you authorization to vote your shares. In order to attend and vote your shares held in street name at our Annual Meeting, you will need to present a valid government-issued photo identification such as a driver's license or passport and hand in the valid proxy from your broker, bank or similar institution, along with a signed ballot that you can request at the Annual Meeting. You will not be able to vote your shares held in street name at the Annual Meeting without a valid government-issued photo identification such as a driver's license or passport, a valid proxy from your broker, bank or similar institution and a signed ballot.

### **Can I change or revoke my proxy?**

*For stockholders of record:* Yes. A proxy may be changed or revoked at any time prior to the voting at the Annual Meeting by submitting a later-dated proxy (including a proxy submitted via the Internet or by telephone) or by giving written notice to our President or Corporate Secretary at our corporate headquarters. You may also attend the Annual Meeting and vote your shares in person.

*For holders in street name:* Yes. You must follow the specific voting instructions provided to you by your broker, bank or other similar institution to change or revoke any instructions you have already provided to them.

### **If I submit a proxy by Internet, telephone or mail, how will my shares be counted?**

If you submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares of common stock will be voted in accordance with your instructions.

If you sign, date and return your proxy card but do not provide specific voting instructions, your shares of common stock will be voted FOR the election of the nominees for director named in this Proxy Statement, FOR the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for Fiscal 2013, FOR the approval (on an advisory basis) of a resolution relating to Red Hat's executive compensation, FOR the approval of an amendment and restatement of the Company's 2004 Long-Term Incentive Plan, and AGAINST the stockholder proposal, if properly presented before the Annual Meeting. If any other matter properly comes before our Annual Meeting, the proxy holders will vote your shares in their discretion.

**What is broker discretionary voting ?**

If you hold your shares in street name, your broker, bank or other similar institution may be able to vote your shares without your instructions depending on whether the matter being voted on is discretionary or non-discretionary. In the case of a discretionary matter (for example, the ratification of the independent registered public accounting firm), your broker is permitted to vote your shares of common stock if you have not given voting instructions. In the case of a non-discretionary matter (for example, the election of directors, the advisory



## **Table of Contents**

vote on a resolution relating to Red Hat's executive compensation plan, the approval of an amendment and restatement of the Company's 2004 Long-Term Incentive Plan and the stockholder proposal), your broker cannot vote your shares if you have not given voting instructions. A

broker non-vote occurs when your broker submits a proxy for the Annual Meeting with respect to discretionary matters, but does not vote on non-discretionary matters because you did not provide voting instructions on these matters. Therefore, it is important that you provide specific voting instructions regarding non-discretionary matters (such as election of directors, approval of the amendment and restatement of the Company's 2004 Long-Term Incentive Plan and the stockholder proposal) to your broker, bank or similar institution.

### **I understand that a quorum is required in order to conduct business at the Annual Meeting. What constitutes a quorum?**

A majority of all of our outstanding shares of common stock entitled to vote at the Annual Meeting, represented in person or by proxy, constitutes a quorum at the Annual Meeting. As of June 15, 2012, the record date for the Annual Meeting, there were 192,898,144 shares of common stock outstanding and entitled to vote. If you submit a properly executed proxy by mail, telephone or the Internet, you will be considered a part of the quorum. In addition, abstentions and broker non-votes will be counted for purposes of establishing a quorum. If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

### **What is required to approve the proposals submitted to a vote at the Annual Meeting?**

At the Annual Meeting each director will be elected by the vote of the majority of the votes cast with respect to the director nominee. This means to elect the director nominee, the number of shares voted For the director nominee must exceed the number of shares voted Against the director nominee. Abstentions and broker non-votes will not be considered votes cast.

The affirmative vote of the holders of a majority of the shares of common stock present or represented and voting is required to approve ratification of the selection of the independent registered public accounting firm, approve (on an advisory basis) the resolution relating to the Company's executive compensation, approve an amendment and restatement of the Company's 2004 Long-Term Incentive Plan, approve the stockholder proposal (which is non-binding, as described below in Item 5 Stockholder Proposal to Repeal Classified Board ) and any other matters that properly come before the Annual Meeting. Abstentions and broker non-votes will not be considered to have been voted.

### **How can I obtain a proxy card or voting instruction form?**

If you lose, misplace or otherwise need to obtain a proxy card or a voting instruction form, please follow the applicable procedure below.

*For stockholders of record:* Please contact Computershare at 1-888-313-0164.

*For holders in street name:* Please contact your account representative at your broker, bank or other similar institution.

**Who counts the votes?**

Votes are counted by Computershare, our transfer agent and registrar, and are then certified by a representative of Computershare appointed by the Board to serve as the Inspector of Election at the Annual Meeting.

