MCDONALD EUGENE J

Form 4

August 15, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940 1(b).

(Print or Type Responses)

(Last)

1. Name and Address of Reporting Person * MCDONALD EUGENE J

(First)

(Street)

Symbol

(Middle)

2. Issuer Name and Ticker or Trading

RED HAT INC [RHAT]

3. Date of Earliest Transaction (Month/Day/Year) 08/14/2006

C/O RED HAT, INC, 1801 VARSITY DRIVE

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

OMB

Number:

Expires:

response...

Estimated average

burden hours per

OMB APPROVAL

3235-0287

January 31,

2005

0.5

X_ Director 10% Owner Other (specify Officer (give title below)

6. Individual or Joint/Group Filing(Check Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

RALEIGH, NC 27606

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following Reported

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

Transaction(s) (Instr. 3 and 4) Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of 3. Transaction Date 3A. Deemed Derivative Conversion (Month/Day/Year) Execution Date, if Security or Exercise any

5. Number Transaction Derivative Date Code Securities

(A)

or

6. Date Exercisable and Expiration (Month/Day/Year)

7. Title and Amount Underlying Securitie (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	erivative (A) or								
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Shares
Deferred Stock Units	\$ 0	08/14/2006		A	3,500		08/14/2006(1)	08/14/2011(1)	Common Stock (2)	3,50
Deferred Stock Units	\$ 0	08/15/2006		A	488		08/15/2006 <u>(3)</u>	08/15/2011(3)	Common Stock (2)	488

Reporting Owners

Reporting Owner Name / Address	Relationships					
	Director	10% Owner	Officer	Other		
MCDONALD EUGENE J C/O RED HAT, INC 1801 VARSITY DRIVE RALEIGH, NC 27606	X					

Signatures

Emily DelToro, Atty in Fact UPOA 08/15/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- This DSU was granted pursuant to Red Hat's 2004 Independent Director Plan, in lieu of a stock option grant, and is fully vested as of the date of grant. The DSU will be paid out in cash or common stock at the election of Red Hat, Inc. on the earlier of September 1, 2008 (the deferral date designated by the Reporting Person) or upon termination of the Reporting Person's Board of Director service.
- (2) This DSU is payable in either cash or common stock at the election of Red Hat, Inc.
- This DSU was granted pursuant to Red Hat's 2004 Independent Director Plan, in lieu of cash compensation, and is fully vested as of the date of grant. The DSU will be paid out in cash or common stock at the election of Red Hat, Inc. on the earlier of September 1, 2008 (the deferral date designated by the Reporting Person) or upon termination of the Reporting Person's Board of Director service.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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