**How can I obtain directions to the Annual Meeting?**

You may contact Red Hat Investor Relations at 919-754-3700.

## **Table of Contents**

### **Who pays for the expenses of this proxy solicitation?**

Red Hat will bear the entire cost of this proxy solicitation, including the preparation, printing and mailing of our proxy materials and the proxy card. We may also reimburse brokerage firms and other persons representing stockholders who hold their shares in street name for reasonable expenses incurred by them in forwarding proxy materials to such stockholders. The Company has retained Georgeson Shareholder Communications, Inc. to assist with the solicitation of proxies, in person, by telephone, or by other means of communication, for a fee of approximately \$10,000, plus reimbursable expenses. In addition, certain directors, officers and other employees, without additional remuneration, may solicit proxies in person, or by telephone, facsimile, email and other methods of electronic communication.

### **Where can I find vote results after the Annual Meeting?**

We are required to publish final vote results in a Current Report on Form 8-K to be filed with the SEC within four business days after our Annual Meeting.

### **How can I obtain more information about Red Hat?**

Copies of this Proxy Statement and our Annual Report on Form 10-K are available online at [www.proxyvoting.com/rht](http://www.proxyvoting.com/rht) or at [www.redhat.com](http://www.redhat.com) under About Red Hat Investor Relations SEC Filings & Financial Information.

### **What is householding ?**

Some banks, brokers and similar institutions may be participating in the practice of householding Notices of Internet Availability. This means that only one copy of our Notice of Internet Availability may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of the Notice of Internet Availability to you if you write to us at the following address or call us at the following phone number:

Red Hat, Inc.

Attention: Investor Relations

1801 Varsity Drive

Raleigh, North Carolina 27606

Phone: 919-754-3700

## Edgar Filing: RED HAT INC - Form DEF 14A

If you want to receive separate copies of the Notice of Internet Availability in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or similar institution.

**Table of Contents**

**ITEM NO. 1 ELECTION OF DIRECTORS**

Our Board currently consists of ten directors divided into three classes. One class of directors is elected annually, and each class serves for a term of three years. The term of the Class I directors will expire at this Annual Meeting. The class makeup of the Board is as follows:

<b>Class</b>	<b>Directors</b>	<b>Term Expires</b>
I	Micheline Chau, Marye Anne Fox and Donald H. Livingstone	2012
II	Jeffrey J. Clarke, W. Steve Albrecht and General H. Hugh Shelton (U.S. Army Retired)	2013
III	Sohaib Abbasi, Narendra K. Gupta, William S. Kaiser and James M. Whitehurst	2014

**Criteria for Evaluating Candidates for Service on Our Board**

The Nominating and Corporate Governance Committee of our Board is responsible for identifying and evaluating candidates for service on our Board and recommending proposed director nominees to the full Board for consideration. Our Corporate Governance Guidelines describe the criteria used to select candidates for service on our Board:

Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.

Nominees should have demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.

Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.

Nominees should have the interest and ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include stockholders, employees, customers, governmental units, creditors and the general public, and to act in the interests of all stockholders.

Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.

Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law. The value of diversity on the Board should be considered.

Nominees should normally be able to serve for at least five years before reaching the age of 75.

## Edgar Filing: RED HAT INC - Form DEF 14A

The Corporate Governance Guidelines state that the Nominating and Corporate Governance Committee's review of a nominee's qualifications will include consideration of diversity, age, skills and professional experience in the context of the needs of the Board. While the Company has no formal diversity policy that applies to the consideration of director candidates, the Nominating and Corporate Governance Committee believes that diversity includes not just race and gender but differences of viewpoint, experience, education, skill and other qualities or attributes that contribute to Board heterogeneity.

In addition, the Nominating and Corporate Governance Committee believes it is important to select directors from various backgrounds and professions in an effort to ensure that the Board as a group has a broad range of experiences to enrich discussion and inform its decisions. Consistent with this philosophy, the Nominating and Corporate Governance Committee believes that each director should possess at least two of the following attributes:

*Financial Expertise.* Nominees who have knowledge of financial markets, financing and funding operations and accounting and financial reporting processes assist us in understanding, advising and overseeing our capital structure, financing and investing activities, financial reporting and internal controls.

## **Table of Contents**

*Global Expertise.* As a global organization with offices in over 30 countries, nominees with global expertise bring useful business and cultural perspectives that relate to many significant aspects of our business.

*Industry Expertise.* Nominees with experience in the information technology industry help us to analyze our research and development efforts, competing technologies, the various products and processes that we develop and the market segments in which we compete.

*Public Company Board Experience.* Nominees who have served on other public company boards offer advice and insights with regard to the dynamics and operation of a board of directors, the relations of a board with senior management and oversight of a changing mix of strategic, operational and compliance-related matters.

*Science and Technology Expertise.* Nominees with backgrounds in science and technology support our efforts to spur innovation and develop new ideas.

*Senior Leadership Experience.* Nominees who have served in senior leadership positions provide special insight and guidance. We seek candidates who possess proven leadership qualities and the ability to identify and develop those qualities in others. They also bring a practical understanding of organizations, processes, strategy, risk management and methods to drive change and growth.

## **Nominees for Election to the Board of Directors**

The Board has nominated two Class I directors, Marye Anne Fox and Donald H. Livingstone, for three-year terms ending in 2015. Each nominee has indicated an intention to serve if elected and will hold office for his or her term and until a successor has been elected and qualified or until his or her earlier resignation or removal. In the event that any of the nominees should be unable or unwilling to serve, proxies may be voted for the election of some other person or for fixing the number of directors at a lesser number. Proxies cannot be voted for a greater number of persons than the number of nominees named.

Micheline Chau has indicated that she will not stand for re-election due to the time demands required by her other professional obligations. Ms. Chau will continue to serve until the expiration of her term.

Set forth below is a brief biography for each nominee and a description of certain key attributes that the Board considered in recommending each nominee for re-election.

### *Marye Anne Fox, 64*

Chancellor of the University of California, San Diego

Director since January 2002

Dr. Fox has served as the Chancellor of the University of California, San Diego and Distinguished Professor of Chemistry at that institution since August 2004. Prior to that Dr. Fox served as the Chancellor of North Carolina State University and as Distinguished University Professor of Chemistry from August 1998 until July 2004. Dr. Fox is an elected member of the National Academy of Sciences and serves on the board of directors of W.R. Grace & Co. (NYSE:GRA), a specialty chemicals and materials company, and Bridgepoint Education, Inc. (NYSE:BPI), a

## Edgar Filing: RED HAT INC - Form DEF 14A

provider of educational services. Dr. Fox served on the board of directors of Boston Scientific Corporation, a developer, marketer and manufacturer of medical devices, from June 2002 until May 2011. Dr. Fox also served as a director of Pharmaceutical Product Development, Inc., a biotechnology development services company, from 2002 until 2008. With her experience leading large educational institutions, her technical background and service as director of large public companies, Dr. Fox brings to our Board public company board experience, science and technology expertise and senior leadership experience.



**Table of Contents**

*Donald H. Livingstone, 69*

Teaching Professor (Retired), Brigham Young University, Marriott School of Management

Director since September 2009

Mr. Livingstone retired in August 2011 from Brigham Young University's (BYU) Marriott School of Management (Marriott School) where he had served as a teaching professor since 1994. In addition to his teaching duties, Mr. Livingstone served as director of the Rollins Center for Entrepreneurship and Technology at the Marriott School from 1995 until 2007. Mr. Livingstone took a leave of absence from the Marriott School from June 2007 until June 2009 to serve as a mission president in Africa for his church. Prior to joining BYU, Mr. Livingstone had a 29-year career with Arthur Andersen LLP that included service as an audit and consulting services partner in the San Francisco and Los Angeles offices. Mr. Livingstone served as a member of the board of directors of Micrel, Incorporated, an integrated circuit designer and manufacturer, from 2002 until 2007; Sento Corporation, a provider of integrated, multi-channel customer support, from 2004 until 2007; AmericanWest Bancorporation, a bank holding company, from 2005 until 2007; and American Express Centurion Bank, a chartered industrial bank and wholly owned subsidiary of American Express Travel Related Services, Inc., from 2005 until 2007. Mr. Livingstone's career in public accounting and as a professor, as well as his service as a director of a number of public companies, brings to our Board financial expertise and public company board experience.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE**

**FOR**

**THE ELECTION OF**

**MARYE ANNE FOX AND DONALD H. LIVINGSTONE**

**TO THE COMPANY'S BOARD OF DIRECTORS**

**Members of the Board Continuing to Serve**

The following directors will continue to serve on our Board. Set forth below is a brief biography for each such director and a description of the key attributes that each brings to our Board.

*Sohaib Abbasi, 55*

Chairman, Chief Executive Officer and President of Informatica Corporation

Director since March 2011

Mr. Abbasi has served as the Chief Executive Officer and President of Informatica Corporation (NASDAQ:INFA) since July 2004 and as Chairman of its board of directors since March 2005. Until 2003, Mr. Abbasi was Senior Vice President, Oracle Tools Division and